Ministry for Regulation

Information Release

Hospitality Review: Supplementary analysis papers

November 2026

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Documents in this information release

Alcohol licensing

#	Type	Title
1	Supplementary analysis paper	An economic analysis of whether government should intervene in the sale, supply, and consumption of alcohol in New Zealand
2	Supplementary analysis paper	An analysis of the current state and problems with how alcohol is regulated in hospitality settings
3	Supplementary analysis paper	Options and recommendations for improving how alcohol is regulated in hospitality settings

Food Safety

#	Type	Title
4	Supplementary analysis paper	An economic analysis of whether government should intervene in domestic food safety in New Zealand
5	Supplementary analysis paper	An analysis of the current state and problems with how domestic food safety is regulated in hospitality settings
6	Supplementary analysis paper	Options and recommendations for improving how domestic food safety is regulated in hospitality settings

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7	Supplementary analysis paper	Fees and levies for hospitality businesses
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Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

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. This paper is the first in a series of three that underpins the Review's recommendations for improving alcohol regulation in hospitality settings:
    - *[This paper]* **Paper 1**: A first-principles economic analysis of whether the government should intervene in the sale, supply, and consumption of alcohol in New Zealand
    - **Paper 2:** An analysis of the current state and problems with how alcohol is regulated in hospitality settings
    - **Paper 3**: Options and recommendations for improving how the sale and supply of alcohol is regulated in hospitality settings.
3. 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 reasons[2] governments may choose to intervene in any given area.
4. 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).

[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.

Scope and Background

The relevant market for alcohol

5. 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]
6. 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).

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

7. 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.

[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.

[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?

8. 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

9. 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 way[5]
    - 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
10. 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.
11. 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., 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.

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

Risks to health

12. 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]

13. The risks to the health of individuals who consume alcohol include an increased risk[8] 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.

14. 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]

15. 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.

16. 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.

17. 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

18. 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

19. 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

20. 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.

21. 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

22. 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

23. 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.

24. 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 asked[13]
    - 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 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?

25. 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 affect[14]
    - 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

26. 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.

27. 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.

28. 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 consumption[18] (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.

Table 1 - Estimate of fiscal and social costs of alcohol risks and associated market failures[20]

Category	Risk / Market failure	Estimated cost
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.

29. 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

30. 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.
31. 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.
32. 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.
33. 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

34. There is evidence[21] 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 externalities[22]
    - 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., Neamtiu, 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.

35. 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 sales[23] - 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.
36. It is therefore our view that the likelihood of government failure is low (if the government choses to intervene), given:
    - the types of interventions available are not prone to government failures[24]
    - governments have successfully intervened to address similar risks and market failures in both in New Zealand and elsewhere.
37. 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

38. 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 choses to intervene) is unlikely.
39. 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).
40. 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

41. 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).
42. 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 volume[25]
    - 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.

Analysis paper

Hospitality Review

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Annex B

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

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.

*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")*

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.

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

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.

Analysis paper

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Supplementary Paper 2

An analysis of the current state and problems with how alcohol is regulated in hospitality settings

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Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Purpose

1. This paper provides an analysis of the current state and problems the Ministry for Regulation (the Ministry) has identified with how the sale and supply of alcohol is regulated in New Zealand's hospitality settings. This analysis is part of the Ministry's Hospitality Review (the Review), which seeks to improve the regulation[1] of New Zealand's hospitality sector. This paper summarises the alcohol regulatory system (the current requirements and how they are monitored and enforced), assesses whether they are effective at achieving their policy purpose and in line with our view of good regulatory practice, and identifies problems based on this assessment.

2. The scope of this analysis reflects the scope of the Review, and is therefore limited to regulation that applies to how alcohol is sold and supplied in hospitality settings (restaurants, bars, cafes, clubs, and events). This includes application, assessment, decision-making, compliance monitoring, and enforcement processes and practices. We are cognisant that some of these requirements, processes, and practices also apply to other settings where alcohol is sold and / or supplied (e.g., bottle shops, supermarkets, or via mobile delivery), but regulation that solely affects these other settings is not in scope of the Review and so has been omitted from this analysis.

3. This paper is the second of three that underpin the Review's recommendations for improving alcohol regulation in hospitality settings:

    - **Paper 1**: a first-principles economic analysis of whether the government should intervene in the sale, supply, and consumption of alcohol in New Zealand
    - *[This paper]* **Paper 2**: An analysis of the current state and problems with how alcohol is regulated in hospitality settings
    - **Paper 3**: Options and recommendations for improving how the sale and supply of alcohol is regulated in hospitality settings.

[1] For clarity, "regulation" includes both formal rules (primary and secondary legislation, bylaws) and informal rules (operational policy, information and guidance).

Executive summary

4. Alcohol is part of the culture and economy in New Zealand, but also a significant cause of harm. The government therefore intervenes in the sale and supply of alcohol to balance allowing alcohol to be consumed responsibly and mitigating alcohol-related harm. As covered in *Paper 1: a first-principles analysis of whether the government should intervene in the sale, supply, and consumption of alcohol in New Zealand*, the government intervenes in three main ways:

    a. controlling the supply of alcohol, primarily through a licensing regime for those who sell and / or supply alcohol

    b. controlling the demand for alcohol

    c. mitigating the negative consequences of alcohol consumption.

5. As part of the Ministry's work on the Review, we have assessed whether these interventions, as they apply to hospitality settings, are achieving their policy purposes, and are otherwise aligned with our view of good regulatory design and practice.

6. Our view is that, on balance, the alcohol regulatory system is very likely to be:

    a. effectively enabling the safe and responsible sale, supply, and consumption of alcohol in hospitality settings, and

    b. going some way towards minimising the harm caused by excessive or inappropriate consumption of alcohol in hospitality settings.[2]

7. However, we think there are aspects of the system that are not effective, efficient, proportionate, easy to comply with, nor aligned with our view of good regulatory practice. These aspects are creating unnecessary costs for regulated parties, may not be reducing alcohol related harm, and may be creating unreasonable barriers to innovation.

8. Our specific problems are:

    a. the alcohol regulatory system is not being effectively, efficiently, nor proportionately stewarded

    b. licensing and renewal processes can be inefficient

    c. licensing and renewal requirements and processes can be disproportionate to the potential risk posed by hospitality settings

    d. decision-making about licences may sometimes not be effective.

    e. hearings are not necessarily an efficient or proportionate way of reaching a decision in some cases.

    f. accountability settings for the supervision of the sale and / or supply of alcohol may not be effective nor proportionate in some settings.

[2] The objects of the Act, s 4(2).

g. monitoring compliance and enforcement practices may not be effective, efficient, or proportionate in some cases.

9. Options for addressing these problems, and our recommendations for change, are presented in *Paper 3 - Options and recommendations for improving how the sale and supply of alcohol is regulated in hospitality settings.*

Background

Alcohol is an important part of the hospitality sector in New Zealand…

10. New Zealanders spent an estimated $5 billion[3] on alcohol at approximately 10,300 licensed hospitality businesses[4] in 2025 – about $1200 per person over 15. Total spend on alcohol is approximately $9 billion per year.[5]

11. Between 20-25% of alcohol is bought at hospitality businesses (compared to the 75 – 80% of alcohol that is purchased at supermarkets and liquor stores)[6], and alcohol sales represent slightly less than one quarter hospitality businesses' annual revenue.[7]

… and a significant cause of harm in New Zealand communities

12. The total cost of alcohol harm in New Zealand is estimated to be over $9 billion dollars each year.[8] 75% of New Zealanders over the age of 15 had a drink in FY24/25[9], 22% of whom exhibited hazardous drinking patterns.[10]

13. It is well evidenced that the consumption of any amount of alcohol consumption carries health risks for the individual drinking – particularly the increased risk of cancer, stroke, high blood pressure, brain damage, and mental health conditions.[11] These individual health risks subsequently cause pressure on the health care system.

14. Alcohol consumption also poses risks to others – particularly the risk of foetal alcohol spectrum disorder, mental health conditions, family and sexual violence, disorderly conduct, retail crime, and road crashes.

15. As discussed in Paper 1, 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. 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.

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[3] Estimated by the Ministry's economists based on Stats NZ's Retail Trade Survey and other data.

[4] Report of the Alcohol Regulatory and Licensing Authority, for the 12 months ended 25 June 2025, corroborated by information collected by the Review from territorial authorities.

[5] As above, estimated by the Ministry's economists based on Stats NZ's Retail Trade Survey and other data.

[6] As above, estimated by the Ministry's economists based on Stats NZ's Retail Trade Survey and other data. Differences in total spend reflect the average higher price of alcohol in hospitality settings than in off-licences.

[7] Based on annual revenue of the hospitality sector of $21.4 billion dollars (sourced from Hospitality NZ's 2025 Hospitality State of the Nation Report).

[8] NZIER. 2024. Costs of alcohol harms in New Zealand: Updating the evidence with recent research. A report for the Ministry of Health

[9] New Zealand Health Survey, FY24/25.

[10] Ibid

[11] 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

New Zealand has higher alcohol harm per capita than other countries

16. While direct comparisons are difficult, there is evidence that New Zealand has higher alcohol harm per capita than England[12] and Australia[13]. This could be driven by people starting to drink earlier in life, differences in drinking cultures, and differences in health outcomes.

However, recent trends indicate that alcohol consumption may be falling

17. National[14] and international trends indicate that alcohol consumption is falling, particularly among young people due to changing cultural attitudes and increased awareness of the health risks.[15]

The current alcohol regulatory system was put in place in 2012 after a fulsome review by the Law Commission…

18. In 2008, the Law Commission undertook a first-principles review of the legislative framework governing the sale and supply of alcohol.[16] In short, the Law Commission recommended introducing a new Act that:
    a. reduced excessive drinking by adults and young people
    b. reduced the harm caused by alcohol use, including crime, disorder, public nuisance, and negative public health outcomes
    c. supported the safe and responsible sale, supply and consumption of alcohol
    d. improved community input into local alcohol licensing decisions
    e. improved the operation of the alcohol licensing system.[17]
19. A new Act reflecting most of the Law Commission's recommendations was passed into law in 2012 – the Sale and Supply of Alcohol Act 2012.

[12] Institute of Alcohol Studies. Cost of alcohol harm in ENGLAND. *Institute of Alcohol Studies*
[13] Crosland P, Angeles MR, Noyes J, et al. The economic costs of alcohol-related harms at the local level in New South Wales. *Drug Alcohol Rev*. 2024;43(2):440-453. doi:10.1111/dar.13794
[14] Stats NZ - Alcohol available for consumption: Year ended December 2025.
[15] Sourced from https://news.gallup.com/poll/648413/alcohol-consumption-increasingly-viewed-unhealthy.aspx
[16] Alcohol In Our Lives: Curbing the Harm" (NZLC R114, 2010)
[17] Select Committee Report for the Sale and Supply of Alcohol Bill, 2012

…and our analysis has confirmed that the intent and types of intervention in the current alcohol regulatory system are broadly right, as they apply in hospitality settings

20. The Review undertook a (brief) first-principles economic analysis of whether the government should intervene in the sale, supply, and consumption of alcohol in New Zealand (see Paper 1). This analysis confirmed that the:

    a. consequences of not intervening are severe

    b. risks and market failures that arise will not be sufficiently mitigated by private interventions and individual responsibility

    c. government failure (if the government chooses to intervene) is unlikely.

21. Our analysis also showed that the points and type of intervention in the current alcohol regulatory system are generally well-matched to the risks and market failures they seek to address, and that the prescriptive design of the system was an appropriate choice, given the severity of the consequences.[18] However, this analysis also indicated that there are areas where government intervention in the sale, supply, and consumption of alcohol could improve, especially where applied in hospitality settings.

[18] Informed by "Regulatory institutions and practices", The Productivity Commission, June 2014

Legislative instruments in the alcohol regulatory system

22. The following instruments comprise the alcohol regulatory system:

    a. **Sale and Supply of Alcohol Act 2012:** The main piece of primary legislation in the regulatory system, administered by the Ministry of Justice (MoJ). The stated objectives of the Sale and Supply of Alcohol Act 2012 (the Act) are that alcohol should be consumed safely and responsibly, and harm relating to the excessive or inappropriate consumption of alcohol should be minimised. The Act explicitly states that the system should be reasonable and that the administration of the system should help to achieve the system's objectives.

    b. **Sale and Supply of Alcohol Regulations 2013:** A piece of secondary legislation made under ss 264 and 397 of the Act, administered by MoJ. These regulations specify matters relating to:

        i. evidence of age documents

        ii. grocery stores, including what is defined as food and statements of annual sales revenue

        iii. remote sales

        iv. local alcohol policies

        v. notification of decisions to the licensing authority

        vi. the qualification of managers

        vii. licensing trusts

        viii. infringement fees

        ix. public notice of applications.

    c. **Sale and Supply of Alcohol (Fees) Regulations 2013:** A piece of secondary legislation made under the Act, administered by MoJ. These regulations:

        i. establish fee categories and a cost/risk framework of premises to guide fees charged by territorial authorities for on-licences, off-licences, and club licences

        ii. establish special licence classes for sizes of event (defined by number of people attending an event) to guide fees charged by territorial authorities for special licences

        iii. set the fees charged for manager's certificates

        iv. set other fees and define administrative matters such as reporting and when fees are payable.

    d. **Orders in Council:** There are multiple other Orders in Council made under the Act. One allows territorial authorities to make bylaws about the fees for licensing activities, and the others establish licensing and community trusts in various districts.

e. **Local Alcohol Policies**: Local Alcohol Policies (LAP) are policies made by territorial authorities under ss 75 – 97 of the Act. Broadly, LAPs can cover where licenced premises can be, whether further licences should be issued, maximum trading hours, and one-way door restrictions. Territorial authorities are not required to have a LAP. 44 of 67 territorial authorities have LAPs in effect.

f. **Alcohol control bylaws:** These are bylaws made by territorial authorities to control the possession and consumption of alcohol in public places. These can take the form on ongoing alcohol bans in areas, or one-off bans for special events.

g. **Civil Aviation Act 2023:** This act governs the sale of alcohol at international airports.

23. The following instruments are relevant, but do not directly impact the regulatory system:

a. **Local Government Act 2002:** This act empowers territorial authorities to make bylaws and governs how bylaws are made.

b. **Incorporated Societies Act 1908** and the **Incorporated Societies Act 2022**: These acts govern how societies (including clubs) are established and managed.

c. **Commissions of Inquiry Act 1908**: This act governs how inquiries are carried out. District Licensing Committees (who make decisions on licences) are Commissions of Inquiry (see para 27 below).

How these instruments work in practice

Roles in the alcohol regulatory system

24. There are multiple central and local government agencies that have roles in the alcohol regulatory system.

25. **Ministry of Justice (MoJ)** has the following responsibilities:

    a. administering the Act, the Sale and Supply of Alcohol Regulations 2013, and the Sale and Supply of Alcohol (Fees) Regulations 2013

    b. providing guidance to regulators and regulated parties about fulfilling their roles and responsibilities

    c. providing secretariat and administrative support to the Alcohol Regulatory Licensing Authority.

26. **The Alcohol Regulatory and Licensing Authority (ARLA)** is an independent tribunal currently comprised of two District Court judges and five other members appointed by the Governor-General on the recommendation of the Minister of Justice. ARLA has the following responsibilities:

    a. considering and determining applications for the variation, suspension, or cancellation of alcohol licences and managers' certificates

    b. considering and determining appeals against licensing decisions made by District Licensing Committees

    c. considering and determining appeals against elements of draft LAPs

    d. contributing to and maintaining the central register of alcohol licences and manager's certificates

    e. issuing statements, guidance, suggestions, or practice directions to DLCs.

    ARLA may also refer matters to investigation by one of their members or any other qualified person.

27. **Territorial Authorities (TAs)** have been delegated the administration and enforcement of the alcohol regulatory system. TAs' responsibilities are:

    a. developing and using alcohol control bylaws

    b. developing and using LAPs

    c. administering the alcohol licensing process for all licence types and managers' certificates, including issuing (but not deciding on) licences

    d. employing licensing inspectors

    e. retaining records of all licences and managers certificates in each region

    f. inquiring into and reporting on each individual application for a licence or manager's certificate (this is carried out by licensing inspectors, which are appointed by the TA).

    g. monitoring licensed premises (this is also carried out by licensing inspectors).

h. enforcement of licence conditions, including by using offences specified in the Act (this is carried out by licensing inspectors)

28. **District Licensing Committees (DLCs)** are responsible for making licensing decisions. Every TA is required to appoint one or more DLC. In practice, some territorial authorities have combined DLCs with neighbouring TAs, and some territorial authorities have multiple DLCs.

    A DLC is a Commission of Inquiry[19] and is an independent decision-making body from the TA or local council. DLCs are made up of a chair (a commissioner) and two members, each of whom have terms of office of up to five years. There is no limit on the number of terms a chair or member can be appointed for. The chair and members of DLCs are selected and appointed by TAs.[20] They can be an elected member of the TA (i.e., a council member or mayor), but cannot be a constable, a Medical Officer of Health, a licensing inspector, or an employee of the territorial authority.

    DLCs have the following responsibilities:

    a. making licensing decisions and granting licences (including renewing licences)

    b. making decisions about and granting managers' certificates

    c. where there are objections to a licence or manager's certificate, holding hearings that involve prospective licensees / duty managers and representatives of other regulators.

29. **Medical Officers of Health** inquire into and report on applications for licences, including appearing at DLC hearings where required.

30. **New Zealand Police (Police)** has the following responsibilities:

    a. inquiring into and reporting on licensing applications and applications for managers' certificates (e.g., by providing criminal background checks), including by appearing at DLC hearings where required

    b. monitoring the compliance of licensed premises through ad hoc inspections and controlled purchase operations (CPOs).

    c. enforcement of licence conditions, including by using offences specified in the Act.

31. **Te Whatu Ora | Health New Zealand (Health NZ)** does not have a statutory role in administering the alcohol licensing regulatory system, except through the functions carried out by Medical Officers of Health. However, in practice HNZ has an interest in the alcohol regulatory system and issues guidance to Medical Officers of Health, Police, and licensing inspectors about how they should engage in the licensing process. This is because of HNZ's wider policy responsibilities regarding alcohol-related harm.

[19] As defined by the Commissions of Inquiry Act 1908. Sale and Supply of Alcohol Act 2012, s 201.

[20] Members are paid according to the Cabinet Fees Framework.

Requirements hospitality businesses must follow to sell and supply alcohol

Licences are required to sell or supply alcohol to consumers

32. Licensing is the primary mechanism the government uses to control the supply of alcohol, and so a licence is generally required to sell or supply alcohol to consumers. The only exemptions to this are for homestays[21], and messes and canteens operated by the New Zealand Defence Force, Police, and Fire and Emergency New Zealand (FENZ).[22]

33. A licence is not required to sell and / or supply alcohol to people or businesses who make, distribute, or wholesale alcohol products.[23] A licence is also not required to sell or supply alcohol that is not intended for drinking.[24]

34. There are four[25] broad types of licences available under the Act:

    a. **On-licences**[26] allow licensees to sell and supply alcohol for consumption on the premises and lets people consume alcohol on the premises. On-licences can include endorsements for "bring your own" (BYO)[27] or catering.[28]

    b. **Off-licences**[29] allow licensees to sell and deliver alcohol for consumption somewhere else. Licensees can provide samples for consumption on the premises for free, and winery cellar doors[30] can sell samples of grape wine for consumption on the premises. Off licences can be endorsed for delivery only[31] ("remote sellers") or auctioneers.[32]

    c. **Club licences**[33] allow a club to sell and supply alcohol to their members, members' visitors, or members of clubs with reciprocal visiting rights.[34] A club licence prohibits BYO alcohol.[35]

[21] A homestay refers to a person with no more than 10 guests staying in their home. Sale and Supply of Alcohol Act, s 12.
[22] Sale and Supply of Alcohol Act, s 10.
[23] Sale and Supply of Alcohol Act, s 8.
[24] Sale and Supply of Alcohol Act, s 9.
[25] Arguments have been made that 34 specific types of licences exist within the system, if the endorsements and risk classes in the fees are considered.
[26] Sale and Supply of Alcohol Act, ss 14-16.
[27] This endorsement allows licensees to let people bring alcohol to consume while dining, take their alcohol away again if sealed, and sell alcohol, if the alcohol sold contains less than 14.3% alcohol by volume. Sale and Supply of Alcohol Act, s 37.
[28] This endorsement allows licensees to deliver alcohol to another premises to sell it for consumption. Sale and Supply of Alcohol Act, s 38.
[29] Sale and Supply of Alcohol Act, ss 17-20.
[30] The Sale and Supply of Alcohol (Improving Alcohol Regulation) Amendment Bill before Parliament would, if passed into law, extend the winery cellar door provisions in the Sale and Supply of Alcohol Act 2012 to breweries, distilleries, meaderies, cideries, and non-grape wine wineries with cellar doors. This will allow these producers with an off-licence to charge for samples supplied from their cellar door and hold an off-licence and an on-licence at the same time.
[31] This endorsement allows licensees to deliver alcohol, but not sell alcohol on the premises. Sale and Supply of Alcohol Act 2012, s 40.
[32] This endorsement exempts the licensee from notification requirements, objections, inquiries from Police and Medical Officers of Health, and appointing managers. Sale and Supply of Alcohol Act 2012, s 39.
[33] Sale and Supply of Alcohol Act 2012, s 21. Clubs are defined as 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.
[34] Sale and Supply of Alcohol Act, s 60.
[35] Sale and Supply of Alcohol Act, s 62.

d. **Special licences**[36] allow licensees to sell and supply alcohol at events, festivals, or other occasions. Special licences can be on-site[37], or off-site[38], depending on whether alcohol is being supplied at the event, or away from the event (but to people attending the event). Special licences can cover between one and twelve events.

A range of different parties can hold a licence

35. On-licences, off-licences, and special licences can be held by individuals, body corporates, companies, licensing or community trusts[39], boards, government departments, territorial authorities, or other organisations. Club licences can only be held by clubs.

36. A licence is generally issued for a specific premises, e.g., a restaurant owner is issued an on-licence for a specific restaurant, or a company is issued an off-licence for a specific liquor store. [40]

37. Off-licences may only be issued to certain types of premises; hotels[41], taverns[42], retail premises[43], supermarkets, grocery stores, and winery cellar doors.[44] Petrol stations, garages, dairies, convenience stores, "shops within shops", boats, buses, or vans explicitly cannot be issued off-licences.[45] By exclusion, restaurants are not currently allowed to hold off-licences, but a Bill is currently before the house that would allow some restaurants to hold off-licences.[46]

38. A licensee can hold:

    a. more than one licence of the same type for different premises (e.g., a restaurant owner can hold two on-licences for different restaurants)

    b. more than one licence of different types for the same premises (e.g., a hotel can hold an on-licence and an off-licence, or a bar can hold an on-licence for the hours of 4 pm – 11 pm as well as a special licence to serve a wedding from 11 pm – 3 am outside of their normal operating hours).

---

[36] Sale and Supply of Alcohol Act, s 22.

[37] These allow licensees to sell and supply alcohol at an event held at a specific premises (e.g., wine at food festivals, weddings, or licensed clubs hosting events where they serve the public).

[38] These allow licensees to sell and supply alcohol to people who will be attending an event elsewhere. Similar provisions as off-licences also apply. These can only be issued to manufacturers, distributors, importers, and wholesalers of alcohol. Sale and Supply of Alcohol Act, s 42.

[39] Licensing trusts and community trusts are a statutory form of community enterprise that sell and supply alcohol to their communities. These trusts consist of elected members, the number of which is determined when the trust is established by the Governor-General via Order in Council. By default, licensing and community trusts have a monopoly over on-licences and off-licences in their designated area. There are 18 licensing trusts and community trusts in New Zealand, 4 of which hold some type of monopoly over licences.

[40] This is not explicitly stated in the Sale and Supply of Alcohol Act 2012. It is implied by reference to "licensed premises", and the fact that the process for applying for a licence requires the designation of a specific premises that will be attached to the licence.

[41] As defined by the Sale and Supply of Alcohol Act 2012 and the Hotel Association of New Zealand Act 1969.

[42] As defined by the Sale and Supply of Alcohol Act 2012 – a premises used principally to provide alcohol and other refreshments to the public.

[43] Where 85% of annual sales revenue is expected to be earned from the sale of alcohol.

[44] Sale and Supply of Alcohol Act 2012, s 32.

[45] Sale and Supply of Alcohol Act 2012, s 36.

[46] Sale and Supply of Alcohol (Improving Alcohol Regulation) Amendment Bill. The amendment would allow restaurants who hold an on-licence to also hold an off-licence if they have retail premises that sells products they make on-site.

The process to get a licence for the first time, or to a renew a licence

The high-level process for applying for a new licence or renewing an existing licence is as follows:

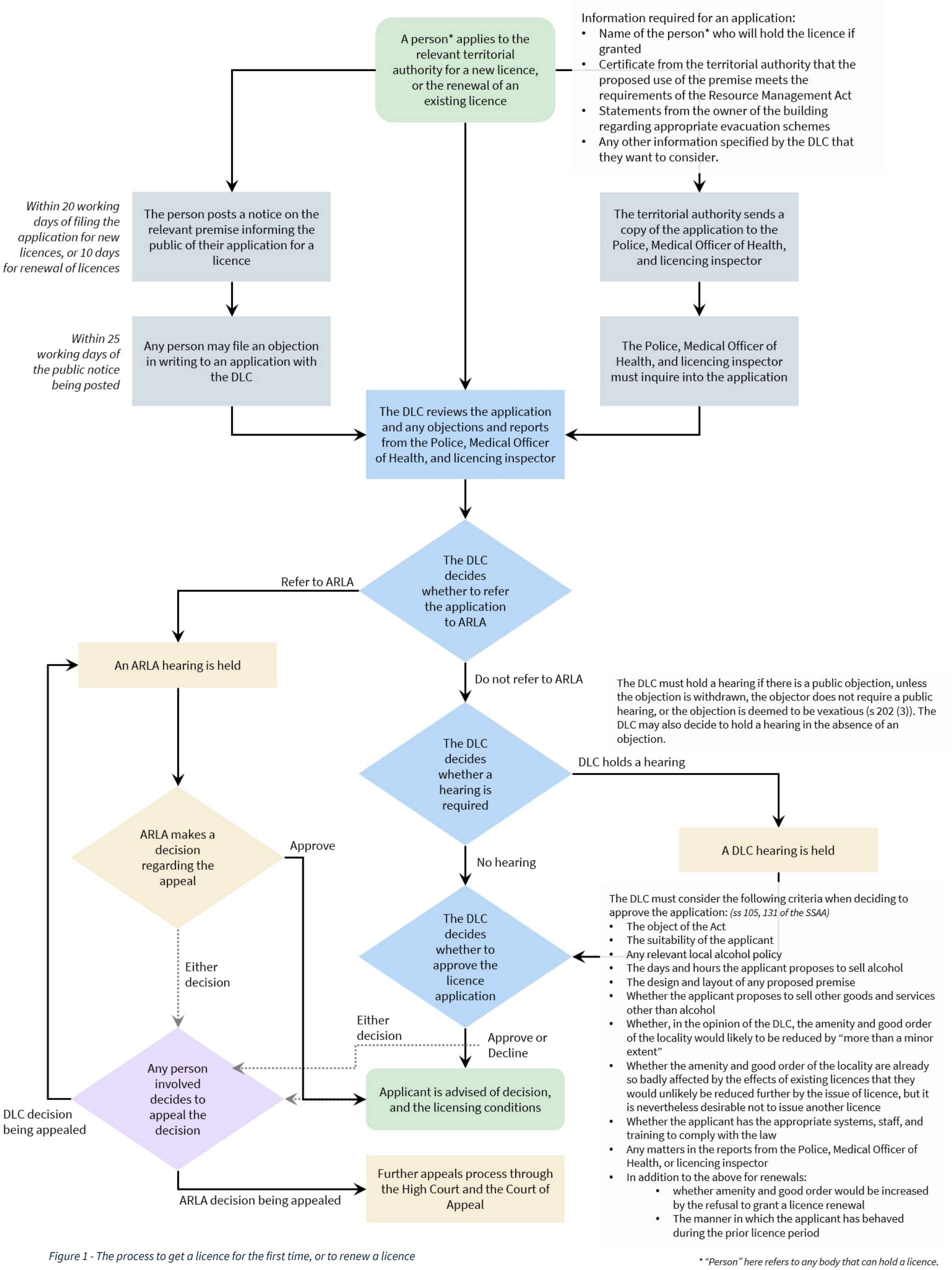

Figure 1 - The process to get a licence for the first time, or to renew a licence

** "Person" here refers to any body that can hold a licence.*

39. There are some variations to the process above that apply to applications for special licences:

    a. Applications for special licences must be filed at least 20 working days before the day on which the event begins.[47]

    b. TAs can decide whether a public notice is required. If a public notice is required, one must be posted within 10 working days of filing the application.[48]

    c. Large-scale events (over 400 people)[49] may[50] require the applicant to provide:

        i. a management plan that addresses security, monitoring, interaction with residents, and public health concerns.

        ii. a certificate from the relevant territorial authority that the proposed use of any premises meets the requirements of the Resource Management Act 1991 and the Building Code.

        iii. evidence of liaison with Police and the relevant territorial authority on planning the event.

Licences come with default requirements and conditions

40. There are default requirements and conditions that apply to all licences nationally:

    a. **Information requirements**:

        i. premises with on-licences and off-licences must display signs visible inside and outside the premises that state the hours of business where the premises is open for the sale and / or consumption of alcohol.[51]

        ii. a copy of the licence for a premises must be displayed inside the premises.[52]

        iii. premises with on-licences and club licences must provide information about transport options to customers.[53]

    b. **Maximum trading hours**:[54]

        i. between 8 am and 4 am the next day for on-licences and club licences.[55]

        ii. between 7 am and 11 pm for off-licences. Remote sales are exempt from these trading hour restrictions – sales can be made at any time of day

[47] Unless the DLC is satisfied that the need for a special licence could not have reasonably been foreseen earlier (e.g., a funeral); Sale and Supply of Alcohol Act 2012, s 137(2).
[48] This is in comparison to public notices for other licence types, which must be posted within 20 working days of filing the application.
[49] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 9.
[50] If the DLC decides.
[51] Sale and Supply of Alcohol Act 2012, s 56.
[52] Sale and Supply of Alcohol Act 2012, s 57.
[53] Sale and Supply of Alcohol Act 2012, s 54.
[54] Sale and Supply of Alcohol Act 2012, s 43.
[55] Hotel mini bars are exempt from these restrictions, Sale and Supply of Alcohol Act 2012, s 46.

(e.g., someone can buy a bottle of wine online at 5 am in the morning) but delivery can only be made between 6 am and 11 pm.[56]

c. **Appointed managers must be on duty**: Most on-licences, off-licences, and special licences require the appointment of certified and qualified[57] managers (duty managers) who must always be on duty when alcohol is being sold or supplied. These managers are jointly responsible with the licence holder for compliance with the regulatory requirements. A club licence does not require a manager to be on duty, nor does an auctioneer's off-licence.

d. **Water must be freely available, and non-alcoholic drinks, low-alcohol drinks, and food must be available**[58] for purchase on premises with on-licences and club licences.[59]

Local alcohol policies may affect the location of the licensed premises and the licence conditions

41. The Act enables TAs to have LAPs. For example, LAPs can set out:[60]

    a. **where licensed premises may be**, either by broad area (e.g., no on-licences in this suburb) or by reference to proximity to premises or facilities of particular kinds (e.g., not within 1km of school)

    b. **whether further licences of specific kinds should be issued for** premises in the district concerned (for example, Auckland introduced a two-year ban on new off-licences in high deprivation areas)

    c. **maximum trading hours** that are shorter than the national maximum trading hours

    d. **conditions DLCs in the territorial authority must put on licences** (or licences of specific kinds), including one-way door restrictions.[61]

42. When developing a LAP, a TA is required to consider its district plan, any bylaws relating to alcohol, the demography and health of its residents, and the nature and severity of the alcohol-related problems arising in the district.[62] The territorial authority must also consult with the public, Police, Medical Officers of Health, and licence inspectors on any draft LAP.[63] Neighbouring TAs can share a LAP.

[56] Sale and Supply of Alcohol Act 2012, s 49.

[57] Managers must hold a manager's certificate and a prescribed qualification; see the Sale and Supply of Alcohol Act 2012, ss 216-228; see also the Sale and Supply of Alcohol Regulations 2013, regs 23-26.

[58] Sale and Supply of Alcohol Act 2012, ss 51-53.

[59] Cabinet agreed [SOU-25-MIN-0103 refers] to require licensees with on-licences and club licenses to stock "zero-alcohol" drink options in addition to or as an alternative to low-alcohol drinks, given the growing market for these products.

[60] Sale and Supply of Alcohol Act 2012, s 77.

[61] You can leave a premises, but not enter or re-enter after a certain time.

[62] Sale and Supply of Alcohol Act 2012, s 78.

[63] Sale and Supply of Alcohol Act 2012, s 79.

DLCs may apply additional, discretionary conditions on licences

43. DLCs may impose **additional conditions** on on-licences and club licences[64], including:

    a. prescribing steps to be taken by the licensee to prevent the sale or supply of alcohol to people under 18, or who are intoxicated

    b. prescribing steps to be taken by the licensee to manage the premises (including restricted and supervised areas where minors must not be admitted or admitted only with a parent or guardian, or requiring a manager to be on duty in a club)

    c. any other condition not inconsistent with the object of the Act.

Licensing fees are set in secondary legislation, and some fees may be varied using local bylaws

44. The application and annual fees charged for on-licences, off-licences, and club licences are set out in the Sale and Supply of Alcohol (Fees) Regulations 2013.

45. For on-licences, off-licenses, and club licences, the fees framework is based on a risk rating of different premises.[65] This risk rating is based on opening hours, whether enforcement action has been taken in the last 18 months, and the type of premises (e.g., tavern, or restaurant). TAs are responsible for confirming risk ratings of premises seeking licences. The higher the risk rating, the higher the fees category assigned to the licence in the fees framework.

46. TAs are permitted to set their own fees for on-licences, off-licences, and club licences using the same risk framework under the Sale and Supply of Alcohol (Fee-setting bylaws) Order 2013. There are currently 11 territorial authorities that have use the bylaw process to set their own fees.

47. The fees regulations also set out three classes of special licence, with fees based on the number of attendees, and the number of events that will be held under the licence.

48. The Review has assessed the fees for alcohol licensing as part of our wider work on fees and levies payable by hospitality businesses.[66]

[64] Sale and Supply of Alcohol Act 2012, s 110(1).

[65] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 5.

[66] See the 'Fees and Levies' supplementary paper.

There are reforms underway to the Act

The Sale and Supply of Alcohol (Improving Alcohol Regulation) Amendment Bill before Parliament would, if passed into law, make the following changes to the alcohol regulatory system:

- **Allow some restaurants to also hold off-licences**
- **Allow clubs to hold on-licences.** Previously clubs could only hold club licences, and would have to apply for a special licence if they wished to serve the wider community.
- **Objections can only come from people, groups, or organisations in the same territorial authority as the premises, or within 3km (if this is outside the boundary of the territorial authority)**. Previously, any person (in their individual capacity or representing a group / organisation) was allowed to object to alcohol licence applications and renewals. This meant there were no restrictions on who could object to a licence application – a person did not have to be living in the area or have a personal interest in a particular licence application.
- **Licence applicants now have a right of reply** (i.e., they are allowed to respond to allegations or criticism that have been raised about them) in the licensing hearing process. Previously, cross-examination of licence applicants or people objecting to applications was not permitted in DLC hearings. This was likely intended to ensure fairness and professionalism within hearings. However, in practice it meant that licence applicants could not respond to the comments made in objections.
- **DLCs are no longer able to decline licence renewals that are inconsistent with LAPs**; instead, they are allowed to impose licence conditions to ensure the licence is more consistent with the LAP going forward. Previously, DLCs could decline to renew a licence if it was inconsistent with the relevant LAP, even if the LAP was introduced or amended after the original licence was issued.
- **DLCs must decide on applications for special licences using a risk-based framework** that the responsible Minister can set out in secondary legislation. The details of this risk-based framework are not yet known.
- **Relevant DLCs must consult one another in a timely manner** on applications for a series of events spanning multiple territorial authority areas.
- **The responsible Minister can recommend a stand-alone exemption to special licensing requirements for significant televised events** (e.g., the Rugby World Cup), meaning that hospitality businesses do not need to apply for special licences in these circumstances, and exemptions do not need to be put in primary legislation (as they have been in the past).
- **The threshold for large-scale events will increase from 400 people to 2000 people,** which raises the threshold for higher fees and additional requirements such as an alcohol management plan (s 142 of the Act).

Monitoring compliance and enforcement of requirements

49. The following are offences under the Act (listed approximately in order from those carrying the highest penalties, to those carrying the smallest penalties):

    a. Sale by an unlicensed person or at an unlicensed premises.[67]

    b. Sale or supply of alcohol in a way that is outside of what is allowed by the licence (including the conditions placed on that licence), including failing to appoint a manager.[68]

    c. Sale or supply of alcohol to people under purchase age (this does not apply if the person is accompanied by their parent or guardian and the alcohol is supplied by the parent or guardian).[69]

    d. Actively facilitating drinking BYO alcohol on an unlicensed premises (e.g., a block party), and being found drinking in one of these places.[70]

    e. Buying alcohol if under purchase age.[71]

    f. Being in restricted or supervised areas as a minor. [72]

    g. Permitting minors to be in restricted or supervised areas.[73]

    h. Employment of minor in restricted areas while that area is open for the sale of alcohol.[74]

    i. Allowing people to become intoxicated on a licensed premises, including the sale / supply of alcohol to intoxicated people and allowing intoxicated people to remain on licensed premises.[75]

    j. Managers or employees being intoxicated on duty.[76]

    k. A member of the public being on a licensed premises more than 30 minutes after the premises are required to be closed for the sale of alcohol.[77]

    l. Allowing a member of the public to be on a licensed premises more than 30 minutes after the premises are required to be closed for the sale of alcohol.[78]

    m. Using or facilitating the use of fake evidence of age documents.[79]

[67] Sale and Supply of Alcohol Act 2012, ss 233–234.
[68] Sale and Supply of Alcohol Act 2012, s 258.
[69] Sale and Supply of Alcohol Act 2012, s 239.
[70] Sale and Supply of Alcohol Act 2012, ss 235-236.
[71] Sale and Supply of Alcohol Act 2012, s 243.
[72] Sale and Supply of Alcohol Act 2012, s 244.
[73] Sale and Supply of Alcohol Act 2012, s 245.
[74] Sale and Supply of Alcohol Act 2012, s 242.
[75] Sale and Supply of Alcohol Act 2012, ss 248-249, and s 252.
[76] Sale and Supply of Alcohol Act 2012, ss 251-252.
[77] Sale and Supply of Alcohol Act 2012, s 255.
[78] Sale and Supply of Alcohol Act 2012, s 256.
[79] Sale and Supply of Alcohol Act 2012, s 257.

n. Irresponsible promotion of alcohol – this is defined as encouraging people to consume alcohol to an excessive extent, whether on a licensed premises or any other place.[80]

o. The manufacture / distribution / sale of banned alcohol products (there are currently no banned alcohol products).[81]

p. Sale of a spirit in a vessel exceeding 500ml.[82]

50. A range of penalties apply to these offences, including fines between $1,000 and $40,000, the short-term (e.g., 7 day) suspension of licences, and imprisonment of no more than 3 months.

51. Licensing inspectors and the Police are the main groups empowered by the Act to enforce the requirements set out by the regulatory system "on the ground". ARLA, DLCs, the courts, FENZ inspectors[83], and Medical Officers of Health also have a role in enforcing the requirements.

52. One or more licensing inspectors must be appointed by each territorial authority.[84] These inspectors must act independently from other government agents (i.e., Police) when carrying out their regulatory functions.

53. Licensing inspectors and the Police can:

a. enter and inspect any premises at any reasonable time, including requiring licensees or manages to provide them with information and records[85]

b. seize samples of alcohol without a warrant when conducting an inspection[86]

c. issue infringement notices[87] for many of the offences listed above. Infringement notices can be accompanied by an infringement fee (not exceeding $1,000 and payable to the territorial authority).[88]

d. must notify the territorial authority if they believe the building does not comply with the Building Act 2004[89]

e. apply to ARLA to vary, suspend, or cancel licences (other than special licences[90]) or manager's certificates.[91]

f. apply to a DLC to vary, suspend, or cancel a special licence.[92]

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[80] This includes sales that offer discounts over 25%, or offering alcohol for free; see the Sale and Supply of Alcohol Act 2012, s 237.
[81] Sale and Supply of Alcohol Act 2012, s 238.
[82] Sale and Supply of Alcohol Act 2012, s254.
[83] Appointed under s 166 of the Fire and Emergency New Zealand Act 2017.
[84] Sale and Supply of Alcohol Act 2012, s 197
[85] Sale and Supply of Alcohol Act 2012, s 267.
[86] Sale and Supply of Alcohol Act 2012, s 268.
[87] As described in the Criminal Procedure Act 2011 or the Summary Proceedings Act 1957.
[88] The infringement fees for specific infringement offences are set in the Sale and Supply of Alcohol Regulations 2013, reg 34.
[89] Sale and Supply of Alcohol Act 2012, s279.
[90] Covered under the Sale and Supply of Alcohol Act 2012, s283.
[91] Sale and Supply of Alcohol Act 2012, s 280. An application must be made to cancel a licence or certificate if three offences or infringements were committed within 3 years (ss 289-290).
[92] Sale and Supply of Alcohol Act 2012, s283.

54. Additionally, the Police can:

    a. close a licensed premises for 24 hours if a riot, fight, or serious disorder has occurred or may soon occur, if there is a significant threat to public health and safety, if there is substantial public nuisance, of if there are other reasonable grounds defined under the Act.[93]

    b. request a District Court Judge to close every licensed premises within a specified area for 24 hours if a riot occurs or may soon occur (the Police may then use any force required to close the relevant licensed premises).[94]

    c. seize and remove any alcohol if there are reasonable grounds that the alcohol will be consumed in a way that is not allowed under the Act[95]

    d. ask for an individual's name, address, and date of birth if they have reasonable cause to suspect that that person has committed, is committing, or is attempting to commit an offence under the Act[96]

    e. apply for a warrant to search any premises if there are reasonable grounds that alcohol is being sold, displayed, or kept for sale in a premises where it cannot lawfully be.[97]

55. FENZ inspectors or a Medical Officer of Health may apply to a DLC to suspend an on-licence or club-licence if they believe the public health and safety is endangered.[98]

[93] Sale and Supply of Alcohol Act 2012, s 266.
[94] Sale and Supply of Alcohol Act 2012, s 265.
[95] This alcohol is forfeit to the Crown if the person is found guilty of an offence against the Sale and Supply of Alcohol Act 2012.
[96] Sale and Supply of Alcohol Act 2012, s 269.
[97] Sale and Supply of Alcohol Act 2012, s 270.
[98] Sale and Supply of Alcohol Act 2012, s 286.

Analysis of the current state and problem identification

Methodology

56. We have assessed the current state of the alcohol regulatory system against the Review's criteria, which are drawn from the Review's Terms of Reference. These are described in Table 1 below.

57. Some criteria are more relevant in some areas of the alcohol regulatory system than others, and this is reflected in the details of the assessments later in this section.

Table 1 - Criteria for the assessment of the current state

Criterion	High-level description
Effective	The intervention achieves its intended benefits and policy objective(s).
Efficient	The intervention is achieving its benefits for the least cost[99] (including time taken). The benefits of the intervention (for both the government and regulated parities) outweigh the costs.
Proportionate	Regulatory requirements are aligned to the level of risk being managed. An appropriate balance is struck between regulatory control and operational freedom.
Adaptable	The intervention can sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance.
Easy to comply with	The regulatory requirements are easy to find, easy to navigate, and clear and easy to understand.
Appropriate impact on individual rights and liberties[100]	The impact, if any, the intervention has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.

[99] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits or reduced regulatory outcomes (e.g., public health protections).

[100] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.

Criterion	High-level description
Otherwise aligned with the Ministry's view of good regulatory practice[101]	Where relevant, the intervention otherwise aligns with the Ministry's view of good regulatory practice, including (but not limited to) transparency, accountability, supporting innovation, and independence.

58. To make our assessment of the current state, we have drawn from multiple sources of evidence, including direct and written engagement with hospitality businesses peak bodies, community organisations, and regulators; academic research; international comparisons; and economic analysis. Evidence is referenced, and we discuss areas where what we know is limited and where we have made informed judgements.

59. The meanings of our assessments are described in Table 2 below.

Table 2 - Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.
××	In no way meets the criterion.

60. Based on this assessment, we identify the problems with the current state. These problems, their potential underlying causes, and impacts, are analysed under each assessment, including considering whether the underlying causes are:

    a. inherent in the legislative design. This covers both the unintended consequences of design choices, and design choices that are working as intended but may no longer be effectively contributing to the purposes of the regulatory system.

    b. regulatory practice issues. This covers regulator capacity and capability issues, stewardship issues, and the monitoring and evaluation of the system.

[101] This criterion covers additional aspects of good regulatory design and practice covered in Government Expectations for Good Regulatory Practice that are not already covered by the preceding criteria. These additional aspects are not always relevant to every part of the regulatory system, and so this criterion is used only where relevant.

Te Tiriti o Waitangi | Treaty of Waitangi analysis

61. We have considered how kawanatanga, rangatiratanga, and other key concepts in Te Tiriti o Waitangi | Treaty of Waitangi are, or are not, currently demonstrated in the alcohol regulatory system. This analysis was informed by the Cabinet circular on Te Tiriti o Waitangi | Treaty of Waitangi.[102]

Structure of this section

62. We have broken down the alcohol regulatory system into the following components, which will be assessed separately:

    a. an overall assessment of the alcohol regulatory system as it applies in hospitality settings (informed by the proceeding sections)

    b. stewardship of the alcohol regulatory system

    c. licensing requirements, processes, and decisions

    d. accountability settings for ensuring alcohol is sold / supplied safely and responsibly

    e. monitoring compliance and enforcement.

63. Each section after the first includes a brief reminder of the status quo and any additional context not already discussed, a table that details our assessment against our criteria, and problem identification and analysis.

64. Our Te Tiriti o Waitangi | Treaty of Waitangi analysis is presented separately at the end for clarity and ease of reading, rather than being incorporated in each of the sections above.

[102] https://www.dpmc.govt.nz/publications/co-19-5-te-tiriti-o-waitangi-treaty-waitangi-guidance#introduction

Overall assessment of the alcohol regulatory system as it applies in hospitality settings

66. Our view is that, on balance, the alcohol regulatory system is very likely to be:

    a. effectively enabling the safe and responsible sale, supply, and consumption of alcohol in hospitality settings, and

    b. going some way towards minimising the harm caused by excessive or inappropriate consumption of alcohol in hospitality settings.[103]

67. However, there are aspects of the system that are not effective, efficient, proportionate, easy to comply with, nor aligned with our view of good regulatory practice. We have identified seven specific problems through our analysis of the current state:

    1. **The alcohol regulatory system is not being effectively, efficiently, nor proportionately stewarded.** This may be negatively impacting the quality of regulatory practice and reducing the overall effectiveness of the alcohol regulatory system.

    2. **Licensing and renewal processes can be inefficient.** This is creating unnecessary costs for hospitality businesses and unnecessary work for regulators.

    3. **Licensing and renewal requirements and processes can be disproportionate to the potential risk posed by hospitality settings**. This is creating costs for hospitality businesses that are not proportionate to their risks and causing compliant businesses to cross-subsidise non-compliant businesses.

    4. **Decision-making about licences may sometimes not be effective** at achieving the purposes of the alcohol regulatory system. This is creating unnecessary costs for hospitality businesses and may not be effectively addressing alcohol-related harm.

    5. **Hearings are not necessarily an efficient or proportionate way of reaching a decision in some cases**. This is creating costs for hospitality businesses, regulators, and communities, and may be reducing the transparency and fairness of decisions.

    6. **Accountability settings for the supervision of the sale and / or supply of alcohol may not be effective nor proportionate** in some settings. This may be reducing the overall effectiveness of the alcohol regulatory system.

    7. **Monitoring compliance and enforcement practices may not be effective, efficient, or proportionate** in some cases. This may be reducing the overall effectiveness of the alcohol regulatory system, and will be having impacts on the acceptance of the regulatory system itself.

[103] The objects of the Act, s 4(2).

Stewardship of the alcohol regulatory system

Context

68. The stewardship of a regulatory system is the governance, monitoring, care, and maintenance of that system so that it continues to deliver on the policy objectives of the system effectively and efficiently over time.[104] In practice, this includes:

    a. creating and maintaining relationships between policy makers, frontline regulators, and other stakeholders in the regulatory system

    b. gathering data and insights about the performance the system, and the actors within it

    c. improving and investing in capability at all levels of the system

    d. identifying and responding to risks and issues within the regulatory system in a timely and regular manner

    e. supporting innovation within the regulatory system.

69. MoJ could be described as the system steward. As described above, MoJ administers most of the primary and secondary legislation that makes up the alcohol regulatory system. This is likely because alcohol is a highly politicised issue, and Parliament conventionally employs conscience votes[105] when making changes to alcohol law. MoJ has historically been responsible for a range of conscience issues (e.g., alcohol, abortion, and euthanasia, although the responsibility of many of these issues has shifted away from MoJ over time).

70. A consequence of alcohol being a conscience issue is that it can be difficult to keep the legislation up to date (i.e., minor and technical amendments may attract significant debate in the House, perhaps making it an unattractive proposition for the responsible Minister to propose changes). Our view is that this is one of the reasons the regulatory system has become fragmented over time, and means it can be slow to respond to changing behaviours and technologies.

71. Historic design, implementation, and funding choices have also created challenges for the stewardship of the system – there is no ringfenced resource or funding and no formal structures of systemwide governance. This, and a lack of operational resource and capacity due to other priorities, means that currently MoJ is constrained in its ability to carry out its stewardship responsibilities.

72. Health NZ, having taken over the functions of the Health Promotion Agency, currently issues guidance and provides some resources for regulators in the alcohol regulatory system.

Our assessment of the current state of stewardship of the alcohol regulatory system

73. Our assessment of the current stewardship of the alcohol regulatory system is described in

[104] "Starting out with regulatory stewardship: A resource." The Treasury, December 2022.

[105] Where MPs are allowed to vote freely, without being expected to follow a collective party position.

74. Table 3 overleaf.

Table 3 - Assessment of the stewardship of the alcohol regulatory system

Criterion	Assessment
Effective Is the stewardship of the alcohol regulatory system effective?	**×× In no way effective** Our view is that the outcomes and features of a well-stewarded system are generally not present in the alcohol regulatory system: • The Review has observed that there are effective operational relationships between frontline regulators (HNZ, Police, TAs, and DLCs) in certain regions. However, we have observed that while relationships exist between MoJ's policy function and frontline regulators, these should be used more. Relationships with other stakeholders are not regularly maintained, and there is no system-level governance in place. • While the Review has observed that a significant amount of operational information is collected by frontline regulators to inform their work, we have also observed that MoJ conducts little systematic monitoring or evaluation of the overall performance of the alcohol regulatory system, due capacity constraints and a lack of operational resource. This means that MoJ lacks a comprehensive and up-to-date understanding of how the alcohol regulatory system is working in practice. We have observed that the information that MoJ does hold is not entirely accurate (e.g., the register of licences and certificates is not always accurate and does not include special licences, acknowledging that MoJ has undertaken efforts to improve completeness and accuracy over the past couple of years), nor is it often in a form that is useful to inform policy making and advice (e.g., ARLA decisions are not readily searchable or organised by theme). Additionally, statutory reporting requirements that could provide stewards with information about the system's operation, and potentially performance (e.g., territorial authorities reporting on the fees charged and costs incurred while carrying out functions in the alcohol regulatory system) are not consistently or accurately completed (the Review has found that 3 of 67 territorial authorities currently complete these requirements). MoJ has occasionally made efforts to follow up on these requirements with territorial authorities. • Frontline regulators told the Review that they are inconsistently supported (e.g., guided and trained) to undertake their responsibilities. The Review notes that MoJ produces appropriate guidance when the Act or regulations change, but have not issued guidance to frontline regulators on how they expect the requirements in the Act to be applied, or how they expect regulators to carry out monitoring or enforcement functions. Other parts of the system are filling the gap (e.g., HNZ, MoH) – these agencies produce significant amounts of guidance material and training, but our view is that this material reflects those regulators' perspectives and incentives (i.e., minimising the harm from alcohol consumption) rather than considering the stated objectives of the alcohol regulatory system (safe and responsible supply of alcohol, and minimising the harm from excessive alcohol consumption). The split in responsibility between different agencies evolved as a result of decisions made at the time the Act was passed, and has been undermined over time by shifts in resources and priorities. • While multiple changes to the Act and associated regulations have been made in recent years due to changes in policy direction, the underlying infrastructure has not been regularly updated to maintain its effectiveness (e.g., increasing fees for licences or DLCs in line with inflation or updates to the Cabinet Fees), acknowledging that this has either not been a priority for successive Ministers, or they have elected not to. Changes to the Act are currently being made (in line with the object of the Act) to respond to changing behaviours and technologies (e.g., rapid delivery of alcohol via delivery apps), but five years after the service appeared in New Zealand (it was first introduced in 2021).
Efficient Are the stewards' actions achieving benefits for the least cost?	**×× In no way efficient** Our view is that, where stewardship actions are being taken, they are not efficient. Regulators and regulated parties have told the Review that roles in the system are not clear, and that the stewardship actions taken by regulators and private actors (such as licensing consultants) stepping in to fill gaps creates duplication in some areas (e.g., multiple sources of sometimes conflicting information for businesses, such as information from Police, HNZ, local authorities, and other businesses), and leaves gaps in others (e.g., guidance for licensing inspectors. The New Zealand Institute of Liquor Licensing Inspectors offers training for licensing inspectors, but as discussed below, not all licensing inspectors are a member of this organisation).
Proportionate Is the effort spent on the stewardship of the alcohol regulatory system proportionate to the size / impact of the system?	**×× In no way proportionate** Our view is that too little effort is spent on stewardship in comparison to the size of the system, and the severity of the risks and harms and the system seeks to address and mitigate. We think this is likely because the system is not sufficiently resourced to expend this effort. A useful (but not directly equivalent) comparison is the stewardship of the food safety regulatory system. The food safety regulatory system affects approximately 40,000 food businesses (approximately three times that of the alcohol regulatory system, if off-licences are included), but these businesses cause or contribute to significantly less harm than businesses that sell alcohol (the Review estimates harms from food consumption – e.g., food borne illnesses – to be between $86–$167 million dollars per year, in comparison to the harms from alcohol consumption which are estimated to be between $6 - $9 billion dollars per year). The food safety system has dedicated policy resource (both legislative and operational) that is clearly responsible for the governance, monitoring, and maintenance of the system, and there is an ongoing improvement work programme. Another useful example is the stewardship of the workplace health and safety regulatory system. Again, this system affects more businesses than the alcohol regulatory system (as it applies to all businesses in New Zealand), but these businesses cause or contribute to less harm than businesses that sell alcohol (the costs of workplace injuries, fatalities, and long-term illnesses is estimated to be $5.4 billion per year). The workplace health and safety system has dedicated policy resource (legislative within MBIE, and operational within WorkSafe) that is clearly responsible for the stewardship of the system. In comparison, MoJ currently has no ringfenced policy resource to manage the alcohol regulatory system – people are allocated in response to Ministers' priorities or the legislative programme (e.g., to support a member's bill) - and the operational policy resource is distributed across the three regulators. As discussed above, the Review has not seen evidence this operational policy resource is effective at guiding regulatory practice, nor that these agencies regularly collaborate on improvements to operational policy.
Adaptable Is the stewardship of the alcohol regulatory system evolving in response to new information?	**✓ Adaptable in some circumstances** Our view is that the stewardship of the alcohol regulatory system is adaptable in some circumstances. The Review has observed that individual agencies and regulators respond to changes or new information (e.g., run webinars on new research for DLC members), but the distributed nature of these adaptions mean that their overall reach and resulting effectiveness is limited. The Act has also been amended frequently since its introduction in 2012, although these amendments have been to address specific issues rather than wide-ranging changes.

Criterion	Assessment
Easy to comply with Does the structure of the alcohol regulatory system enable stewardship?	✕ **The structure of the alcohol regulatory system does not readily enable stewardship** Our view is that the large number of individual regulators (e.g., the 67 TAs) with different resource constraints, priorities, and cultures means that maintaining relationships between policy functions and these frontline regulators for the purposes of stewardship is time consuming and resource intensive. Additionally, TAs are autonomous (within the boundaries set by Parliament), and so any system steward(s) has limited levers over how frontline regulatory activity takes place, outside issuing guidance and running training.
Appropriate impact on individual rights and liberties	*Not applicable - The stewardship of the alcohol regulatory system does not directly impact or diminish personal liberties, security, freedoms, or property rights.*
Otherwise aligned with the Ministry's view of good regulatory practice	✕ **There are overlaps between the roles of Health NZ, ARLA, and a system steward** *Overlaps between the role of a system steward and Health NZ:* Health NZ currently issues guidance to regulators, decision makers, regulated parties, and community members, maintains a network of DLC members, and has previously trained DLC members. They told us that they fulfil this function because of the significant health harm alcohol causes in the community, but struggle to find the resource to keep these things up to date. Health NZ carries out these functions because they subsumed the functions of the Health Promotion Agency after its disestablishment in the wider Pae Ora health reforms. The Health Promotion Agency was funded by the alcohol levy to educate the public about alcohol harm. They also used the alcohol levy to issue guidance to regulators. Since then, MoH has introduced stronger accountability structures for the spending of the alcohol levy, meaning it is no longer used to support regulatory activities without corresponding increases elsewhere. We commend this endeavour to increase regulator capability and contribute to the effectiveness of the alcohol regulatory system, especially in the absence of this being done elsewhere. However, we note that (understandably) much of this guidance and training is issued from a perspective of minimising alcohol related harm, rather than fully considering the balance between the two objectives of the system; the safe and responsible sale and supply of alcohol, and minimising harm from *excessive or inappropriate*[106] alcohol consumption *Overlaps between the role of a system steward and ARLA:* As described above, ARLA is an independent arbitration and enforcement function. They also maintain a register of all licences and managers' certificates and can issue directions, notes, guidelines, or suggestions (not being inconsistent with the Act) to assist DLCs to make decisions. As part of collecting information for this register, ARLA has invited DLCs to provide various comments relating to the operation of the Act, new initiatives, trends, and whether the object of the Act is being met. As above we commend this endeavour to collect information about the performance of the alcohol regulatory system, especially in the absence of this information being collected another way. However, we note the system steward would be better placed than ARLA to collect and use this information to inform regulatory design. When the system steward takes a more active role, we would recommend that this information gathering function be passed to the system steward to ensure that the different roles are clear and minimise work for local regulators (we note that during the Review's information gathering process, some TAs and DLCs noted that some of the information we requested duplicated ARLA's requests). ARLA can issue directions, notes, guidelines, or suggestions (12 are currently available on MoJ's website). These could be used to provide guidance to DLCs on how to make decisions, or explore the implications of new case law, but have not been used in this way to date. ✕ **Mechanisms for monitoring, evaluation, and continuous improvement are not consistently present** As described above, our view is that ongoing performance monitoring and feedback loops inform improvements in regulations and practices is not consistently present.

[106] Emphasis ours, s 4(2) of the Act

Problem identification and analysis

75. **Problem:** Overall, our assessment is that the alcohol regulatory system is not being effectively, efficiently, nor proportionately stewarded. There is little governance, monitoring and evaluation, nor coherent implementation support[107], and some aspects of the Act and associated regulations have not been adjusted to maintain their effectiveness over time.

    Overall, MoJ is not well suited to carry out the stewardship of the alcohol regulatory system and currently does not have many levers to influence how the system works in practice – therefore, MoJ is currently constrained in its ability to make effective arrangements for the continued implementation of the Act.

76. **Impacts of the problem.** Based on the evidence collected by the Review, we think the impacts of these problems include:

    - no agreed-upon operational policy for frontline regulators, which leads to both:
        - pockets of ineffective and inefficient regulatory practice (e.g., not consistently inspecting licensed premises, or licensing conditions that are not clearly linked to mitigating alcohol harm)[108], which may be reducing the overall effectiveness of the alcohol regulatory system
        - inconsistent interpretation of requirements, creating inefficiencies (as the matter instead needs to be decided through appeals / the courts) and potentially unfair practices.
    - the alcohol regulatory system being slow to respond to changing behaviours and technologies, leaving gaps that may be reducing the overall effectiveness of the alcohol regulatory system, and potentially unreasonably hindering innovation.
    - Limited oversight of the quality of frontline decisions, and limited understanding of the performance of the system as a whole.

77. **Underlying causes the problem:** Based on the assessment above, we think the underlying cases that likely contribute to this problem include:

    - the large number of frontline regulators and decision makers with different resource constraints, priorities, and cultures. This is both a legislative design point (as it was an explicit choice in the design of the system to devolve administration and decision-making to TAs) and a regulatory practice point (as TAs are required to make prioritisation choices, which are informed by the specificity of the requirements / responsibilities, and levels of funding offered by central government)
    - funding and design choices that have resulted in distributed responsibilities, capacity constraints, no operational staff, and competing priorities within MoJ and other government agencies with roles in the system (Health NZ, MoH). This is both a design point, as it was originally decided to split the responsibilities across various government departments, and regulatory practice point, as MoJ could decide to take

[107] As discussed above, we acknowledge that there is a significant amount of guidance available produced by MoJ, Health NZ (previously HPA), and other organisations. This guidance being spread over multiple agencies, and there are gaps and overlaps.
[108] Derived from information the Review collected from TAs on their regulatory practice.

a more active role in the stewardship of the alcohol regulatory system once it was seen that it was not functioning well, but has not (to date)

- the overlap between the roles of Health NZ (and formally HPA), and ARLA and the system steward may have allowed MoJ to feel assured that stewardship functions were being undertaken, notwithstanding that ARLA has limited levers to influence system level change outside of DLC practice. This is a regulatory practice point, as these role overlaps have evolved over time rather than being prescribed in legislation.

Licensing

Context

78. As described above, licensing is the primary mechanism the government uses to control the supply of alcohol.

79. For the purposes of this analysis, we have broken down licensing into three parts:

    a. the requirements and process to get licence for the first time

    b. the requirements and process to renew and / or change a licence

    c. decisions about licences made by DLCs, which includes hearings.

Our assessment of the current state

80. Our assessment of the current state of licensing requirements, processes, and decisions is described in the three tables below.

Table 4 - Assessment of the requirements and process to get a licence for the first time

Criterion	Assessment
Effective Do the licensing requirements and process effectively contribute to achieving the purposes of the alcohol regulatory system?	✓ **Likely to be effective, but more evidence is needed to be confident in our assessment** Overall, our view is that, both by design and in practice, the requirements and processes to get a licence for the first time are likely to effectively contribute to achieving the purposes of the alcohol regulatory system. At a high level, there is a sound intervention logic between the design of the licensing requirements and process and the purposes of the alcohol regulatory system: • the requirements and process introduce a reasonable barrier to selling and / or supplying alcohol, which effectively controls the availability of alcohol and increases the likelihood of alcohol being sold / supplied responsibly. As discussed in Paper 1, we consider that controlling the availability of alcohol in this manner aligns with the risks and market failures this intervention is seeking to mitigate. • While we think there is room for improvement (as discussed below), the criteria that DLCs must have regard to when considering whether to grant a licence broadly align with the controls that are evidenced to be effective at reducing alcohol harm (e.g., systems, staff, and training, outlet density).[109] • While we think there is room for improvement (as discussed below) the process considers and provides weight to expert and community voice, both in a macro sense (through LAPs), and on a case-by-case basis. Involvement of experts and communities is broadly evidenced to improve the quality, transparency, and legitimacy of regulatory decisions.[110] It is difficult to isolate the effectiveness of licensing requirements and process in practice, and our information about the performance of the alcohol regulatory system is limited for reasons discussed in Table 3 above. Nevertheless, 87% of the regulators that responded to our survey, and many of those we talked to directly, felt that the regulation of the alcohol regulatory system was effective, which is heavily reliant on the licensing requirements and process. We also have some information about the number and types of licences granted, suspended, and cancelled over time.[111] From this information, we note that: • the total number of licences[112] has remained relatively static (approx. 10,300) over time, and very few applications for new on, special, and club licenses are declined (approx. 0.001%). While there may be multiple reasons for this (which we discuss further in • • Table 5 below), we think that this likely indicates that the licensing requirements and process is a reasonable barrier to entry; they discourage those who would never meet requirements from applying (as the total number of licences is not changing over time) and those that do apply are likely to meet requirements by the end of the process (very few licences are declined). • the number of licences that are suspended and / or cancelled is low in comparison to the total number of licences (10 on- and club licences were cancelled or suspended in FY24/25, in comparison to approximately 10, 300 on- and club licences that were current in that year). Again, while there may be multiple reasons for this (which we discuss further below in • • Table 5 below), we think that this likely indicates general compliance with licence requirements, implying that licences are not incorrectly granted in most cases.
Efficient Is the process to get a licence for the first time efficient?	× **Not efficient** Our view is that the process to get a licence for the first time (while likely to be effective) is not efficient for regulators nor regulated parties. The benefits of the process likely outweigh the costs overall, but our view is that the process is not being implemented in a least cost way. The Review's primary piece of evidence regarding efficiency is that the assessment process for new licence applications can take a long time (between 6 and 156 working days, with the average being 55 working days)[113] and involve duplication for regulated parties. Regulators and regulated parties told the Review there may be multiple reasons for this, including: • Regulated parties initially not providing sufficient information for regulators to assess the application. Our view is that this is both because applicants do not understand (or do not seek to understand) the licensing criteria or requirements, and that regulators feel they need additional information not collected by the application form to make an informed assessment (discussed further below, and in the 'Information flows' supplementary paper). • While considering the right things (as discussed above), the licensing criteria are broad and not specifically defined in the Act, evidenced by the fact that significant case law has been generated regarding the interpretation of the licensing criteria (at least 80 cases at ARLA (and the previous tribunal) and the High Court). Our view is that this lack of specificity introduces uncertainty for both regulated parties and regulators, meaning that the length of time assessments take (and the information that regulators request to make said assessments) varies depending on regulators' interpretation of the requirements, risk appetite, and knowledge. • Reporting agencies (Police and Medical Officers of Health) sometimes do not report within their statutory timeframes. The Review has heard that this is both due to capacity constraints within these agencies, and (in some places) these agencies making requests which applicants then take time to meet (e.g., provide information already provided earlier in the process, or changing premises layouts), extending application timeframes. • Licensing inspectors do not have statutory timeframes within which they must inquire into applications, meaning that capacity or capability issues can be reflected in long application assessment timeframes.

[109]"Alcohol In Our Lives: Curbing the Harm" (NZLC R114, 2010)
[110] Rijal, Syamsu. "The importance of community involvement in public management planning and decision-making processes." *Journal of Contemporary Administration and Management (ADMAN)* 1.2 (2023): 84-92.
[111] Derived from information the Review collected from TAs on their regulatory practice and the register of ARLA decisions.
[112] Including on-and club licences. There is no accurate record of special licences, and the information the Review collected from TAs on this point is incomplete.
[113] Derived from information the Review collected from TAs on their regulatory practice. This is the time between an application being received and being passed to a decision-maker. This does not include the time taken for decisions.

Criterion	Assessment
	• Regulators (licensing inspectors, Police, and Medical Officers of Health) sometimes negotiate directly with applicants to resolve an opposition or objection before an application is presented to the DLC. We think that this is rational from both perspectives; it reduces work for regulators, and it allows applicants to avoid a hearing (reasons why both regulators and regulated parties might wish to avoid a hearing are discussed further in Table 6 below). However, this introduces effectiveness, role clarity, fairness, and transparency issues, as we have heard that regulators can pressure (or appear to pressure, from the applicants' perspective) applicants to accept unreasonable or ineffective changes to their licence application (which is equivalent to imposing conditions). We acknowledge that DLCs always have the opportunity to scrutinise what an applicant asks for (such as opening hours, or saying that they will not serve shots), but there is also no way of the DLC knowing what changes were made to the application based on negotiations with the Police and / or Medical officers of Health. We have not seen any instances of a DLC walking back conditions applicants apply for (e.g., an applicant applies for a closing time of 9pm, and they are granted a licence with a closing time of 10pm). • Regulators requiring the applicant to provide certificates that demonstrate compliance with the building code and the Resource Management Act 1991 that are prepared specifically to be used in the licensing process, which are acquired from the same TA to which the licence application is made. This is duplicative (this is discussed further in our analysis against the "Adaptable" criterion below). • Occasionally, reporting agencies may object to a licence to discuss a broader policy point with the DLC, rather than respond to the specific application before them. An additional point about efficiency is that, given some of the requirements (e.g., building certificates, design and layout of the premises, requirements to have staff on board to demonstrate compliance with "appropriate systems, staff, and training"), applying for a licence is the final step a business takes before opening to the public. We heard that regulators in some areas encourage early applications where this information is provisional, rather than final, while regulators in other areas do not. While an extreme and rare example, we have heard of instances of businesses declaring bankruptcy before opening to the public because of delays in the process to get a licence.
Proportionate Are the requirements and processes to get a licence for the first time proportionate to the risk?	**× Not proportionate** Our view is that, both by design and in practice, the requirements and process to get a licence for the first time (while likely to be effective) are often not proportionate to the potential risk of alcohol-related harm posed by hospitality settings. By design, a large spectrum of businesses and activities fall under each type of licence (e.g., an on-licence covers the spectrum of businesses from a daytime café to a nightclub; a club-licence covers a club with less than twenty members or a large commercial club with thousands of members, and a special licence covers a short variation in opening hours of an already licensed premises or a large festival). This means that the same licensing requirements and processes initially apply to settings that pose very different levels of potential risk. We think that on paper, some of these requirements are too high for lower-risk settings (e.g., the daytime café) and too low for higher-risk settings (e.g., a nightclub or large festival). Specific examples the Review has identified include: • the amenity and good order licensing criteria which allow DLCs to consider noise levels (s 106 for on licences) – we think that it is disproportionate that a lower-risk setting be potentially subject to higher noise requirements than what is set for any other business under the resource management regime, especially when they likely already have resource management consent. • the requirement to apply for a special licence for routine events (e.g., funerals held at clubs, or variation of hours for events at on-licences). Regulators and DLC members have told the Review that these applications make up a significant portion of their work, and so a significant amount of regulator time is spent managing low potential risks. We note that the current reform that allows clubs to hold on-licences may partially mitigate this, but clubs may still choose to apply for special licences instead of having to always meet the higher requirements of an on-licence. • the requirements for temporary authorities – our view is that the requirements to grant a temporary authority (which only require that the applicant has a right or interest in the premises or business) are too low when considered against the risks posed by many licensed premises. We acknowledge that under the Act, there is the ability to endorse on-licences for certain types of businesses which changes some of the operational requirements (e.g., s 38 endorsement for caterers, which exempts them from displaying a licence when delivering alcohol). However, the Act only has two of these of these endorsements for on-licences, and they do not change requirements nor introduce a more different, more proportionate process to get the licence. We also acknowledge that licensing fees (both application fees and annual fees) are scaled by risk, assessed through the framework set in regulation. We generally support this approach but think there is room for improvement - discussion of the fees and levies in the alcohol regulatory system and the Review's recommended changes is in the 'Fees and levies' supplementary paper. Our view is that aspects of the requirements and process can also become disproportionate when applied in practice: • As discussed above, the application for a new licence can take a long time. Our view is that this length of time is not commensurate with potential risk posed by many types of hospitality settings (i.e., it should not take over six months to get a licence for a sit-down restaurant). • We have heard that some reporting agencies make requests of applicants that are not proportionate (or sometimes not related) to their risks to avoid an opposition to a licence (e.g., not allowing patrons in a restaurant to order at the bar, or requiring additional security cameras and lighting outside). • As discussed further below in our analysis against the "Adaptable" criterion, the requirements and process allow for a degree of flexibility, but we have observed that this flexibility is not often used to make requirements more proportionate, and particularly strict readings of requirements may make some requirements too high (e.g., requiring an "Crime prevention through environmental design"[114] assessment for a day-time café).
Adaptable Are the requirements and process to get a licence for the first time	**✓ Can be adaptable, but this adaptability is not often exercised** Our view is that the requirements and process to get a licence for the first time can be adaptable to different circumstances. However, this adaptability is not often exercised by regulators, and the Review has also heard that there are situations that arise for hospitality businesses that the licensing requirements and process do not have the flexibility to accommodate.

[114] https://resources.alcohol.org.nz/resources-research/alcohol-resources/research-and-publications/safer-bars-and-restaurants-a-guide-to-crime-prevention-through-environmental-design-cpted

Criterion	Assessment
adaptable to different circumstances?	The primary feature that contributes to adaptability is that the licensing criteria and process are broad and not specifically defined in the Act. As discussed above in our analysis against the "Efficient" criterion, this can have drawbacks, but it nonetheless provides space for regulators to be flexible in their application of the requirements. However, the Review has observed that this adaptability is not often exercised, and regulators often favour specificity over adaptability when applying the licensing requirements and process in practice. Specific examples the Review has identified include: • s 100(f) – this requires that an application must be "accompanied by a certificate by the territorial authority that the proposed use of the premises meets the requirements of the Resource Management Act 1991 and of the building code". The section does not prescribe the form or content of these certificates, and so provides flexibility for regulators to accept any type of certificate that meets the requirements, such as a standard code compliance certificate.[115] However, the Review has found that most regulators require that applications be accompanied by specific certificates prepared for the sole purpose of meeting requirements of this section, which are acquired from the same TA to which the licence application is made, generally for an additional fee. • s 103(3) – this requires that reporting agencies inquire into every application, and file a report if they have opposition. This gives these agencies flexibility to not file a report if they have no opposition, but we have heard from TAs that these reporting agencies do not often exercise this option not to report, and so prepare a report even when they have no opposition. • s 105(1)(j) – this criterion relates to whether the applicant has "appropriate systems, staff, and training to comply with the law". Read together with s53, which requires that "a reasonable range of food is available", it is reasonable for regulators to ask for information about what food is available as part of an application, and provides flexibility regarding the form that this information is provided. However, many TAs ask for specific menus as part of an application for a licence, and some prevent regulated parties from changing their menu after applying or receiving a licence (or state that food must be "similar to the menu submitted with the licence application"). Additionally, the Review has heard that some situations arise for hospitality businesses that the current licensing requirements and process do not have the flexibility to accommodate. These include: • under an on-licence, allowing patrons to take away unfinished bottles of wine • under an on-licence, allowing patrons to buy a bottle of wine to accompany their take-away food • under an on-licence for a cruise ship, allowing patrons to drink before the (day) cruise is underway (rather than only when the ship is moving)[116] • allowing event organisers to hold an 'umbrella' special licence for a wine festival, rather than stall holders holding individual special licences.[117] The question of whether these situations should be allowed is considered in Paper 3. We note that current reforms (if passed into law) would allow restaurants to hold off-licences, which may resolve the first two examples. However, we think the evidence is currently unclear whether the level of additional risk posed by the activities illustrated by these examples is proportionate to the additional requirements that would be imposed by requiring that a restaurant also hold an off-licence.
Easy to comply with Are the requirements and process to get a licence for the first time easy to find, understand, and navigate?	✓ **Not often easy to comply with, but a significant amount of support is offered by many TAs** Our view is that, on balance, it is often not easy to find, understand, and navigate the requirements and process to get a licence for the first time. This is partially a function of the distributed nature of the information needed to fully understand the requirements (in the Act, in case law, on specific TA's websites, and on the websites of MoJ, Police, HNZ, and other government-funded organisations), and partially a function of the large amount of information required to apply for a licence (both as part of the initial application and the additional information requests from regulators). As we have discussed above, some of these information requirements are appropriate and proportionate, but some are not. However, we acknowledge that many TAs provide applicants with significant levels of support to complete applications for licences, and that this support partially mitigates these issues. Further discussion of this problem and the Review's recommend changes is in the 'Information flows' supplementary paper.
Appropriate impact on individual rights and liberties	✓ **Appropriate impact on individual rights and liberties** Notwithstanding the areas for improvement we have identified in this analysis, our view is that a licensing system (and therefore the requirements and process to get a licence for the first time) is required to mitigate the risks and market failures caused by alcohol and protect public health. Therefore, it does not unduly reduce individual rights and liberties (see Paper 1 for the full analysis).
Otherwise aligned with the Ministry's view of good regulatory practice	✗ **Distinction between the roles of regulators and decision makers may sometimes be unclear, which may undermine the integrity of decisions** As discussed above in our analysis against the "Efficient" criterion, some regulators negotiate directly with applicants to resolve oppositions or objections before an application is presented to the DLC. Both regulators and regulated parties have described this to the Review as "putting applicants in a corner"[118] to accept conditions or 'undertakings'[119]. Applying conditions is intended to be the role of

[115] A code compliance certificate (CCC) is evidence that building work meets the Building Code and matches the building consent.

[116] This situation was submitted to us by a hospitality business, where it was a condition of their licence that alcohol only be served while the vessel was "underway". A (brief) examination of the case law has determined that this is not an inherent feature of the alcohol regulatory system for conveyances, but rather a discretionary condition that was placed upon their licence by the local DLC. We have seen cases of licences where alcohol can be served to "any person present on the vessel for the purpose of any scheduled sailing". We discuss conditions further in Table 6 below.

[117] The problem identified by the TA the Review spoke to in this specific instance was that the event organiser would not be the person "selling or supplying" the alcohol. A work-around was put in place to allow the event organiser to hold the licence – a centralised payment system was established, where all payments went into a central bank account held by the event organiser (so they were technically "selling" the alcohol), and the money later distributed to the stall holders. We are unclear on the veracity of this interpretation of the Act, but it nonetheless serves as an illustrative example of a lack of flexibility within the system.

[118] Quote from a submission from a territorial authority.

[119] An "undertaking" is a mechanism under the previous regulatory system to prevent a licence holder from doing a specific activity / action (e.g., selling RTDs), but is a mechanism not available in the current regulatory system.

Criterion	Assessment
	DLCs, and so this practice reduces the distinction between the regulators (who assess applications) and DLCs (who decide on the form and issuance of a licence). ARLA has also been clear that this negotiating practice is not appropriate.[120]
	✕ **Transparency may be undermined in some cases** We think that an additional consequence of regulators negotiating directly with applicants to resolve oppositions or objections before the application is presented to the DLC is that the reasons behind the conditions placed on the licence are not transparent to either the DLC (as they have no way of knowing that something was put in place as a result of a negotiation between the applicant and other regulators), or other (and future) applicants.

[120] *Rapira-Davies v Patel* [2017] NZARLA PH 52 – "the Authority would take a dim view if opposition turned on whether an applicant agreed with reporting agencies' recommendations on conditions... The evaluative exercise under s 131, and the imposition of conditions, is for the DLC alone and not for the Medical Officer of Health or the Police… It would be an improper use of their reporting role in s 103 if that was used in a way that effectively usurped the DLC's licensing function."

Table 5 - Assessment of the requirements and process to renew and / or change a licence

Criterion	Assessment
Effective Do the renewal requirements and process effectively contribute to achieving the purposes of the alcohol regulatory system?	**× Not likely to be effective, but more evidence is needed to be confident in our assessment** Overall, our view is that, both by design and in practice, the requirements and process to a renew (and / or change) a licence are not likely to effectively contribute to achieving the purposes of the alcohol regulatory system. Renewals are a common part of any licensing system. They function as a 'check-in' for regulators to ensure regulated parties are compliant, risks are being managed, and the scope of a business' operations has not changed.[121] However, the Review has found that in the alcohol regulatory system, the design of the requirements and process to renew and / or change a licence are very similar to the requirements and process to get a licence for the first time – the licensing criteria are slightly different (compare s 105 and s 131 as an example), but the application form and associated assessment processes and fees are the same. Our view is therefore that the current renewal process goes beyond the theoretical purpose of renewals in licensing systems (i.e., it requires essentially reapplying for the licence as opposed to serving as an opportunity for oversight and informing the regulator of any changes). While this means that the theoretical purpose of renewals is likely being fulfilled, the intervention logic between these additional requirements and the purposes of the alcohol regulatory system is unclear. As above, it is difficult to isolate the effectiveness of the renewal requirements and process in practice. A business can continue to sell and supply alcohol while their licence is being renewed – some regulators told us that this means they deprioritise the assessment of licence renewals. We note that very few licences are declined at renewal (<0.001%), which could both indicate that the licensing system is effective (which on balance we think it is), and that the renewal process is not an effective check on compliance and risk management. Further evidence is needed for us to be confident in our assessment of effectiveness. The Review has also observed that in practice, the renewal process is sometimes used as the primary point of intervention for regulators to impose new conditions on a licence (e.g., Police or licensing inspectors wait for the licence renewal to raise issues with the operation of the premises). Regulators have told us that this is often because of the limitations of the enforcement tools available in the alcohol regulatory system (discussed further in Table 9 below). Our view is that good regulatory practice would be to address issues in a timely manner as they arise, rather than waiting, and that primarily intervening in the renewal process is not the most effective way to manage non-compliance.
Efficient Is the process to renew a licence efficient?	**×× In no way efficient** Our view is that the requirements and process to renew a licence are in no way efficient – the costs to regulated parties do not outweigh the benefits, and the process is not being implemented in a least cost way. Since the requirements and process to renew and / or change a licence are very similar to the requirements and process to get a licence for the first time, we start our assessment of efficiency of renewals based on the analysis in Table 4, i.e., not efficient. We have revised our assessment downwards for two reasons: • Regulators have told the Review that the assessment process for licence renewals can take between 6 and 548 working days, with the average being 79 working days. This is longer than the process for getting a licence for the first time. Some regulated parties have told the Review that they have been "called-out" by customers for operating under an expired licence while their renewal is being processed. • The renewal process requires regulated parties to submit information already held by regulators (i.e., all the information on the original licence application form) and reapply for additional certificates (for a fee) even when there have been no changes in their business' operations.
Proportionate Are the requirements and processes to renew a licence proportionate to the risk?	**×× In no way proportionate** Our view is that the requirements and process to renew a licence are in no way proportionate. In addition to the analysis in Table 4 above, the current process goes above and beyond the theoretical purpose of renewals and introduces additional requirements that have no clear link to risk or the purposes of the alcohol regulatory system, which has revised our assessment downwards. Additionally, renewal periods are often not differentiated by the level of risk posed by a licence. As described above, all licences must be renewed, initially after one year, and then up to every three years. DLCs have discretion to shorten this three-year renewal period if needed. The Review has little evidence to suggest that this discretion regularly used to reduce renewal periods for higher-risk or poorly performing licensees. Given the evidence of ongoing (albeit not serious) non-compliance with licensing requirements[122], our view is that the oversight of higher-risk or poorly performing licensees may be lacking, especially if inspections are not regularly undertaken (discussed further in Table 9 below). Therefore, a renewal period of three years may be too long in these cases. However, we also think that the current maximum renewal period of three years is too short for lower-risk or highly compliant licensees, especially given that current requirements to renew a licence are high.
Adaptable Are the requirements and process to renew a licence adaptable to different circumstances?	**× Not adaptable** Our view is that the requirements and process to renew and / or change a licence are not adaptable. Notwithstanding the analysis in Table 4 above (which shows that there is some level of adaptability inherent in the system, but that that this adaptability is not always exercised), the Review has also observed the current process to change the conditions on an on licence is not adaptable (nor proportionate) to the level of change sought (as it is the same as renewing a licence), nor is there the ability to make short-term changes to licences (outside of special licences), which has revised our assessment downwards.
Easy to comply with Are the requirements and process to renew a licence easy to find, navigate, and understand?	**✓ Not often easy to comply with, but a significant amount of support is offered by many TAs** Reflecting the analysis in Table 4 above.

[121] As defined by regulatory design experts within the Ministry.
[122] See Annex 1 – information about offences gathered by the Review from Police.

Criterion	Assessment
Appropriate impact on individual rights and liberties	✓ **Appropriate impact on individual rights and liberties** Reflecting the analysis in Table 4 above.
Otherwise aligned with the Ministry's view of good regulatory practice	× **Distinction between the roles of regulators and decision makers may sometimes be unclear, which may undermine the integrity of decisions** Reflecting the analysis in Table 4 above.
	× **Transparency may be undermined in some cases** Reflecting the analysis in Table 4 above.

Table 6 - Assessment of decisions about licences made by DLCs

Criterion	Assessment

Effective
 	
Do DLCs currently effectively fulfil their role in the alcohol regulatory system, including making decisions that effectively contribute to achieving the purposes of the alcohol regulatory system?
	✓ **Likely to be effective overall, but decisions about conditions may not be effective in some places, and there are questions about the future viability of the model**
	
	Overall, our view is that DLCs likely effectively fulfil their role in the alcohol regulatory system and make decisions that effectively contribute to achieving the purposes of the alcohol regulatory system. However, we think there is room for improving the effectiveness of the conditions placed on licences in some places, and that are questions about the ability of the model to reflect local voice in licensing decisions.
	
	DLCs are intended to serve two purposes in the regulatory system:
	• Make decisions about licences that effectively contribute to achieving the purposes of the alcohol regulatory system
	• Represent local interests and incorporate them into decisions. The Law Commission report also referred to "[living] with the local consequences"[123] of their decisions as one of the reasons DLCs are local. We think this is intended to provide DLCs with social licence to make decisions about alcohol, in line with how local Licensing Trusts used to operate in the past as prohibition was phased out in New Zealand.
	
	We will consider whether DLCs are effectively fulfilling these roles separately:
	
	First, decisions about licences. For the purposes of this analysis, we are going to separate DLC's decisions about whether to grant a licence and decisions about the conditions that are placed on that licence, as we think they are meaningful differences in the likely effectiveness of these decisions:
	
	Decisions about whether to grant a licence: On the balance of the information we have, we think that it is likely that DLCs are generally granting licences (on-, club, and special licences) appropriately. We think this because:
	• New Zealand has a higher number of licences per capita than Australia and the UK[124], which indicates that we are not stricter than comparable countries regarding the granting of licences. This may in fact indicate that we are too permissive, although there may be distributive and economic factors[125] that may explain why New Zealand has more licences per capita.
	• The evidence we have collected from Police indicates low levels of serious non-compliance with licence requirements and conditions (for on-, club, and special licences). Additionally, the number of on- and club licences that are suspended and / or cancelled is low in comparison to the total number of licences. While this may partially be because of inconsistent monitoring and enforcement practices (e.g., inconsistent inspections, and ARLA's limited (but improving) capacity to undertake enforcement action[126]) the regulators we spoke to were not overly concerned about serious compliance problems.
	• Very few licences that are applied for are declined. This may indicate that the decision-making process is serving little purpose, but as discussed above in Table 4, we think it is instead more likely that it indicates the process is a reasonable barrier to entry and decision makers are not unreasonably declining licences.
	• Very few DLC decisions about on-, club, and special licences are appealed[127], and even fewer are reversed. While this may partially be because of the relatively inaccessible appeals process (discussed further below in our assessment against "Otherwise aligned…" criterion), the regulated parties were not generally concerned with the granting (or not) of their licences, but were rather more concerned with the conditions that were placed on them (which we address below) and the length of time it took (which we have addressed above). A small exception was for some large events, where regulated parties told us that the assessment and decision-making process was so drawn out that they either did not get their licence in time[128], or were only issued their licence on the day of the event.
	• As discussed above in Table 4, the number of on- and club licences in New Zealand has remained relatively static (approx. 10,300) since the introduction of the new alcohol regulatory system, which indicates a level of consistency of decision making across time.
	
	We have heard of some examples where a licence may have been granted inappropriately due to a conflict of interest on the part of the DLC member because they are also an elected member, but our evidence of this, and how often this may occur, is very limited.
	
	Decisions about conditions that are placed on licences: On the balance of the information we have, we think that most of the conditions that are placed on licences are likely to effectively contribute to achieving the purposes of the alcohol regulatory system. However, we also think that some of the conditions DLCs place on licences may not be effective, and may be causing unnecessary costs for hospitality businesses. We think this because:
	• We have observed discretionary conditions on licences where the direct link to reducing or mitigating alcohol-related harm from *excessive or inappropriate consumption*[129] is unclear, or may instead contribute to excessive consumption. Such conditions include:
	  ○ Requirements for exterior lighting and / or additional security cameras
	  ○ Restrictions on external advertisements for alcohol[130]
	  ○ Requirements about the specific range of food that is available (e.g., "paninis, pizzas, lasagnes, toasted or fresh sandwiches…")
	  ○ Requirements about the type of vessel the alcohol is sold in

[123] Alcohol In Our Lives: Curbing the Harm" (NZLC R114, 2010)
[124] Approx. 250 licences per 100,000 people in the UK and Australia, in comparison to 360 licences per 100,000 people in New Zealand. This includes all types of licence, as data to compare the numbers of different types of licence across the three licensing regimes was not readily available.
[125] New Zealand's geography (which leads to distributed rural communities who may have a higher number of licences per capita) and reliance on tourism may contribute to a higher number of licences per capita.
[126] ARLA has historically had limited capacity due to a small number of members. Recent increases to the number of members have increased this capacity, but times for ARLA to deal with applications still sit over 200 days (Report of the Alcohol Regulatory and Licensing Authority, for the 12 months ended 25 June 2025).
[127] Off-licences are the most common licence type that is involved in appeals (information from ARLA's decision register).
[128] Which would not have been recorded as a "declined licence" in many TA's records, as a decision was not made on the licence.
[129] Emphasis ours, s 4(2) of the Act
[130] A condition of this nature (for an off-licence) was the subject to an appeal to ARLA, who determined that the condition was unsupported by evidence and therefore disproportionate (*Prebbleton Hotel v Faass* [2016] NZARLA 371)

Criterion	Assessment
	○ Requirements about payment methods (e.g., not permitting AfterPay) ○ Requirements about the interior or exterior decoration of the premises ○ Small drinking areas at events which incentivise people to drink faster so they can leave the area and participate in the rest of the event ○ (As discussed above in Table 4) Restricting passengers on a cruise to drink before the cruise is underway, which incentivises a rush for the bar once underway rather than a more orderly distribution of drinks. • We observed standard sets of conditions (over and above the mandatory conditions required by the Act and what was contained in LAPs) being applied to licences. This indicates to us that some DLCs are not considering each licence application on its merits and applying conditions based on the specific risks of the premises, which may be reducing the effectiveness of these conditions while still applying costs. We have no comprehensive understanding of how often these situations occur, as information about licences and the conditions placed upon them is not collected centrally. However, the licensing regime nonetheless allows for these situations to arise, which speaks to the level of discretion provided to DLCs, and how this may not lead to effective outcomes in some situations. Second, representing local interests and maintaining social licence to make licensing decisions. The current design seeks to incorporate local interests into decisions by creating hyper-local decision-making structures, relying on the assumption that the members of those structures will be local, and therefore able to represent local interests. We have two views about this: • there are other, potentially more effective, mechanisms to incorporate local interests into decisions and provide social licence for decisions that do not require hyper-local decision-making structures • this assumption does not hold up in practice in many places as there is currently no requirement for DLC members to be local to the community they are making decisions in. This plays out as some DLCs being made of local members, and others having members from outside their region. Some territorial authorities told us they recruit members from outside their community because the pool of potential DLC members who have the "right" expertise and community involvement is too small, especially in smaller and / or rural areas. This also leads to some members serving on multiple DLCs across the country or neighbouring regions convening a joint DLC (or having a joint pool of members). While we do not think this is currently having a negative impact on the effectiveness of decisions (as DLC members who sit on multiple DLCs often have deep expertise in the alcohol licensing system) it does imply that the design of the system is, in some cases, not effective at delivering on its purpose of representing local interests.
Efficient Are DLC decisions efficient?	✓ **Often efficient, but may not be efficient if a hearing is required** We heard that if a decision on a licence can be taken "on the papers" by the chair of the DLC, then decisions are efficient. This happens in most cases – many DLCs hold no hearings (acknowledging that some hold quite a few, given their coverage). However, we heard that significant delays (from several weeks to up to a year) can arise if a hearing is required, and the hearing process itself may not always be efficient. Regulators, DLC members and regulated parties told the Review there may be multiple reasons for this, including: • Limited availability of DLC members (especially at short notice), which results in hearings being set months into the future. • The requirement to call a hearing if there is an objection or opposition means that a hearing may be called even if DLC members do not see value in holding a hearing (e.g., the objection is not relevant to the specific licence being requested, the objector is known to be vexatious, or decision-makers feel that another mechanism to resolve the conflict would be more useful). • DLCs inviting other regulators (Police and Medical Officers of Health) to hearings when they do not oppose the application, taking up regulator time unnecessarily.
Proportionate Are DLC decisions proportionate to the risks posed?	✓ **Decisions are often proportionate, but the process to reach them may not be proportionate** Our view is that DLC decisions are often proportionate to the risks posed by an application, notwithstanding the conditions raised in our analysis against the "Effective" criterion above which means that some conditions may be disproportionate in some circumstances. However, we consider that the process and timeframes to reach decisions, especially hearings, may not be proportionate in all cases. In addition to long timeframes, regulated parties and community members have told the Review that hearings can be intimidating for applicants and objectors and can be run in overly formal ways. Regulators, regulated parties, and DLC members have told us that this formality means that applicants and community objectors often feel that they must employ lawyers to represent them at a hearing, incurring costs that may not be proportionate to the risk posed by the application.
Adaptable Are DLCs able to respond to different circumstances?	✓ **Adaptable, within the boundaries of the regulatory system** Our view is DLCs can, and often do, make decisions that adequately respond to applicants' and communities' different contexts, within the boundaries of the alcohol regulatory system which limits this adaptability.
Easy to comply with Are applicants able to easily engage with DLCs and the decision-making process?	× **It is sometimes difficult for applicants to engage with DLCs** Our view is that, for the reasons discussed in our analysis against the "Efficient" and "Proportionate" criteria above, it is sometimes difficult for applicants to engage with DLCs.
Appropriate impact on individual rights and liberties	✓ **Appropriate impact on individual rights and liberties** Reflecting previous analysis.

Criterion	Assessment
Otherwise aligned with the Ministry's view of good regulatory practice	**× Some DLC decisions are not transparent** Our view is that some DLC decisions are not transparent – both about how the decision (including decisions about conditions) was reached, and what the decisions are. There is inconsistent practice across DLCs regarding the publication of their decisions. Some DLCs publish all their decisions (including those on the papers), some publish records of hearings, and some do not publish any decisions. Regulated parties have told the Review that this can make some decisions opaque, which reduces predictability and contributes to a "you don't know until you try" environment.
	× There is limited ongoing oversight of DLC decisions The oversight of DLC decisions is by exception – decisions can be appealed to ARLA, but otherwise there is limited ongoing oversight of the quality of decisions. Regulated parties have told us that the process to appeal a decision can be drawn out and expensive, which may be disincentivising appeals, but our analysis against the "Effectiveness" criterion above has reassured us that there is no large unmet demand for appeals. Our view is that the impact of this limited oversight is unlikely to be significant, given that we have assessed that DLCs likely make effective decisions overall. However, it does nonetheless create the risk that, if the effectiveness of decisions were to decrease in the future, it would be difficult to know.

Problem identification and analysis

81. Through this assessment of the status quo, we have identified **four overarching problems** with licensing requirements, processes, and decisions:

    a. Licensing and renewal processes can be inefficient

    b. Licensing and renewal requirements and processes can be disproportionate to the potential risk posed by some hospitality settings

    c. Decision-making about licences may sometimes not be effective at achieving the purposes of the alcohol regulatory system

    d. Hearings are not necessarily an efficient nor proportionate way of reaching a decision in some cases.

82. We summarise the impacts and underlying causes of these problems in Table 7 overleaf.

Table 7 - Summary of the problems, impacts, and potential underlying causes with licensing requirements, processes, and decisions

Problem	Impacts	Potential underlying causes
Licensing and renewal processes can be inefficient	• Delays in getting a licence, creating costs for hospitality businesses • Unnecessary work for regulators • Perception risks for businesses if operating under an 'expired' licence • Potentially, investment uncertainty for hospitality businesses, which may be discouraging people from starting businesses or innovating (evidence is unclear)	*Regulatory practice:* • Regulated parties not providing enough information on applications (both because the requirements are unclear, and some applicants do not seek to understand) • Strict interpretations of broad requirements (contributed to by broad requirements and limited guidance and stewardship). This could also be because some regulators in the licensing system (e.g., Police) are more used to operating in a 'command and control' environment. • Regulators asking for additional information to assess applications (contributed to by strict interpretations of broad requirements) • Limited use of available discretion to make requirements more proportionate (potentially contributed to by capability issues, or not being empowered to use their authority and professional judgement) • Regulators stepping outside of their designated roles (contributed to by capability issues, and hearings not necessarily being efficient nor proportionate) • Regulator capability issues (contributed to by limited training and stewardship) • Regulator and DLC member capacity issues (contributed to by competing priorities at the local level, and design of decision-making structures) *Causes inherent in the legislative design of the system:* • Broad, and therefore sometimes unclear, legislative requirements • Duplicative requirements between the initial application and the renewal process, even though these processes are seeking to achieve different purposes • Design of decision-making structures
Licensing and renewal requirements and processes can be disproportionate to the potential risk posed by hospitality settings	• Requirements, and subsequent costs incurred by hospitality businesses, are not proportionate to their risk and some are unnecessary • Preventing some businesses innovating / offering new services where doing so would not meaningfully increase their risk profile • Unfairness (or perception thereof) and cross-subsidisation between lower risk / compliant businesses and higher-risk / non-compliant businesses	*Regulatory practice:* • Strict interpretations of broad requirements (contributed to by limited guidance and stewardship) • Limited use of discretion to make requirements more proportionate (contributed to by limited guidance and stewardship) • Regulators stepping outside of their designated roles (contributed to by capability issues, and hearings not necessarily being efficient nor proportionate) *Causes inherent in the legislative design of the system:* • Design of the license types and their associated requirements – there is no inbuilt distinction between risk levels in the licensing framework. Fees are scaled by risk, but requirements are not. • Duplicative requirements between initial application and the renewal process, no matter the risk or performance of the license holder • Lack of low-level enforcement tools, meaning the renewal process is used to intervene with poorly performing licence holders
Decision-making about licences may sometimes not be effective at achieving the purposes of the alcohol regulatory system	• Alcohol-related harm may not be effectively addressed by licence conditions • Imposes unnecessary costs on hospitality businesses • Unfairness (or perception thereof) for businesses and communities	*Regulatory practice:* • DLC member capability issues (contributed to by limited training and stewardship, the design of the requirements to become a decision maker, and the design of decision-making structures) *Causes inherent in the legislative design of the system:* • The high level of discretion afforded to DLCs • Design of the requirements to become a decision maker (e.g., no pre-requisites to become a decision maker)
Hearings are not necessarily an efficient nor proportionate way of reaching a decision in some cases.	• Hearings can delay decisions by weeks or months without adding any new information to inform the DLC's decision • Hearings can be intimidating for objectors and applicants, and can be run in overly formal aways. This can result in applicants	*Regulatory practice:* • DLC member capacity issues (contributed to by the design of decision-making structures) • DLC member capability issues (contributed to by limited training and stewardship, and the design of the requirements to become a decision maker)

Problem	Impacts	Potential underlying causes
	and objectors hiring legal representation, which both compounds the formality of the hearing and incurs (sometimes unnecessary) costs • Hearings are actively avoided by regulators and applicants (even when they may be appropriate), which may be reducing the effectiveness, transparency, and fairness of decisions for businesses and communities • Costs for regulators • Communities may not be adequately involved in licensing decisions, which may mean that alcohol-related harm may remain unaddressed	*Causes inherent in the legislative design of the system:* • Requirements about when to call a hearing, and no official alternative avenues for DLCs to gather information from applicants, regulators, or the community to inform decisions • Design of the requirements to become a decision maker • Design of decision-making structures

Accountability settings for ensuring alcohol is sold / supplied safely and responsibly

Context

83. Currently, the accountability for the sale / supply of alcohol sits jointly with the licence holder, and one or more duty managers who supervise the day-to-day sale / supply of alcohol. As described above, a duty manager is a person who has been trained to manage the sale and supply of alcohol and holds a duty manager's certificate.

84. Duty managers often work for the person or business who holds the licence.

85. In this context, "accountable" means both having responsibilities under the Sale and Supply of Alcohol Act 2012, and being liable to be fined, prosecuted, or otherwise punished for not meeting those responsibilities.

Our assessment of the current state

86. Our assessment of the accountability settings for ensuring alcohol is sold / supplied safely and responsible is described in Table 8 overleaf.

Table 8 - Assessment of the accountability settings for ensuring alcohol is sold / supplied safely and responsibly

Criterion	Assessment
Effective Are the accountability settings for ensuring alcohol is sold / supplied safely and responsibly effective?	✓ **Likely to be effective overall, but may not be effective in all cases. More evidence is needed to be confident in our assessment** Our view is that both by design and in practice, the accountability settings for ensuring alcohol is sold / supplied safety and responsibly are likely effective overall, but there are some cases where conflicting incentives arise which may impact effectiveness. From a legislative design perspective, we think there is a sound rationale for having a qualified, accountable person (i.e., a duty manager) making or supervising the point-of-sale decisions, as they often have the best information to make decisions that reduce excessive drinking (e.g., is this customer intoxicated, and therefore should we serve them?). This underpins our assessment that these settings are likely effective overall. However, regulated parties (both business owners and hospitality workers) told the Review that some duty managers continue to sell alcohol when they otherwise would have chosen not to because instructed to by their employer. The Review has examined why this might be the case: • In theory, the incentives for duty managers and licence holders are aligned. Both are accountable under the Act and face a similar set of consequences for not meeting their responsibilities - similar levels of fines and, at the extreme end, the significant disruption of their livelihood. • However, licence holders get additional benefits when they do not uphold their responsibilities (e.g., continue to sell alcohol to an intoxicated person), but duty managers do not: o When operating normally, a licence holder is likely to gain significant benefits (e.g., profit from selling alcohol), and a duty manager gains an average wage that is often no higher than the average wage of a hospitality worker with no responsibilities under the Act.[131] o If they do not meet their responsibilities, then the licence holder gains additional benefits over and above what they would have otherwise gained (e.g., extra profit from the alcohol they would not have otherwise sold), whereas the duty manager sees no additional benefits. • Because the benefits for not complying are higher for licence holders than duty managers (while the costs are similar for both), licence holders may be more incentivised than duty managers not to uphold their responsibilities. This set of incentives is compounded further by the fact that monitoring and enforcement of requirements is not consistent nor comprehensive (especially against licence holders, as discussed in Table 9 below). This means licence holders may see the likelihood of getting caught as low, further reducing the potential costs of non-compliance. • This mismatch of incentives increases the likelihood that a licence holder and a duty manager disagree about whether to uphold their responsibilities (or where the line of their responsibilities is, as it can be a grey area). Now, the power imbalance between employer and employee that is often present between licence holders and duty managers introduces a significant potential cost for duty managers if they disagree with the licence holder - the loss of their job, or the loss of hours / shifts. • This can lead to a situation where, if there is a disagreement between a licence holder and the duty manager, a duty manager may not feel comfortable contravening the licence holder. This may mean they continue to serve alcohol, even if they do not think it is safe or responsible to do so. As above, it is difficult to isolate the effectiveness of the accountability settings in practice. The Review has some evidence that in some hospitality settings, appropriate steps are not always taken to mitigate excessive drinking (i.e., intoxicated people are still served, and alcohol-related harm occurs as a result): • Regulators told the Review that some licence holders and duty mangers do not understand their responsibilities under the Act, either because they were not trained, or the training they did receive was inadequate. • We have considered data provided to us by Police, which indicates that there is a moderate level (mostly lower-level) infringements and offences under the Act, such as selling and supplying to an intoxicated person or a minor, allowing a person to become intoxicated, or failing to comply with a condition on the licence (an average of approximately 66 infringements or offences per month in 2025). Police also have evidence of ongoing alcohol-related harm that could be reasonably attributed to drinking in hospitality settings (such as public fights), although it is difficult to clearly separate this from other types of alcohol-related harm (see Annex 1 for details). The level of non-compliance and harm is not significant enough to imply that the system is ineffective, but that is at a point where it indicates that some settings may not be working as intended.
Efficient Do the benefits accountability settings for ensuring alcohol is sold / supplied safely and responsibly an outweigh the costs?	✓ **Likely efficient in most cases** Our view is that, even considering our analysis against the "Effective" criterion above, accountability settings are likely efficient in most cases. The benefits of the accountability settings likely outweigh the costs, as the costs of the settings are generally low: • $275 per year per manager to renew the certificate. • a one-off cost of between $160 and $270 for the initial qualification • a moderate time investment to get the initial qualification (estimated 8 – 24 hours of study time)[132] • As noted above, there does not appear to be a wage premium for duty managers, so this does not incur further costs on businesses. Given this, the benefits of the settings do not have be significant for them to outweigh the costs. Based on reports from regulators, regulated parties, and information from Police introduced above, our view is that on there are enough decisions made to serve alcohol safely and responsibly (that would not have been made if these settings were not in place) that the benefits outweigh the costs.

[131]The average duty manager's salary in New Zealand in 2026 is $27.84 per hour (sourced from the Indeed salary survey). From 1 April 2026, minimum wage was $23.95 per hour, and the average wage in the hospitality sector in 2025 was $27.84 (sourced from the Hospitality NZ remuneration benchmarking survey). Duty managers therefore demand approximately a 14% premium over minimum wage, but no premium over the average hospitality sector wage (noting the average hospitality sector wage includes all staff working in hospitality, including duty managers).
[132] Average estimate by qualification providers.

Criterion	Assessment
Proportionate Are the requirements to become accountable proportionate to the risks?	**× May not be proportionate, but more evidence is needed to be confident in our assessment** Our view is that, by design and in practice, the accountability settings may not be proportionate in some cases. By design, (as we discussed with licences in Table 4) licences and duty manager's qualifications grant the ability to be accountable for and manage a large spectrum of activities. However, regulators and DLCs members told the Review that some licence holders and duty managers were not prepared for the settings they found themselves managing (e.g., high-risk settings like busy bars or nightclubs). They told us that this was due to lack of experience in similar settings, a lack of understanding of their responsibilities (for licence holders), or the fact that the training they did receive was inadequate for the setting they are in (for duty managers). To partially mitigate this, some DLC members told the Review that they require 'undertakings' from some duty managers not to work in other, higher-risk premises. Our view is that for prospective licence holders, there are licensing criteria that provide sufficient opportunity for a DLC consider previous experience before granting the licence. However, in practice DLC members told us that many licence holders rely on their duty managers to demonstrate knowledge of the safe and responsible sale of alcohol, and this is accepted by many DLCs as adequate. It appears to us that significant responsibility is placed on duty managers that their training and qualifications may not adequately prepare them for, which may be disproportionate. The Review has not examined the quality of the duty management training currently available, but has heard from regulators that it is mixed. The Review has also heard some evidence from regulated parties that they find it difficult to hire duty managers, but it is unclear how much this is due to this potentially disproportionate responsibility and how much is due to general labour shortages, low wage rates, and general economic conditions.
Adaptable Are the accountability settings for ensuring alcohol is sold / supplied safely able to respond appropriately to different circumstances?	**✓ Adaptable** Our view is that the accountability settings are sufficiently able to respond to different circumstances. There are provisions for temporary and acting duty managers, meaning that businesses can make operational changes without being unreasonably constrained. Additionally, DLCs can require more than one duty manager be present while a premises is operating if the circumstances call for it (e.g., there are more than 100 patrons, or patrons are dining outside and cannot be adequately supervised inside).
Easy to comply with Are the accountability settings for ensuring alcohol is sold / supplied safely easy to find, understand, and navigate?	**✓ Easy to comply with, and a significant amount of support is offered by many TAs and hospitality peak bodies** Our view is that, on balance, it is relatively easy to find, understand, and navigate the accountability settings; the Act is clear, duty manager qualifications are accessible to most people, and the hospitality peak bodies have prepared high-quality guidance for both licence holders and duty managers about their responsibilities. Additionally, we acknowledge that many TAs provide prospective duty managers significant levels of support to complete applications and meet the requirements.
Appropriate impact on individual rights and liberties	**× May unduly diminish duty managers' personal safety and security, but more evidence is needed to be confident in our assessment** If duty managers have responsibilities in settings they may not adequately be trained for, then this may unduly diminish their personal safety and security. We have not had the opportunity to speak to many duty managers throughout the course of the Review, and so would need more evidence to be confident in this assessment.
Otherwise aligned with the Ministry's view of good regulatory practice	**× Regulated parties may not understand their rights and obligations under the regulatory framework** As discussed above, regulators told the Review that some licence holders and duty managers may not understand their rights and obligations under the Act.

Problem identification and analysis

87. **Problem:** Accountability settings for the supervision of the sale and / or supply of alcohol may not be effective nor proportionate in some settings.

88. **Impacts of the problem.** Based on the evidence collected by the Review, we think the impacts of this problem include:

- point-of-sale decisions that do not appropriately consider the purposes of the regulatory system (i.e., alcohol is sold / supplied to intoxicated people) and therefore may contribute to alcohol-related harm
- duty managers being pressured to sell alcohol when they otherwise would not have chosen to, which may lead to duty managers feeling uncomfortable, unsafe, or losing their jobs if they refuse, or may contribute to alcohol-related harm if they do not refuse.

89. **Underlying causes the problem:** Based on the assessment above, we think the underlying cases that likely contribute to this problem include:

- licence holders not understanding their responsibilities under the Act. This is likely a regulatory practice point, as we think there is sufficient space in the licensing criteria to consider an applicant's suitability, experience, and knowledge
- potentially inadequate training for duty managers, especially for higher-risk settings. This is a regulatory practice point.

Monitoring compliance and enforcement

Context

90. Monitoring compliance and enforcement are key parts of the design and implementation of any regulatory regime, especially one that seeks to mitigate serious levels of harm (as the alcohol regulatory system seeks to do).

91. There are multiple approaches to the design of monitoring and enforcement functions. Perhaps the most well-known and well-tested is the VADE model, which posits that regulated parties will have a range of ability and willingness to comply, and that regulators' responses should align proportionately with this range.

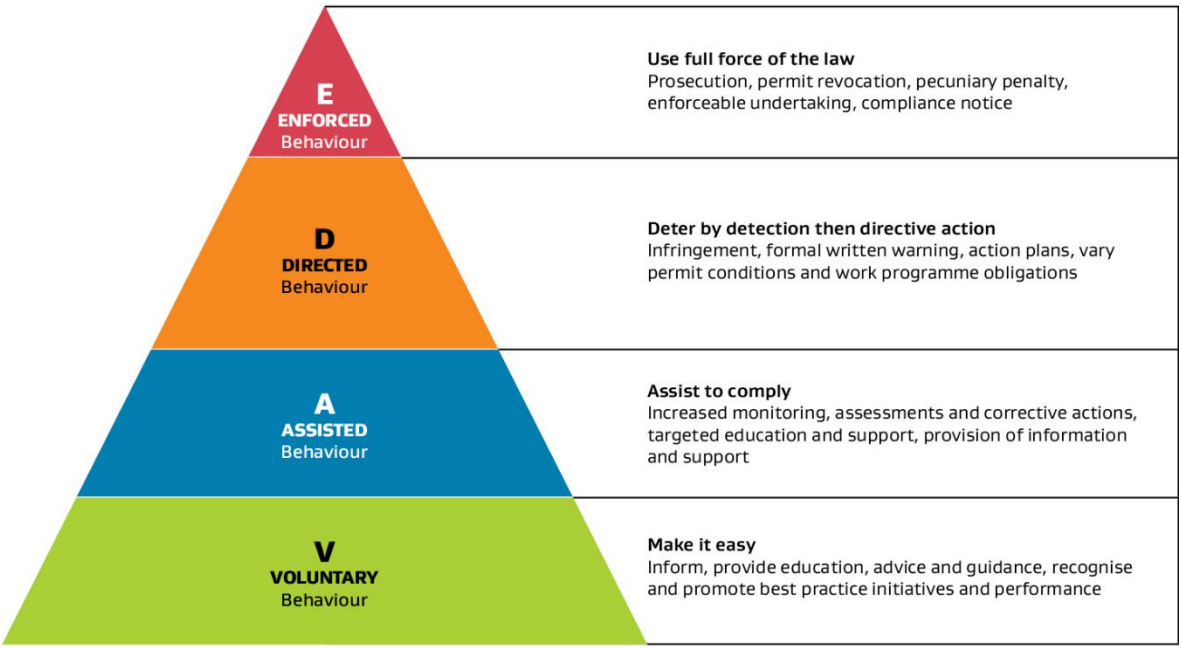

Figure 2 – VADE model

92. We will use the VADE as a framework to inform our assessment of the current state.

Our assessment of the current state

93. Our assessment of the current state of monitoring compliance and enforcement of the alcohol regulatory system is described in the table overleaf.

Table 9 - Assessment of the current state of monitoring compliance and enforcement practices

Criterion	Assessment
Effective Are regulators effectively monitoring compliance and enforcing requirements?	**× Methods for monitoring compliance are unlikely to be effective overall** Overall, our view is that current practices for monitoring compliance are not likely to effectively contribute to achieving the purposes of the alcohol regulatory system. Regulators told the Review that inspections conducted by Police and licensing inspectors, and controlled purchase operations (CPOs), are the main tools they use for monitoring compliance. The Review observed[133] that the quality and frequency of inspections and CPOs were variable: • some TAs do not conduct inspections or CPOs • some TAs only conduct inspections when a licence is new, or up for renewal (see • • Table 5 above for our discussion of regulators using the renewal process as the primary point of intervention). • some TAs conduct most of their inspections during the day (when some hospitality businesses are not open for business) • some TAs focus primarily on monitoring compliance with administrative and record-keeping requirements rather than assessing licence holder or duty manager practice • some TAs have a consistent monitoring regime and try to visit every premises at least once per year, and prioritise inspecting when businesses were open and operating. We also observe that the level of non-compliance discovered by inspections is highly variable – some TAs found no non-compliance, and some found non-compliance in 80% of cases. Based on information from regulators and regulated parties, this may be because there is no consistent operational policy about what an inspection should look for, so different inspectors (both within and between territorial authorities) take different approaches and have different thresholds for "non-compliance". These observations were corroborated by regulated parties; some told the Review they had never experienced a licensing inspection, others said that they did not see the point of the inspections because they did not assess real-world practice, and some said they had a positive working relationship with their local licensing inspector. **✓ Enforcement is likely to be effective in cases of minor or severe non-compliance, but may not be effective in other cases** Overall, our view is that current enforcement practices are likely to effectively contribute to achieving the purposes of the alcohol regulatory system in minor or severe cases of non-compliance, but may not be as effective in cases where non-compliance is less severe (i.e., further down the compliance triangle). From a legislative design perspective, the alcohol regulatory system provides regulators with three sets of tools: • infringement notices and fees of up to $500 • criminal offences - depending on the offence, these can carry fines between $1,000 and $40,000 and imprisonment of up to 3 months • suspension or cancellation of licences. The Review heard that infringement notices and fees are the most common enforcement tool used, regulated parties are very rarely charged with criminal offences (which generally aligns with the compliance triangle), and on- and club licences are very rarely suspended or cancelled. This view is corroborated by ARLA's recent annual reports. Regulators told the Review that in practice, these tools are not effective at addressing mid-level non-compliance, e.g., regulated parties who do not always want to comply (assisted or directed in Figure 2) –infringement notices and fees do not offer enough of a deterrence, but their non-compliance does not reach the level of criminal offending nor justify applying to ARLA for the suspension or cancellation of their licence. Additionally, some TAs told the Review that they are unable to issue infringement notices or collect fees themselves because of a lack of infrastructure – they refer infringements to the Police to issue. These barriers may also be disincentivising the use of infringement notices and fees, potentially reducing their effectiveness. This, alongside the evidence regarding compliance we received form Police and the evidence of ongoing alcohol-related harm, leads us to the conclusion that there may be a gap in the effectiveness of the enforcement regime.
Efficient Do the benefits of monitoring compliance and enforcing requirements outweigh the costs?	**× Not efficient** Our view is that monitoring compliance and enforcement practices are not efficient – their benefits likely outweigh the costs, but these processes are not being implemented in a least cost way. Regulators told the Review that they spend significant time during application assessments uncovering applicants' and licence holders' compliance histories, especially if they previously operated in a different region. Some regulators told us they rely on formal and informal networks between current and former regulators to uncover this information. Regulators also told the Review that many of the enforcement tools available to them were not efficient to use: • As discussed above, some TAs said they are unable to issue infringement notices of collect fees and instead refer them to the Police to issue. This incurs costs to Police that may not be recouped (since they do not collect the licensing and annual fees that are intended to cover the monitoring and enforcement of the alcohol regulatory system) • Applying to ARLA for the suspension or cancellation of a licence takes a long time, and there can be a long delay between the instance of non-compliance and a consequence (as introduced earlier in this analysis, the average time for ARLA to discharge an application sits at over 200 days).

[133] Derived from information the Review collected from TAs on their regulatory practice

Criterion	Assessment
Proportionate Are monitoring compliance and enforcement practices proportionate to the risks and levels of non-compliance seen?	✗ **Monitoring may not be proportionate** Our view is that too little effort may be spent on monitoring compliance with the alcohol regulatory system in comparison to the size of the system, the severity of the risks and harms and the system seeks to address and mitigate, and the level of (albeit low-level) non-compliance that is seen. This is related to our assessment that too little effort is spent on the stewardship of the alcohol regulatory system.
	✓ **Enforcement is likely to be proportionate in cases of minor or severe non-compliance, but may not be proportionate in other cases** Our view, which ties into our analysis against the "Effective" criterion above, is that enforcement is likely proportionate in cases of minor of severe non-compliance, but may not be proportionate in other cases as the tools are not available.
Adaptable Are monitoring compliance and enforcement practices evolving in response to new information?	✗ **Not likely to adaptable, but more evidence is needed to be confident in our assessment** The Review has seen no evidence that monitoring compliance and enforcement practices are consistently or effectively evolving in response to new information. This may be because information is not readily available (either from on the ground regulators or from the system steward).
Easy to comply with Are monitoring compliance and enforcement practices easy to comply with for regulated parties?	✓ **Easy to comply with** Our view is that monitoring compliance and enforcement practices are easy to comply with and do not impose unnecessary costs on regulated parties.
Appropriate impact on individual rights and liberties	✓ **Appropriate impact on individual rights and liberties** Notwithstanding the areas for improvement we have identified in this analysis, our view is that monitoring compliance and enforcement practices are generally effective and proportionate and therefore do not unduly reduce individual rights and liberties.
Otherwise aligned with the Ministry's view of good regulatory practice	✗ **Mechanisms for monitoring, evaluation, and continuous improvement are not consistently present** As described above, our view is that ongoing performance monitoring and feedback loops inform improvements in regulations and practices is not consistently present.

Problem identification and analysis

94. **Problem:** Monitoring compliance and enforcement practices may not be effective, efficient, or proportionate in some cases

95. **Impacts of the problem.** Based on the evidence collected by the Review, we think the impacts of this problem include:

    - regulators not identifying or responding to non-compliance. This may be limiting the effectiveness of alcohol regulatory system.
    - inconsistent compliance monitoring means there is little information about licensed businesses' and duty managers' compliance histories or related alcohol harm, meaning that in some cases poor performance may not be identified over time. This means up to date information may not be available when new licensing or renewal decisions are made, meaning some licences may be renewed when they should not be.

96. **Underlying causes the problem:** Based on the assessment above, we think the underlying cases that likely contribute to this problem include:

    - a lack of enforcement tools available in the Act that are proportionate to mid-level non-compliance. This is a legislative design point.
    - the different resource constraints, priorities, and cultures of frontline regulators. As above, this is both a legislative design point and a regulatory practice point.

Te Tiriti o Waitangi | Treaty of Waitangi analysis of the current state of the alcohol regulatory system

Our view is that the alcohol regulatory system should have explicit regard to Te Tiriti o Waitangi | Treaty of Waitangi and its principles…

97. Māori experience higher levels of alcohol-related harm than other population groups in New Zealand – both the direct health effects of alcohol consumption, and the downstream effects such as whānau breakdowns, economic insecurity, and criminal offending. This justifies considering whether the involvement of iwi, hapū, and Māori individuals in the alcohol regulatory system should be different than that of other individuals.

98. Our view is that iwi, hapū, and Māori individuals need to be involved in all types of government intervention in alcohol (controlling supply, reducing demand, and mitigating the negative effects) [134], including specifically in the licensing process, to have due regard to the Crown's obligations under Te Tiriti o Waitangi | Treaty of Waitangi. We think this because:

    a. the colonial history of alcohol in New Zealand[135]
    b. the significant levels of alcohol-related harm Māori currently experience
    c. the well-documented failure[136] of the health and justice systems to adequately address and mitigate this harm for Māori.

…and currently does not.

99. Currently, the Act does not explicitly refer to Te Tiriti o Waitangi | Treaty of Waitangi or its principles, and much of the guidance issued to regulators and decision makers is also silent on how to give effect to Te Tiriti o Waitangi | Treaty of Waitangi and its principles. This does not automatically mean that the regulatory system does not have regard to Te Tiriti o Waitangi | Treaty of Waitangi and its principles.

100. However, we and other government agencies have seen that this means that interpretation of the Act differs in practice; some regulators and DLCs think Te Tiriti o Waitangi | Treaty of Waitangi and its principles should not be a factor considered in licensing decisions, and others think they are free to consider them (in line with the common-law presumption that legislation and regulation should be read in accordance with the principles).[137] Our view is that the Act being silent on the Te Tiriti o Waitangi | Treaty of Waitangi has created an environment where the government's obligations to Māori in this context are being inconsistently considered, and therefore inconsistently met.

[134] See Paper 1 for a full discussion of these types of interventions.
[135] There is some evidence that prior to colonial settlement, Māori did not produce or consume alcohol – "Te Iwi Maori me te Inu Waipiro: He Tuhituhinga Hitori | Maori & Alcohol: A History, Marten Hutt, 1999"
[136] https://waitangitribunal.govt.nz/en/inquiries/kaupapa-inquiries/health-services-and-outcomes
[137] https://www.courtsofnz.govt.nz/publications/speeches-and-papers/the-challenges-and-possibilities-of-common-law-constitutionalism

101. Additionally, as we discussed above, the current licensing and decision-making processes generally create challenges for regulators, applicants, and public objectors. The same is true specifically for iwi, hapū, and Māori individuals - these processes do not specifically facilitate their effective participation in licensing decisions, as demonstrated by[138]:

    a. no in-built mechanisms to ensure iwi and hapū are aware of licence applications that may be relevant to them (in addition to the general public notices)

    b. linked the discussion in para 94 above, the fact there is no requirement to consider the potential impact of a licence on the local Māori community, or engage with iwi, hapū, and Māori community members to understand more about these potential impacts

    c. no specific Māori representation on DLCs or ARLA. This, in many cases, means that DLCs are not necessarily equipped to engage with iwi, hapū, and Māori individuals in culturally appropriate ways. We did hear of one instance where a DLC engaged well with local Māori organisations, which strengthened relationships and led to a positive outcome for both the community and the applicant, but we were told that this was rare, and should happen more.

102. Overall, our view is that the current alcohol regulatory system does not empower iwi, hapū, and Māori individuals to meaningfully participate in licensing decisions, should they wish to.

[138] These are *examples* of features we would expect to see if the alcohol regulatory system was designed to give effect to Te Tiriti o Waitangi | Treaty of Waitangi and its principles, rather than presentation of options to change the alcohol regulatory system. Options for improving the regulatory system (including changes to become more consistent with Te Tiriti o Waitangi | Treaty of Waitangi and its principles) are discussed and assessed in Paper 3.

Annex 1 – Information collected from Police regarding alcohol-related crime

Attached separately.

Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Supplementary Paper 3

Options and recommendations for improving how alcohol is regulated in hospitality settings

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Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Purpose

1. This paper provides an analysis of options for improving how alcohol is regulated in hospitality settings and the Ministry for Regulation's (the Ministry's) recommendations for change. This analysis is part of the Ministry's Hospitality Review (the Review), which seeks to improve the regulation of New Zealand's hospitality sector.

2. This paper is the third in a series of three that underpins the Review's recommendations for improving alcohol regulation in hospitality settings:

    - **Paper 1**: A first-principles economic analysis of whether the government should intervene in the sale, supply, and consumption of alcohol in New Zealand
    - **Paper 2:** An analysis of the current state and problems with how alcohol is regulated in hospitality settings
    - *[This paper]* **Paper 3**: Options and recommendations for improving how the sale and supply of alcohol is regulated in hospitality settings.

3. This paper lays out potential options to address the problems the Review identified in Paper 2, assesses whether these options are effective, efficient, and feasible, and subsequently identifies the Review's preferred options and recommendations. If our recommendations are accepted by the government of the day, detailed design and implementation choices will follow.

Executive summary

4. As discussed in Paper 2, the Review found that, while the alcohol regulatory system is likely achieving is policy objectives in hospitality settings, there are areas where regulatory design and / or regulatory practice could be improved. These areas relate to the efficiency of licensing and renewal processes, the proportionality of requirements, how decisions are made, accountability settings for the supervision of the sale and / or supply of alcohol, the approach to compliance monitoring and enforcement, the fees charged for regulatory activities, and the overall stewardship of the regulatory system.

5. To develop our options, we considered:

    - whether overarching, fundamental changes to the alcohol regulatory system could address many of the problems we identified
    - more granular changes to the details of licensing processes, licensing criteria, or flexibility afforded to regulators and regulated parties that could sit alongside any more fundamental changes
    - the recommendations made by the Law Commission's report[1] which were not taken forward (or not implemented) by the Government of the day.

6. We landed on 9 recommendations that we think, if implemented, would streamline and modernise alcohol licensing and address the problems we identified without lowering the barriers to entry or making alcohol more available.

[1] "Alcohol in our lives: Curbing the harm. A report on the Review of the Regulatory Framework for the sale and supply of liquor", April 2010, Law Commission.

Structure of this paper

7. This paper has three sections:

- **Problems with how alcohol is regulated in hospitality settings -** This section reiterates the problems that were identified through our analysis of the current state detailed in Paper 2, which the Review's recommendations will seek to address.
- **Recommendations to improve how alcohol is regulated in hospitality settings -** This section lays out the Review's recommendations and our additional comments
- **Options identification and analysis** - This section details our methodology, the options we identified, the assessment of these options against our criteria, the identification of preferred options, and discussion of implementation considerations.

GLOSSARY OF TERMS AND ABBREVIATIONS

The Act: The Sale and Supply of Alcohol Act 2012

ARLA: Alcohol Regulatory Licensing Authority

Associated regulations: The Sale and Supply of Alcohol Regulations 2013, and the Sale and Supply of Alcohol (Fees) Regulations 2013

DLC(s): District Licensing Committee(s)

Decision makers: DLCs, DLC members, and DLC chairs, depending on the decisions being made

Health NZ: Te Whatu Ora | Health New Zealand

LAP: Local Alcohol Policy

Ministry: Ministry for Regulation

MoJ: Ministry of Justice

Police: The New Zealand Police

Regulated parties: licence holders (including hospitality business owners), duty managers, and other workers

Regulators: Licensing inspectors, Health NZ, and Police

Reporting agencies: Health NZ (specifically Medical Officers of Health) and Police

Review: Hospitality Review

TA: Territorial Authority

Problems with how alcohol is regulated in hospitality settings

8. As discussed in Paper 2, our view is that, on balance, the alcohol regulatory system (the current requirements and how they are enforced) is likely to be:

    a. effectively enabling the safe and responsible sale, supply, and consumption of alcohol in hospitality settings, and

    b. going some way towards minimising the harm caused by excessive or inappropriate consumption of alcohol in hospitality settings.

9. However, there are aspects of the system that are not effective, efficient, proportional, easy to comply with, nor aligned with our view of good regulatory practice. We have identified seven specific problems through our analysis of the current state:

    - **The alcohol regulatory system is not being effectively, efficiently, nor proportionately stewarded.** This may be negatively impacting the quality of regulatory practice and reducing the overall effectiveness of the alcohol regulatory system.
    - **Licensing and renewal requirements and processes can be disproportionate to the potential risk posed by hospitality settings**. This is creating costs for hospitality businesses that are not proportionate to their risks and causing compliant businesses to cross-subsidise non-compliant businesses.
    - **Licensing and renewal processes can be inefficient.** This is creating unnecessary costs for hospitality businesses and unnecessary work for regulators.
    - **Decision-making about licences may sometimes not be effective** at achieving the purposes of the alcohol regulatory system. This is creating unnecessary costs for hospitality businesses and may not be effectively addressing alcohol-related harm.
    - **Hearings are not necessarily an efficient or proportional way of reaching a decision in some cases**. This is creating costs for hospitality businesses, regulators, and communities, and may be reducing the transparency and fairness of decisions.
    - **Accountability settings for the supervision of the sale and / or supply of alcohol may not be effective nor proportional** in some settings. This may be reducing the overall effectiveness of the alcohol regulatory system.
    - **Monitoring compliance and enforcement practices may not be effective, efficient, or proportional** in some cases. This may be reducing the overall effectiveness of the alcohol regulatory system.
    - *[Analysed and discussed in the 'Fees and Levies' supplementary paper]* **Fees for alcohol licensing are not effectively recovering the costs of regulatory activities, are disproportionate with risk and regulatory effort, and are not transparent**.

10. It is these problems the Review's recommendations will seek to address.

Recommendations to improve how alcohol is regulated in hospitality settings

11. We have nine recommendations to improve the regulation of the alcohol regulatory system as it applies to hospitality settings:

    - Appoint and fund a new system steward for the alcohol regulatory system
    - Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences
    - Clarify and simplify the process and requirements to get an alcohol licence for the first time
    - Require licence holders, all people who serve alcohol, and regulators to be trained
    - Introduce more tools for monitoring compliance and enforcement of minor non-compliance, such as Improvement Notices and Notices of Direction
    - Allow DLCs to merge, set specific membership and training requirements for DLCs, and increase payments to DLC members
    - *[Fees and levies recommendation]* Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees
    - Introduce 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 compliance monitoring
    - Introduce a nationwide information system about licences, certificates, compliance activity, performance, alcohol related crime, incidents, and health effects.

12. Taken together, we expect that these recommendations will:

    - increase efficiency and proportionality for hospitality businesses by scaling requirements to risk, and streamlining administration where appropriate
    - set up the alcohol regulatory system to support innovation and be more responsive to changes in technology and societal preferences in the future
    - potentially reduce alcohol-related harm in communities.

13. These recommendations are packages of the preferred options we identified through our analysis in this paper[2], other than the fees and levies recommendation, which is presented here for completeness, but the analysis for which is contained in the Fees and Levies supplementary paper.

14. We lay out the details of each recommendation below; a description, implementation considerations, the expected benefits and costs, and the impact (if any) the recommendation will have on off-licences.

15. We have also made three comments on things that have come to our attention but are either outside of the scope of the Review or are directions for future reform.

[2]Mapping between our recommendations and our preferred options is detailed in Annex 1.

Recommendation 1 – Appoint a new system steward for the alcohol regulatory system	
Description	We recommend that a new system steward for the alcohol regulatory system be appointed that consolidates and strengthens the stewardship functions that currently sit across three government agencies. This new system steward would be responsible for: • governance of the alcohol regulatory system • establishing and maintaining relationships with frontline regulators, regulated parties, and other stakeholders • monitoring and evaluating the performance of the alcohol regulatory system, and the regulators within it • supporting regulators, decision-makers, and regulated parties, including producing training and guidance • keeping the Sale and Supply of Alcohol Act 2012 and associated regulations up to date to maintain their effectiveness over time. We recommend that this system steward sit in an agency that has experience stewarding similar 'legal but harmful' policy areas, has existing structural relationships with local regulators, and capacity to effectively deliver operational policy in local regions. If this recommendation is agreed, specific transition arrangements would be worked through. Responsibility for supporting the Alcohol Regulatory Licensing Authority (ARLA) would remain with the Ministry of Justice (as ARLA are a tribunal), but we would expect the new system steward to engage regularly with ARLA to understand their insights about how the alcohol regulatory system is working.
Expected benefits	*Overall:* Increased effectiveness of the alcohol regulatory system through more effective and efficient regulatory practice, and a regulatory system that responds to changing behaviours and technologies, reducing alcohol-related harm.
	For hospitality businesses: Fairer application of requirements, more frequent updates to the law to address issues and enable innovation.
	For regulators and decision makers: Additional support, higher-quality information about the system's performance, and a legislative framework and enforcement tools that remain fit for purpose over time.
Expected costs	We expect that establishing this system steward will likely require ongoing ringfenced investment of approximately $1–2 million per year. There is currently no ringfenced investment for the stewardship of the alcohol regulatory system.

Recommendation 1 – Appoint a new system steward for the alcohol regulatory system	
Implementation	We recommend that this new system steward be established as soon as possible. This streamlined model aligns with the direction of recently announced public sector reforms and underpins the effectiveness of many of the Review's other recommendations. The (new) home agency would be responsible for establishing and recruiting for the new stewardship team, including working through any transition arrangements for existing staff.
Impact on off-licences	We expect that that the benefits that are likely to be delivered by stronger and more effective stewardship will apply across all licence types and processes, including for off-licences.
Key stakeholder views	We did not consult with regulated parties or other sector stakeholders on this option.

COMMENT

The new system steward should continue to consider whether a central regulator is warranted

We considered whether a central regulator for the alcohol regulatory system was an overarching option that would effectively address many of the problems we identified. Broadly, the central regulator we considered would employ local operational staff (i.e., licensing inspectors, health experts), local decision makers (i.e., DLC members), and operational policy staff in local and regional roles (WorkSafe and the gambling regulator as examples). Territorial authorities would no longer have any role in the administration or delivery of the alcohol regulatory system. It was an attractive proposition, and we think if we were designing the system from scratch, it would have significant merit.

We estimated the costs to establish this central regulator would be between $5–15 million, depending on different implementation choices. Our analysis identified the theoretical benefits of centralisation (e.g., economies of scale, reduced administrative burden, complexity, and inconsistency for regulated partes) could potentially alternatively be achieved through less disruptive (and less initial cost) methods, especially if these methods were underpinned by a stronger system steward (**Recommendation 1**).

Nonetheless, we would encourage the new system steward to continue to consider whether the benefits of a central regulator for the alcohol regulatory system would outweigh the cost of change, especially as they gather more information about the performance of the system and the effectiveness of any interventions that result from this Review.

Recommendation 2 – Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences	
Description	We recommend streamlining licence renewals by: • **introducing a shorter renewal process and associated forms** (for on-, special, and club licences) that does not require the resubmission of information that has not changed since the last renewal. For example, this would mean a business would not have to resubmit plans of their premises, a town or building planning certificate, or lease agreement when renewing their licence if none of these things had changed since their last renewal. There would be an opportunity for the applicant to review information held by the territorial authority to ensure it was correct. • **scaling renewal periods by performance of the licence holder**. For example, this would mean that a business that has had no incidents with police and has had satisfactory inspections would have a longer timeframe between renewals (e.g., 5 years), whereas a business that has been shown to be non-compliant or has had their licence suspended recently would have a shorter timeframe between renewals (e.g., 1 year). Recommendation 6 provides regulators with alternate and additional tools to intervene outside of the renewal process, so we do not expect extending renewal periods for some businesses to result in non-compliance going unnoticed or unaddressed. • **allow the DLC to delegate decisions to renew unopposed lower-risk licences** or manager's certificates to the secretary of the DLC, e.g., very low or low risk licences under the current framework, which would cover many restaurants and other hospitality venues, including BYO restaurants and cinemas. [This reflects the Law Commission's recommendation 46]. • **introducing automatic approvals for some low-risk licence or manager's certificate renewals** after a certain period of time has passed. For example, this would mean that the DLC would have a certain period (e.g., 8 weeks) to respond to an application for renewal, after which it is assumed to be granted. If any concerns are raised, this stops the automatic approval.
Expected benefits	*Overall:* Increased effectiveness of the alcohol regulatory system through reprioritisation of regulatory resource towards higher-risk (and higher-harm) activities
	For hospitality businesses: Across the board, significantly less administration to renew a licence, with additional time and cost savings for lower-risk and higher performing licence holders.
	For regulators and decision makers: Less administrative work, providing the space to focus regulatory resource on higher risk and non-compliant licence holders.
Expected costs	We expect that the costs to make these changes at the operational level are likely to be moderate. However, we think that there is opportunity for savings if implemented alongside the IT changes that will be occurring as part of the local government reforms.
Implementation	We recommend that these changes be made as soon as possible, as they do not require significant additional policy work or complicated legislative amendments to implement. However, primary legislative change would be required.

Recommendation 2 – Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences	
Impact on off-licences	These changes can be made for only club, special, and on-licences without impacting renewal processes for off-licences. We do not intend that these changes extend to off-licences at this stage.
Key stakeholder views	All submitters, particularly sector representative groups, agreed a scaled approach to renewals would support good actors and continue oversight on ones that need improvement. Regulators submitted the renewal process is valuable and suggested if there was too long between inspections, it can mean poor regulatory practice is unseen for too long.

Recommendation 3 – Clarify and simplify the process and requirements to get an alcohol licence for the first time	
Description	We recommend that, in the short-term, small changes be made to improve the efficiency and proportionality the of licence application process by: • **changing the licensing criteria to be clearer and more specific**. For example, this would include clarifying what should be considered as part of the suitability of the applicant; setting expectations of the design and layout of a premises (e.g., the whole dance floor of a club should be able to be supervised from the bar); and stating what appropriate noise levels are (which would be linked to the national noise standards in the new planning regime). • **allowing DLCs to exempt applicants from some requirements / licensing criteria in certain circumstances**. For example, this would mean that a DLC could grant a licence if building work was not completed if they were satisfied that the ongoing work did not compromise the ability for the licence holder to sell and supply alcohol responsibly and safely. • **introducing an improved, standard licence application form for new licences,** which the system steward will manage and territorial authorities cannot change. • **replacing temporary authorities with temporary licences** that can be granted if certain licensing criteria are met. • **changing reporting requirements** so Police and Medical Officers of Health only need report on an application if it meets a certain set of criteria. These criteria would be different for Police and Medical Officers of Health, meaning Police would be able to report into more applications than Medical Officers of health). For example, they would be required (as per the status quo) to report on high-risk licences and could report on any licence if they have concerns of a certain nature, but do not need to report on very low or low risk licences. • **allowing decision-makers more discretion about when a hearing is called**. This would create a set of criteria that, if met, would allow DLCs not to call a hearing if a public objection was received. It would also explicitly allow DLCs to receive more information from objectors outside of a hearing process (i.e., requesting more information in writing).
Expected benefits	*Overall:* In the short-term, more efficient and proportionate processes.
	For hospitality businesses: In the short-term, less administration, more certainty, and shorter timeframes to get a licence while still maintaining standards.
	For regulators and decision makers: In the short-term, clearer boundaries within which to use discretion, potentially reducing work and risks.
Expected costs	In the short-term, we expect that the costs to make these changes, at both the legislative and operational levels, are low and can be absorbed by baseline funding of the new system steward.

Recommendation 3 – Clarify and simplify the process and requirements to get an alcohol licence for the first time	
Implementation	We recommend these changes be implemented in two stages. The first set of changes can be made in the short-term as they do not require significant additional policy work or complicated legislative amendments to implement. We expect that they would be made as part of the first tranche of primary legislative changes, which would be led by the new system steward.
Impact on off-licences	We do not intend these changes extend to off-licences at this stage.

Recommendation 4 - Require licence holders, all people who serve alcohol, and regulators to be trained	
Description	We recommend formalising training requirements for regulators, licence holders, and workers by: • **introducing free, consistent, mandatory training for all licence holders and workers who serve alcohol.** Initially could be ServeWise, (existing free training for those who serve alcohol), or a duty manager training other staff in their workplace. This could then be supplemented with additional training specifically designed for licence holders, which would inform them of their rights and responsibilities in the alcohol licensing process. • **introducing mandatory and consistent training and additional operational policy for licensing inspectors and the other regulators who inquire and report into applications,** building on existing training resources and supporting the professional body (the New Zealand Institute of Liquor Licensing Inspectors) to reach more people. This will also include developing operational policy that sets expectations about how applications are assessed and clarifying common misconceptions, such as the expectation held in some areas that applicants for a manager's certificate need 6 months of experience in New Zealand.
Expected benefits	*Overall:* More responsible point-of-service decisions, and more effective and efficient regulatory practice, potentially reducing alcohol-related harm.
	For hospitality businesses: More support to understand their responsibilities, more qualified staff, and more consistent experiences with regulators.
	For regulators: More support to undertake regulatory functions.
Expected costs	In the short-term, we expect that the costs to make these changes, at both the legislative and operational levels, are low and can be absorbed by baseline funding of the new system steward. There may be some small additional time costs for businesses, licence holders, and workers.
Implementation	We recommend these changes be implemented establishment of the new system steward recommended by **Recommendation 1**, as they would be best placed to implement them.
Impact on off-licences	We expect that the benefits that are likely to be delivered by more effective and efficient regulatory practice will apply across all licence types and processes, including for off-licences.
Key stakeholder views	Both regulators and sector representative groups preferred mandatory training for everyone that serves alcohol. Some regulators also supported different tiers for duty managers (which will be considered further in **Recommendation 7**).

Recommendation 5 – Introduce more tools for monitoring compliance and enforcement of minor non-compliance, such as Improvement Notices and Notices of Direction	
Description	We recommend that more tools for monitoring compliance and enforcement be introduced. In the short-term, we recommend: • **more infringement offences and increasing infringement fees** to be in line with the deterrent intended when the Act was put in place in 2012 (i.e., increasing the maximum possible from $1,000 to $1,400, and increasing current infringements from $500 to $700). • **a new range of low and medium impact enforcement tools** that reflect the range of tools available in the food safety system. These include Improvement Notices (which would require a licensee to fix a behaviour by a certain time), notices of direction (which would require a licensee to follow specific steps when serving alcohol or managing the premises), and warnings, (which could pre-empt an offence).
Expected benefits	*Overall:* More effective compliance monitoring and enforcement, increasing the likelihood of identifying non-compliance and addressing risks early, reducing the likelihood of harm.
	For hospitality businesses: Less likely to get licences suspended, and fairer, more proportional, and consistent consequences for non-compliance, and more opportunity to engage with regulators.
	For regulators and decision makers: Higher quality information about the system's performance, enforcement tools that are fit for purpose.
Expected costs	We expect that the costs to make and implement these changes may be moderate in some cases, as some territorial authorities will need to establish new IT infrastructure to use the tools. However, we expect that the additional revenue through increased infringement fees may go some way to cover these costs.
Implementation	The first set of changes can be made in the short-term as they do not require significant additional policy work or complicated legislative amendments to implement – we expect that they would be made as part of a second tranche of primary legislative changes led by the new system steward.
Impact on off-licences	These compliance monitoring and enforcement tools would also apply to off-licences.
Key stakeholder views	Sector representative groups supported a graduated enforcement framework to address non-compliance. Regulators supported the introduction of a wider range of infringement offences and an increase in infringement fees, but acknowledged this would require infrastructure, time and money to enforce.

Recommendation 6 – Allow DLCs to merge, set specific membership and training requirements for DLCs, and increase payments to DLC members	
Description	We recommend that decision-makers be further supported and professionalised through: • allowing DLCs (and associated administrative functions) to merge, especially in the context of the ongoing local government reform • setting more specific requirements (qualifications, experience, and community and mana whenua representation) to become a DLC member • introducing consistent training and guidance for DLC members, including about how to run effective hearings and engage well with different parts of the community. • increasing payments to DLC members.
Expected benefits	*Overall:* Fewer, better resourced and supported DLCs with capable and qualified members that make decisions that effectively contribute to achieving the purposes of the alcohol regulatory system.
	For hospitality businesses: Fairer licensing conditions and decisions, and potentially shorter timeframes to get a licence.
	For regulators and decision makers: Administrative efficiencies and additional resources to attract and retain capable decision makers.
Expected costs	We expect the costs to make these changes, including the development and delivery of training and guidance, are low and can be absorbed by the baseline funding of the stewardship function. We expect that the additional investment required to increase payments to DLC members could likely be covered by operational savings achieved by DLCs merging, with any shortfall supplemented by licensing fees.
Implementation	We recommend that any changes to decision-making structures be made as part of the local government amalgamation. Depending on the level of amalgamation achieved by these reforms, it may be warranted to revisit whether further amalgamation of DLCs is needed. The other changes can be made in the short-term as they do not require significant additional policy work, with primary legislative change and the development of resources led by the new system steward.
Impact on off-licences	We expect that that the benefits that are likely to be delivered by more effective decisions will apply across all licence types and processes, including for off-licences.
Key stakeholder views	Regulators most strongly supported allowing neighbouring DLCs to merge if they want to. A strong second to that was maintaining the status quo. Sector representatives were largely split on options for decision-making bodies. Some favoured merging DLCs to create 16 across the country, some supported having one central decision-making body, and one aligned with the regulators' preference to merge neighbouring DLCs if they want to.

COMMENT

If the problems we identify with DLCs remain after these changes, the system steward should consider whether further amalgamation is required

We expect Alcohol Recommendation 6, alongside the local government reforms, to go some way toward increasing the effectiveness of DLCs across the country and creating administrative efficiencies and savings for territorial authorities.

However, at the time of writing, we do not know the level of amalgamation that will occur as part of the local government reforms. We suggest the system steward continue to consider whether further amalgamation of DLCs would be beneficial (e.g., 8 in the country), especially if the local government reforms do not meaningfully decrease the number of DLCs (and therefore do not meaningfully increase the pool of members, nor create the expected administrative efficiencies and savings for territorial authorities).

Recommendation 7, Fees and Levies Recommendation 3 – Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees	
Description	We recommend introducing a banded fee framework to replace the existing range of risk-based fees. This new framework should include: • both minimum and maximum fees for each licence type (including on-licences and special licences) • principles for fee-setting within the band (i.e., a recalibrated risk-cost framework), and a process by which local cost pressures and compliance can be factored into fees • the process by which territorial authorities / licensing authorities can set fees for their region (for example, by notice) • the process by which the fees will be adjusted annually to reflect inflation • the mechanism and fee range for charging for inspections • the process by which all fee bands will be adjusted annually to reflect inflation • the process by which all territorial authorities may adjust their fees annually to reflect inflation • the statutory timeframe (120 days from the end of each financial year) by which territorial authorities must publish their cost recovery reporting for alcohol licensing activities, including a limitation from updating local fees in line with inflation where the timeframe is not met. In future, the Government could consider a further shift to a principles-based charging framework once the maturity of the alcohol regulatory system has improved.
Expected benefits	*Overall:* Provides a nationally consistent basis for charges that cost-recover alcohol licensing activities.
	For hospitality businesses: Reduces variability in compliance costs between regions, supports a recalibration of how the fee system captures risk, ensures costs are transparent and based on real services delivered, and may result in reduced charges for low-risk businesses. Continued compliance may also be recognised through lower fees.
	For regulators: Provides local government with moderate flexibility to set service prices that reflect their unique cost pressures and the present value of services delivered within consistent limits. Additionally, this approach sets stronger accountability measures to support central government to effectively assess the performance of the fees system in future.
Expected costs	We expect there will be moderate implementation costs for both central and local government in the short term to consult on, develop, and put in place the new charging framework, noting that MoJ would already be required to invest in a review of the fees framework in 2027.
Implementation	The new system steward would be responsible for consultation with territorial authorities to determine statutory bands and would lead amendments to secondary legislation to introduce the new fees framework.

Recommendation 7, Fees and Levies Recommendation 3 – Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees	
Impact on off-licences	We recommend an accompanying change in the application and annual / inspection fees for off-licences.
Key stakeholder views	We did not consult external stakeholders on this option.

Recommendation 8 – Introduce 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 compliance monitoring	
Description	We recommend that more significant changes be made to move away from current licence types and introduce a single risk framework. This should include: • removing the current licence types and introduce five new licence types categorised by risk (very low, low, medium, high, very high). an applicant's proposed way of selling alcohol, opening times, accompanying activities (e.g., dining, or dancing), and location sort them into one of the risk categories. • licensing criteria, requirements, fees, and inspection frequencies then all depend on the risk category.
Expected benefits	*Overall:* A more coherent regulatory system that is also better able to respond to changing risks, behaviours, and technologies, reducing alcohol-related harm and supporting innovation.
	For hospitality businesses: Clearer, more flexible, and more proportionate requirements.
	For regulators and decision makers: Clearer requirements more tools to proportionately respond to risk and community input.
Expected costs	We expect that development and implementation costs will likely be higher (between $1–2 million) across central and local government as they require changes to established IT systems, but there is opportunity for some savings if implemented alongside the IT changes that will be occurring already as part of the local government reforms.
Implementation	This recommendation requires additional policy work, alignment with the work on a risk framework for special licences already underway, and additional consultation with the sector, regulators, and communities to implement well. It will therefore need to progress on a slower timeframe and would likely be made as part of a second tranche of primary legislative changes led by the new system steward.
Impact on off-licences	We think it would be sensible to include off-licences under the new risk framework we are recommending.
Key stakeholder views	There was some support from regulators to introduce more specific alcohol licence categories based on risk, though most preferred the status quo. This is because they either believed the current system works well or are concerned about the cost or confusion that may occur through the establishment of a new system. All sector representative groups generally preferred that option, because the current licence categories do not fit how businesses actually operate.

COMMENT

The Sale and Supply of Alcohol Act 2012 and associated regulations would benefit from a full review to increase clarity and flexibility

Throughout the Review, we heard that regulators and regulated parties find the Sale and Supply of Alcohol Act 2012 and associated regulations hard to understand, interpret, apply, and implement. We agree, and think there would be merit in some parts of the Act being updated to clarify the intent of the law. We also think there would also be merit in reconsidering which requirements sit in primary legislation and which sit in secondary legislation based on the Legislation Design and Advisory Committee Legislation Guidelines.

This type of work was out of scope of the Review, as we were only considering the parts of the Act and associated regulations that apply to hospitality settings. We think the system steward would be best placed to undertake such a review (after their establishment), and changes could be progressed in the second tranche of legislative change.

Recommendation 9 – Introduce a nationwide information system about licences, certificates, compliance activity, performance, alcohol related crime, incidents, and health effects	
Description	• We recommend introducing nationwide information system about licences, certificates, compliance activity, performance, and alcohol related crime and incidents, and health effects.
Expected benefits	*Overall:* More effective compliance monitoring and enforcement, increasing the likelihood of identifying non-compliance and addressing risks early, reducing the likelihood of harm.
	For hospitality businesses: Less likely to get licences suspended, and fairer, more proportionate, and consistent consequences for non-compliance, and more opportunity to engage with regulators.
	For regulators and decision makers: Higher quality information about the system's performance, enforcement tools that are fit for purpose.
Expected costs	We expect the development and implementation of this nationwide system to be between $5–6 million.
Implementation	The commissioning of the system would be the responsibility of the system steward. Development and maintenance would likely be outsourced.
Impact on off-licences	They would be included in this system.
Key stakeholder views	Both regulators and sector representative groups broadly supported the creation of a nationwide information system.

Options identification and analysis

Methodology

17. To identify options, the Review considered:
    - the nature of likely underlying causes of the problems identified in Paper 2
    - submissions from regulated parties, representative groups, regulators, and other members of the public received during consultation or through the red tape tipline
    - how other regulatory systems in New Zealand and internationally address similar problems
    - the full range of government and private instruments available to address the problems.
18. We assess the options identified against the Review's assessment criteria. These are described in Table 1 below.

Table 1 - Criteria for the assessment of options

Criterion	High-level description
Effective	The option is likely to address the problem(s). *Note: If an option fails at against this criterion, the other criteria are not analysed unless there a point that might revive the option in under other circumstances.*
Efficient	The option is likely to address the problem(s) for the least cost.[3] The benefits of the option likely outweigh the ongoing costs to government and regulated parities.
Feasible	Implementing the option is likely to be achievable (i.e., the likely costs of making the change are proportionate to the expected benefits) Any risks that may undermine the effectiveness, efficiency, or implementation of the option are manageable.
Appropriate impact on individual rights and liberties[4]	The impact, if any, the option has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.

[3] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply trading off benefits and costs.

[4] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.

19. To assess the options, we have drawn from multiple sources of evidence, including direct and written engagement with hospitality businesses peak bodies, community organisations, and regulators; academic research; international comparisons; and economic analysis. Evidence is referenced, and we discuss areas where what we know is limited and where we have made informed judgements.

20. The meanings of our assessments are described in Table 2 - Assessment meaningsTable 2 below.

Table 2 - Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.
××	In no way meets the criterion.

21. Our assessments across the criteria are then averaged[5] across the relevant criteria for the overall assessment. In this average, the "Effective" criterion is weighted twice as high as the other criteria.

22. Based on this assessment, we identify the Review's preferred options to address each of the problems. Where options are not mutually exclusive, there are some places where we have identified more than one preferred option to address the problem. These preferred options are then packaged into our recommendations.

Te Tiriti o Waitangi | Treaty of Waitangi analysis

23. When assessing each option, we have considered how it may strengthen kawanatanga, rangatiratanga, and other key concepts in Te Tiriti o Waitangi | Treaty of Waitangi. We have also considered how the recommendations, when taken together, consider Te Tiriti o Waitangi | Treaty of Waitangi, and what implications this has on future detailed design. This analysis is attached at Annex 2.

24. This analysis follows the Cabinet circular on Te Tiriti o Waitangi | Treaty of Waitangi and research by the Health Promotion Agency | Te Hiringa Hauora.[6]

[5] A ✓ represents +1 point and × represents -1 point. Any criterion assessed as not applicable does not contribute. The total points are calculated, then divided by the number of criteria that were relevant to find the average. To avoid a rating of 0, if the average is between 0 and -1, the floor is taken, and if the average is between 0 and 1, the ceiling is taken. Otherwise, the average is rounded to the nearest integer as normal.

[6] Te Tiriti o Waitangi and alcohol law, Aprill 2022, Prepared for Te Hiringa Hauora | Health Promotion Agency by Kirsten Maynard.

Structure of this section

25. We identify options for each of the seven problems separately, noting where some options may address more than one problem.

26. Each section includes:

- a brief reiteration of the problem(s) and likely underlying causes, drawn from Paper 2
- descriptions of the choices and options we have identified to address the problem and underlying causes. These descriptions also include consideration of whether options are mutually exclusive or complementary
- table(s) that lay out assessment of the options against our criteria
- identification of our preferred option(s)
- a discussion of the implementation considerations of these preferred options.

Options to improve the stewardship of the alcohol regulatory system

The problem and likely underlying causes

27. **Problem:** Overall, our assessment is that the alcohol regulatory system is not being effectively, efficiently, nor proportionately stewarded. There is little governance, monitoring and evaluation, nor coherent implementation support[7], and some aspects of the Act and associated regulations have not been adjusted to maintain their effectiveness over time.

28. **Likely underlying causes the problem**:

    - The large number of frontline regulators and decision makers with different resource constraints, priorities, and cultures.
    - Funding and design choices that capacity constraints, no relevant operational staff, and competing priorities within MoJ and other government agencies
    - The overlap between the roles of Health NZ, MoJ, and ARLA.

Options to address this problem

29. Overall, we think that improving the stewardship of the alcohol regulatory system is not likely to be possible without additional, dedicated, and coordinated strategic and operational policy resource. We therefore discarded (and did not analyse further) any options that did not include additional investment.

30. As discussed in Paper 2, comparisons to similar regulatory systems in New Zealand and internationally indicate that the current resourcing and investment is too low to effectively steward a regulatory system with the scale and level of ambition of the alcohol regulatory system. Additionally, discussions with MoJ have indicated that they currently have no capacity to take on additional stewardship responsibilities without additional resource, and additional resource is not currently able to be reprioritised within MoJ.

31. Assuming additional investment, there *a choice* between maintaining the current machinery of government – MoJ as the system steward and operational policy resource distributed across Police, Health NZ and TAs – or changing the machinery of government to potentially make stewardship more effective and efficient.

32. These options are described in Table 3 and assessed against our criteria in Table 4 below.

[7] As discussed in Paper 2, we acknowledge that there is a significant amount of guidance available produced by MoJ, Health NZ (previously HPA), and other organisations. This guidance being spread over multiple agencies, and there are gaps.

Table 3 – Description of options to improve the stewardship of the alcohol regulatory system

#	Option	Description of the option
1.A	**Status quo** *[Mutually exclusive with other options in this table]*	Responsibility for the stewardship of the alcohol regulatory system remains with Ministry of Justice, with current structure and resources.
1.B	**Additional investment, but no significant changes to machinery of government** *[Mutually exclusive with other options in this table]*	Responsibility for the stewardship of the alcohol regulatory system remains with MoJ, with additional investment in dedicated strategic and operational policy resources, and clarification of what the role entails. This would likely involve establishing a dedicated alcohol policy team within MoJ. No legislative change would be needed to implement this option.
1.C	**Additional investment and significant changes to machinery of government** *[Mutually exclusive with other options in this table]*	Transfer the responsibility for the stewardship of the alcohol regulatory system to a different agency, including the administration of the Act and associated secondary legislation. Responsibility for ARLA would remain with MoJ, as they are generally responsible for supporting tribunals. As above, this option includes additional investment in dedicated strategic and operational policy resources, including establishing a dedicated alcohol policy team within that agency. The new agency would need good compatibility of functions and powers[8], experience regulating similar "legal but harmful" policy areas (i.e., gambling and pornography) and have structural relationships with local regulators. We considered establishing an Interdepartmental Executive Board (IEB) with a dedicated policy resource because of the large number of relevant agencies and consensus about objectives, but discarded this option because of the benefits of the additional complexity and joint stewardship of the system were unclear.[9] No legislative change would be needed to implement this option.

[8] Informed by "Guidance: Advising on organisational form", Public Service Commission
[9] Informed by "Guidance: System Design Toolkit for shared problems", and "Supplementary guidance note – interdepartmental executive board", Public Service Commission.

Table 4 – Assessment of options to improve the stewardship of the alcohol regulatory system

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
1.A	**Status quo**	×× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	×× Discarded
1.B	**Additional investment, but no significant changes to machinery of government**	✓ • We think additional investment and ringfenced resource would allow MoJ to establish and maintain the features of a well-stewarded system (system governance, relationships with front-line regulators, monitoring and evaluation of performance, training and guidance, and a work programme of continuous improvement for the Act and associated secondary legislation). • We expect that clarifying stewardship roles and responsibilities will reduce the overlap between the roles of Health NZ, Police, ARLA and MoJ. • There is the risk that the function is deprioritised within the agency over time, potentially reducing effectiveness. • We expect strengthened stewardship will drive more effective and efficient regulatory practice and create a regulatory system that responds to changing behaviours and technologies, potentially increasing the effectiveness of the alcohol regulatory system.	✓ • Clarifying stewardship roles will result in the transfer of some functions (and potentially staff) from other regulators (especially Health NZ, who currently issue guidance to TAs and regulated parties on their responsibilities). This will likely create operational efficiencies and reduce overheads in comparison to the status quo. • Considering policy resource dedicated to regulatory systems that manage similar levels of risk[10] we estimate that an additional investment of approximately $1-2m per year (approx. 7 FTE)[11] would be sufficient to deliver strengthened stewardship functions. The potential benefits generated by this additional investment would have to be small to break even. We think that, given the low baseline of stewardship, this would be likely.	✓ This option aligns with the recently announced public sector reforms which prioritise consolidation. While the exact nature of agency consolidations is not yet known, this change could potentially be feasibly implemented as part these changes, as implementing any changes together may minimise the productivity dips that restructuring often causes.[12]	*Not applicable*	✓ Discarded, as rated lower than Option 1.C.
1.C	**Additional investment and changes to machinery of government**	✓✓ As above for Option 1.B, but with the additional benefits of: • being able to leverage existing policy and operational expertise and structures, which we think will likely make stewardship activities more effective. • potentially reducing the risk that the function is deprioritised over time (i.e., a “clean break” from previous prioritisation decisions)	✓ As above for Option 1.B, but with the additional potential benefit of further operational efficiencies between the alcohol and other similar regulatory systems (specific efficiencies will depend on which agency the function is moved to).	✓ As above for Option 1.B.	*Not applicable*	✓✓ **Preferred option** **Included in Recommendation 1**

[10] Food safety, gambling, workplace health and safety.
[11] Based on an average of $135k per FTE, which was estimated based on the operational expenditure of the regulators in the three regulatory systems above.
[12] Norman, Richard and Derek Gill. “Restructuring an Over-Used Lever for Change in New Zealand’s State Sector?” Working Paper, IGPS, 2011.

Our preferred option to improve the stewardship of the alcohol regulatory system

33. **Preferred option:** Based on the assessment above, our preferred option is Option 1.C - Additional investment in stewardship and changes to machinery of government.[13] We expect this option will consolidate and strengthen the stewardship functions that currently sit across three government agencies, creating operational efficiencies and driving more effective and efficient regulatory practice (**Recommendation 1**).

Implementation considerations of our preferred option

34. There are implementation considerations that will need to be worked through for our preferred option if it is progressed, including potential sources of the ring-fenced funding. There may be options to fund the steward through licensing fees (creating a user-pays model), or by hypothecating some of the excise taxes collected on the sale of alcohol.

[13] We acknowledge that a central policy agency recommending additional central policy resource to effectively steward and administer a system could be described as rent-seeking by the professional managerial class. However, we argue that the baseline of the stewardship of the alcohol regulatory system is currently so low that this is not the case of requesting significant additional resource for marginal gains, but rather investing in a function that we see as necessary for the effective and efficient functioning of a regulatory system that has historically been underinvested in.

A central regulator for the alcohol regulatory system?

The Review seriously considered whether establishing a central regulator to manage the alcohol regulatory system was an overarching option that would effectively address many of the issues we identified.

Broadly, the central regulator we considered would employ local operational staff (i.e., licensing inspectors, health experts), local decision makers (i.e., DLC members), and operational policy staff in local and regional roles (WorkSafe and the gambling regulator as examples). TAs would no longer have any role in the administration or delivery of the alcohol regulatory system.

In general, we think that centralisation could deliver greater efficiency than the current state through economies of scale and scope; reduce administrative burden, complexity, and inconsistency for regulated parties; and create a better connection between policy and operational functions.

Preliminary analysis indicated that costs of a central regulator could be reasonably covered by licensing fees (a user-pays model), but establishment costs may be significant - between$3-5 million) and lead-in times to achieving benefits and cost neutrality may be up to two years.

Through this options analysis we have determined that the benefits we expect through centralisation could potentially alternatively be achieved through stronger stewardship within existing regulatory structures, additional investment in regulator and decision-making capability, and changes to legislative requirements. These options are likely to be less expensive than establishing a central regulator, and we are currently more confident that these options are a more efficient way of achieving these benefits.

However, if implemented and our recommendations turn out be less effective or efficient than we thought, we would like to keep the idea of a central regulator for the alcohol regulatory system alive in the minds of policymakers and Ministers.

Options to make licensing and renewal requirements and processes more proportionate to risk

The problem and likely underlying causes

35. **Problem:** Licensing and renewal requirements and processes can be disproportionate to the potential risk posed by hospitality settings.

36. **Likely underlying causes the problem**:

- Regulatory practice:
    i. strict interpretations of broad requirements
    ii. limited use of available discretion to make requirements more proportionate
    iii. regulators stepping outside of their designated roles.
- Legislative design:
    i. design of the license types and their associated requirements
    ii. broad, and therefore sometimes unclear, legislative requirements
    iii. duplicative requirements between initial application and the renewal process.

Options to address this problem

37. We think that there are two sets of options to make licensing and renewal requirements and processes more proportionate:

- *[Option set 2A]* there is a *choice* to introduce greater flexibility, and / or reduce flexibility and increase specificity. Greater flexibility would allow regulators to respond more proportionately to different risk profiles; conversely, reducing flexibility and increasing specificity by making legislative requirements more specific to risk, reducing discretion but increasing certainty and proportionality
- *[Option set 2B]* options for simplifying and streamlining renewals, including potentially scaling renewal periods by risk and / or performance.

38. Option set 2A is described in Table 5 and assessed against our criteria in Table 6 below. Option set 2B is described in Table 7 and assessed against our criteria in Table 8 below.

Table 5 - Options to alter flexibility of licensing requirements and processes to improve proportionality

#	Option	Description of the option
2.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	No changes to the flexibility or specificity of licence types or licensing criteria.
2.A.1	*[Choice to introduce more flexibility]* **Replace on, club, and special licences with one type of licence**, where the specific requirements to get and keep the licence are set on a case-by-case basis by regulators. *[This option is mutually exclusive with Option 2.A.4, and dependent on other options discussed in other sections to improve oversight and regulator capability and capacity]*	This option would remove the current licence types and create highly bespoke licences where the requirements to get and keep the licence are tailored to each licensee's / applicant's situation. Regulators could have full discretion over what these requirements are, or there could be a set of requirements that regulators could choose from and adapt. Depending on the circumstances, this licence could be held by a premise/event (as per the status quo), a business (meaning more than one premise could be open under a single licence), or an individual. This option would require primary and secondary legislative change to implement. An example: single licence could allow a restaurant to sell beer, wine and spirits for consumption while dining, and also sell wine for takeaway. Their licence would carry a unique set of requirements that seek to mitigate their specific risks.

#	Option	Description of the option
2.A.2	*[Choice to introduce more flexibility]* **Allow DLCs to exempt applicants from requirements / licensing criteria in certain circumstances.** *[This option is complementary with other options in this table (other than the status quo), as these exemptions could apply to current licensing criteria (i.e., Option 2.A.5), or new licensing criteria (i.e., Options 2.A.1 and 2.A.4)]*	This option would set principles in regulation for when DLCs could exempt applicants from a small subset of the current licensing criteria, when those criteria are not relevant for a particular licensee / applicant, or there are extenuating circumstances that affect a licensee's / applicant's ability to meet the criterion. Exemptions would be at the discretion of the DLC, and not automatic. This option would require primary legislative change to implement. Examples: A DLC could exempt an applicant from the requirement to provide a certificate that the premises meets the requirements of the building code (currently s100(f)) if they were satisfied that the ongoing building work did not compromise the ability for the licence holder to sell and supply alcohol responsibly and safely. A DLC could exempt an applicant for a special licence from the amenity and good order licensing criteria (currently s142(1)(e)) because application is for the variation of hours for a licensed premise. This would mean that the applicant would not have to provide evidence to decision-makers that they will not have an impact on the amenity and good order of the locality as part of their application.

#	Option	Description of the option
2.A.3	*[Choice to introduce more flexibility]* Introduce **temporary licences** that are granted in certain circumstances where certain licensing criteria are met *[This option is complementary with other options in this table other than the status quo]*	This option would remove temporary authorities and create temporary licences. Temporary licences would be licences valid for a certain period of time (i.e., 1, 3, or 6 months), and there would be a pathway to convert a temporary licence to a 'normal' licence. This option would create a set of criteria in regulation for when decision makers can grant temporary licences – i.e., the licensing criteria which must be met to grant the licence (which could be a combination of current licensing criteria and new criteria introduced for the purposes of granting temporary licences – to be determined through detailed design). This option would require primary legislative change to implement. (Note on the status quo: Temporary authorities are most often granted to bridge the gap between licence holders when a licensed premises is sold so the new business owner can still operate the premises. Other than demonstrating ownership of the currently licensed premises, there are no criteria that must be met to be granted a temporary authority. They are valid for 3 months, but can be granted any number of times. Temporary authorities are not licences, and so enforcement of conditions is unclear to regulators, i.e., the normal enforcement tools do not necessarily apply).

#	Option	Description of the option
2.A.4	*[Choice to reduce flexibility but increase specificity]* Replace on, club, and special licences with more **specific licences based on risk classifications** *[This option is mutually exclusive to Option 2.A.1 and the status quo, but complementary with other options in this table]*	This option would remove the current licence types and introduce types of licence based on risk (e.g. high-risk licence, medium-risk licence, low-risk licence, etc.), where the requirements to get and keep the licence are specific to each category. (Note on the status quo: The current fees regulations currently outline a risk framework based on the combination of type of business, opening hours, and compliance history – this risk framework currently only changes the fees licensees pay, not the requirements they have to meet). This option would include the development of a new, evidence-based risk framework that, at minimum, considers an applicant's proposed way of selling alcohol, opening times, accompanying activities, and location as part of determining a risk rating. Licensing requirements, criteria, fees, and inspection frequencies then all depend on the risk category of the licence. There would be a clear pathway to upgrade or downgrade a licence if a licensee's risk changes over time (e.g., if their activities change or the context / community around the premises changes). Like Option 2.A.1, this licence could be held by a premise/event, a business, or an individual. This option would require primary and secondary legislative change to implement.
2.A.5	*[Choice to reduce flexibility but increase specificity]* **Change the licensing criteria to be more specific** *[This option is complementary with other options in this table other than the status quo, as it can apply to current licensing criteria (if Option 2.A.1 or Option 2.A.4 are not progressed), or any new licensing criteria if licence types are changed]*	This option would make the licensing criteria (which are currently described in s105(1) and s142(1) of the Act) more specific, either in primary legislation, or in regulation (as is currently done for manager's certificates). This option would require primary, and potentially secondary, legislative change to implement. An example: the criteria about the design and layout of the proposed premise (currently s105(1)(e)) could specify design criteria for different types of business (e.g., the design of a nightclub must allow for the adequate supervision of all patrons who may be drinking from the bar area(s)).

Table 6 – Assessment of options to alter flexibility of licensing requirements and processes to improve proportionality

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
2.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	× Discarded
2.A.1	*[Choice to introduce more flexibility]* **Replace on, club, and special licences with one type of licence** *[This option is mutually exclusive with Option 2.A.4, and dependent on other options discussed in other sections to improve oversight and regulator capability and capacity]*	× • This option is intended to make the barriers to getting a licence more proportional to the specific circumstances and risks posed by individual businesses by improving flexibility for businesses and local authorities to respond to individual risk profiles, circumstances, and business plans. • However, this option requires a high level of regulator capacity, capability, and central oversight to administer effectively, lest poor implementation introduce additional complexity, inconsistency, and uncertainty. Our view, informed by feedback from regulators and regulated parties, is that this capacity and capability is not currently present in the system and is unlikely to be created in the short to medium term, significantly reducing the likely effectiveness of the option. • Most people we engaged regarding options did not support this option.	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	× Discarded

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
2.A.2	*[Choice to introduce more flexibility]* **Allow regulators to exempt applicants from criteria in particular circumstances.** *[This option is complementary with other options in this table (other than the status quo), as these exemptions could apply to current licensing criteria (i.e., Option 2.A.5), or new licensing criteria (i.e., Options 2.A.1 and 2.A.4)]*	✓ • We expect this option to make barriers to getting a licence more proportionate by clearly giving regulators (specifically DLCs) discretion to respond to a specific applicant's situation (within boundaries) while still managing risks. • We also think this option may improve efficiency, as applicants will not need to provide information to regulators to meet a criterion that is not relevant to their circumstances, and some businesses may be able to get their licence / start operating sooner than they otherwise would have. • Most people we engaged regarding options did not support this option (for reasons discussed against the "Feasible" criterion), but of the changes, it was the most supported.	✓✓ • Feedback from regulators is that the implementation costs of this option are likely to small, indicating that the benefits of this option are very likely to outweigh the costs.	✓ *Risk to effectiveness:* Our view, informed by feedback from regulated parties and regulators, is that this option may introduce additional inconsistency (i.e., if some regulators use and interpret exemptions differently) and may potentially increase harm if exemptions are used inappropriately (i.e., allowing a person who is unsuitable to get a licence). We think this can be effectively mitigated by additional stewardship and guidance (see Option 1.C), embedding a relatively high level of specificity into the exemption framework, and introducing additional enforcement tools for regulators (see Options 7.X) so they can respond appropriately if things go wrong.	✓ We think that this option does not unduly reduce individual or business rights and liberties, and seeks to strike the right balance between operational freedom, and mitigating the risks and market failures caused by alcohol and protecting public health.	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system and additional enforcement tools for regulators. **Included in Recommendation 3**
2.A.3	*[Choice to introduce more flexibility]* **Replace temporary authorities with temporary licences** *[This option is complementary with other options in this table other than the status quo]*	✓ • Like Option 2.A.2 above, we expect this option make barriers to getting a licence more proportionate by increasing the barrier for initially serving alcohol by introducing more effective safeguards than temporary authorities currently provide, and also resolving some of the legal grey areas that arise from temporary authorities. • As above for option 2.A.2, most people we engaged regarding options did not support this option. However, of the changes, it was the second most supported, and received significant support from NZ Police. An alternative option that was suggested was to extend temporary authorities for 6 months, to reduce the number of times an applicant would have to apply for one. Our view is that this would achieve more flexibility, but not resolve the legal grey areas that arise.	✓ • Feeback from regulators indicates that the infrastructure for temporary authorities can likely be redeployed at a relatively low cost to manage this new licence type, indicating that the benefits of this option are likely to outweigh the costs.	✓ As above for Option 2.A.2.	✓ As above for Option 2.A.2.	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system and additional enforcement tools for regulators. **Included in Recommendation 3**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
2.A.4	*[Choice to reduce flexibility but increase specificity]* **Replace on-, club, and special licences with simpler, more specific licences based on risk classifications** *[This option is mutually exclusive to Option 2.A.1 and the status quo, but complementary with other options in this table]*	✓✓ • Like Option 2.A.1 above, we expect this option to make the barriers to getting a licence more proportionate to the specific circumstances and risks posed by businesses, but unlike Option 2.A.1 this is done by making the requirements clearer and more specific, increasing certainty for businesses rather than increasing flexibility in requirements. We think this approach of increasing specificity is likely to be more effective than increasing discretion given the current levels of capability, guidance and stewardship in the alcohol regulatory system. • We think this option would also likely support innovation by allowing businesses to step out of the boundaries set by current licence types without significant investment while still managing risks. • We also think this option may reduce alcohol-related harm because the interventions inherent in the licensing system (such as conditions and inspection frequencies) will be more matched to risk than the status quo. There is the potential that this option could increase the density of premises that can sell alcohol for consumption off-premises, but New Zealand and international evidence is mixed on whether it is specifically off-premises sales, rather than availability, that increases the risk. We do not think this option would increase overall availability (because the barriers to getting a licence would remain as per the status quo), so is unlikely to increase the risk of harm. However, we are also considering additional monitoring and information collection so that if this assumption is incorrect, the system can respond appropriately. • We also think that using a single risk framework to inform requirements,	✓ • Feeback from regulators is that implementation costs (e.g., changing computer systems, forms, and internal documents to accommodate the new licence types) are likely to be quite high, although potentially lower than for Option 2.A.1 above, as a risk framework is already embedded into some processes (including invoicing infrastructure, which we heard from TAs is the hardest to change). Costs are provisionally estimated to be between $15k and $50k for each TA to make these changes, but savings could potentially be found if implemented as part of local government amalgamation, which will require significant technology infrastructure change. • The benefits of a simplified, more risk-based system are difficult to quantify, but we are comfortable that, especially over the long term, the benefits over time from clarity, more certainty, reduced administration, and a potential reduction in harm will outweigh the relatively high implementation costs.	✓ • This option builds on current reforms which seek to introduce a risk framework for the assessment of special licences. We think that it is feasible to extend this work to develop and introduce a new, evidence-based risk framework for all licences. • However, the new framework may take some time to develop, especially if it is done in consultation with the sector, communities, iwi, hapū, and local regulators and decision-makers (which we recommend).	✓ As above for Option 2.A.2.	✓ **Preferred option,** but to be implemented over the medium to long term **Included in Recommendation 8**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
		processes, and fees will reduce complexity for regulated parties, and regulators, potentially reducing their administrative costs. • Of those who supported any changes at all to licences, most supported this option. Overall, about a third of people we engaged on options supported this option.				
2.A.5	*[Choice to reduce flexibility but increase specificity]* **Change the licensing criteria to be more specific** *[This option is complementary with other options in this table other than the status quo, as it can apply to current licensing criteria (if Option 2.A.1 or option 2.A.4 are not progressed), or any new licensing criteria if licence types are changed]*	✓ • We expect this option to make barriers to getting a licence more proportionate by making requirements clearer and more specific to risk. This would also provide regulators with clearer boundaries within which to use their discretion, which may reduce the likelihood of disproportionately high requirements being placed on lower-risk businesses, while maintaining standards for higher-risk businesses. • This option would likely increase certainty for businesses and potentially reduce workloads and risk for regulators, which may also lead to faster assessment times and greater efficiency. • Of those who supported any changes at all to licences, the fewest people supported this option.	✓✓ Feedback from regulators is that the implementation costs of this option are likely small, indicating that the benefits of this option are very likely to outweigh the costs.	✓ *Risk to effectiveness:* There is the risk that specifying the licensing criteria may constrain regulators and DLCs too much, potentially reducing effectiveness by not allowing them to consider factors that may have a downstream impact on alcohol harm. However, we think this can be mitigated through careful legislative design, ongoing consultation throughout the design process, training after changes are made, and oversight by the system steward throughout implementation to catch any gaps.	✓ As above for Option 2.A.2.	✓ **Preferred option** **Included in Recommendation 3**

Table 7 - Options to streamline renewal requirements and processes

#	Option	Description of the option
2.B.0	**Status quo** *[Mutually exclusive with other options in this table]*	No changes to the renewal process or frequency. All licences must be renewed, initially after one year, then every 3 years. Temporary authorities are valid for 3 months. Regulators have the discretion to shorten renewal periods if needed.
2.B.1	**Streamline the requirements and process to renew a licence** *[Complementary with other options in this table, other than the status quo, and dependent on Option 3.B.2 which introduces a new prescribed renewal form]*	This option would amend the Act (ss 125 to 132 as needed) to introduce a new set of requirements and a new streamlined process to a renew a licence that are more clearly distinct from the requirements and process to get a licence for the first time. The new set of requirements would focus on demonstrating continuing compliance with the Act and seek to understand changes from the last renewal / application. This option would require primary and secondary legislative change to implement.
2.B.2	**Scale licence renewal periods by risk and performance** *[Mutually exclusive with Option 2.B.3 and the status quo, but complementary with Option 2.B.1]*	This option would establish a framework in regulation for how decision makers determine how long a licence is valid for (including temporary authorities, if retained, and temporary licences, if progressed), and therefore when it must be renewed, based on the risk of a licence and the performance of the licence holder. If no changes are made to the risk framework, this framework would reflect the dimensions of risk outlined in the fees regulations. This framework would set a minimum and maximum renewal frequency for each risk level, within which regulators could then set a renewal frequency based on the performance of the licence holder. The framework would include a mechanism to change the risk classification of a premises if necessary. This option would require primary and secondary legislative change to implement.
2.B.3	**Renewal periods scaled solely on performance** *[Mutually exclusive with Option 2.B.2 and the status quo, but complementary with Option 2.B.1]*	Like Option 2.B.2, this option would establish a framework in regulation for how decision makers determine when a licence is renewed. Unlike Option 2.B.2, this framework would only consider performance (e.g., a business with a sub-standard compliance record has their licence renewed more frequently than a business with no compliance problems). This option would require primary and secondary legislative change to implement.

Table 8 – Assessment of options to streamline renewal requirements and processes

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
2.B.0	**Status quo** *[Mutually exclusive with other options in this table]*	×× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	×× Discarded
2.B.1	**Streamline the requirements and process to renew a licence** *[Complementary with other options in this table, other than the status quo, and dependent on Option 3.B.2 which introduces a new prescribed renewal form]*	✓✓ • We expect this option to reduce requirements for renewals to bring them more in line with the intended purposes of renewals within a licensing regime. As discussed in Paper 2, our view is that a renewal is a 'check-in' with regulators, rather than a reapplication for a licence, and that harm and non-compliance should be dealt with swiftly with the appropriate enforcement tool. • Jurisdictions such as the United Kingdom and some states in Australia and the United States of America do not require a licence to be renewed. Licences either expire annually and are retained upon the payment of a fee only (i.e., analogous to our annual fees) or are held in perpetuity unless there are compliance concerns. This, and the extremely low numbers of licences that are declined at renewal indicate to us that this option carries very little risk of increasing harm or allowing licences to be held inappropriately (especially since we are also recommending more enforcement tools). • We did not engage specifically on this option (as we decided to explicitly present it as an option for clarity after stakeholder engagement), but it has significant support from the hospitality representative bodies.	✓✓ • Feedback from regulators indicates that the implementation costs of this option may be moderate upfront (e.g., creating new forms and internal documents to support the new process), but the ongoing costs of renewals should be lower overall than the current state, as there would be less work involved in renewing a licence. • If further changes are made in the future (e.g., Recommendation 8), we think that it would be possible to implement this option without any changes to IT systems (as regulators could accept incomplete forms) as a stopgap before more major changes. • Regulated parties told us that the benefits of this option for them would be significant, meaning we think it is likely that overall, this option would achieve more benefits for lower costs than the current state.	✓ *Risk to effective implementation:* there is a risk that this option is not effective in practice if regulators continue to apply the old process. Therefore, the effective implementation of this option is dependent on stronger stewardship and the consistent implementation of the new, shorter, renewal forms by TAs (Option 3.B.2 below).	✓ We think that this option does not unduly reduce individual or business rights and liberties, and seeks to strike the right balance between operational freedom, and mitigating the risks and market failures caused by alcohol and protecting public health.	✓✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system **Included in Recommendation 2**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
2.B.2	**Scale licence renewal periods by risk and performance** *[Mutually exclusive with Option 2.B.3 and the status quo, but complementary with Option 2.B.1]*	✓ • We expect this option to make licence renewals more proportionate by differentiating requirements based on risk and giving regulators discretion (within boundaries) to reduce renewal requirements for 'good operators' and increase renewal requirements and oversight for 'poor operators'. • We also expect this option to improve compliance by creating additional monetary incentives (i.e., not having to pay a renewal fee as often) to comply and demonstrate compliance. • Most of the people we engaged regarding options supported this option (over option 2.B.3, scaling renewals solely on performance) because while either would be more proportionate than the status quo, they thought this option would increase the likelihood of issues being identified in high-risk premises. This feedback indicates to us that scaling by risk as well may incentivise the behaviour we currently see from some regulators where they wait for renewals to monitor or intervene (rather than regularly monitoring and intervening when necessary). We do not want to support this behaviour, and it and may reduce the effectiveness of this option.	✓✓ Feedback from regulators is that the implementation costs of this option are likely to small (e.g., changes to their websites), and the ongoing costs of renewals should be lower overall than the current state. This indicates that the benefits of this option are very likely to outweigh the costs. This option may also improve efficiency for some businesses, as they would have to renew their licence less frequently, reducing administrative work.	✓ *Risks to effective implementation:* We have no oversight of the number of businesses in each category of the current risk framework in the fees regulations, and therefore have no oversight of how renewal periods would change and therefore how much work it would be to transition to the new system. We think this could be partially mitigated by streamlining the renewals process (Option 2.B.1) which would reduce the work required from regulators to renew lower-risk licences, allowing regulators to focus their effort on higher priority / higher risk licences and reducing work overall. Additionally, the transition period would also likely be long (likely starting after a premises' next renewal, meaning three years for implementation to be complete). This may conflict with or create additional confusion with Recommendation 8 (changing licence types, if this is progressed). Independent of this, there is also the risk that this option may introduce unnecessary complexity into the process, and may initially increase workloads for some regulators as they initially work to apply the framework and communicate changes to licence holders.	✓ As above for Option 2.B.1.	✓ Discarded, as rated lower than option 2.B.3

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
2.B.3	**Renewal periods scaled solely on performance** *[Mutually exclusive with Option 2.B.2 and the status quo, but complementary with Option 2.B.1]*	✓✓ • Like Option 2.B.2 above, we expect this option to make licence renewals more proportionate and introduce additional incentives to comply and demonstrate compliance. • This option would likely introduce less complexity into the process than Option 2.B.2, which may increase effectiveness. • As indicated above, most of the people we engaged regarding options did not support this option (supporting option 2.B.2 instead) - feedback from regulators has indicated that this may not be as effective as Option 2.B.2, as scaling renewal periods solely on performance and not considering risk provides an opportunity for non-compliance to go unidentified and unaddressed in high-risk settings, where it may be more impactful than non-compliance going unidentified and unaddressed in low-risk settings. • However, as discussed above, we wish to decouple renewals from compliance monitoring (with a decreased renewal period being a consequence of non-compliance, rather than the mechanism to identify non-compliance) and we think that this option incentivises this more than option 2.B.2.	✓✓ As above for Option 2.B.2.	✓ *Risks to effectiveness:* Feedback from regulators indicates this option relies more heavily on accurate and accessible information about licensees' compliance history than Option 2.B.2 – information that regulators told us does not exist in in many places. We think that while this is a risk, it will incentivise the collection of this compliance information in a more systematic way. This could be supported by setting minimum inspection frequencies (Option 7.D), allowing TAs to charge inspection fees (see our recommendations explored in the Fees and levies) and more accessible information about performance (Option 7.F). These mitigations will take time to implement, potentially slightly reducing the feasibility of this option.	✓ As above for Option 2.B.1.	✓✓ **Preferred option** **Included in Recommendation 2**

Our preferred options to make licensing and renewal requirements and processes more proportionate to risk

39. **Preferred options:** Based on the assessment above, our preferred options are:

- Overall, our evidence and analysis suggest that the alcohol regulatory system would benefit from more straightforward and explicit alignment against the risk posed by serving alcohol in different settings. Therefore, we recommend Option 2.A.4 (Replace on, club, and special licences with more specific licences based on risk classifications) be implemented in the medium term (**Recommendation 8**). This would entail the development of a risk framework that sets out, for each type of licence:
    i. what the licences are (i.e., "Class 1: very low risk licence" to "Class 6: very high risk licences") and what activities they cover, including temporary licences.
    ii. the different licensing criteria, and ways of demonstrating that an applicant meets those criteria that are proportionate to the risk of the licence (i.e., the requirements are more specific and stricter the higher the risk of the licence)
    iii. licence conditions (or criteria for determining them) that can be applied to each type of licence
    iv. application and renewal processes, regulator involvement in these processes
    v. fees.
- This may take some time to develop. Therefore, we recommend taking a combined approach and implement some other options in the short-term (e.g., before the end of 2027):
    i. Option 2.A.2 - Allow regulators to exempt applicants from criteria in particular circumstances (**Recommendation 3**)
    ii. Option 2.A.3 – Temporary licences (**Recommendation 3**).
    iii. Option 2.A.5 - Change the licensing criteria to be more specific (**Recommendation 3**)
    iv. Option 2.B.1 - Streamline the requirements and process to renew a licence (**Recommendation 2**)
    v. Option 2.B.3 - Scale licence renewal periods by performance (**Recommendation 2**).

Implementation considerations of our preferred options

40. We propose the following sequence of implementation of our preferred options:

- Progress policy work and implementation of options 2.A.2 (exemptions), 2.A.3 (temporary licences), 2.A.5 (licensing criteria), 2.B.1 (renewal processes) and 2.B.3 (scaling renewal periods) as soon as possible, for implementation before the end of 2027.
- We recommend that Option 2.A.4 be implemented in the medium term (i.e., in 2028 and 2029) because it will require significant additional policy work to develop, including further collaboration and consultation with the public, iwi, hapū, regulated parties, and regulators. While we cannot recommend it as it is out of scope of the Review, we think this change should include off-licences to maintain the coherency of the framework. Therefore, we think it would be best to establish the system steward (Recommendation 1), then make them responsible for progressing this recommendation.

Options to make licensing and renewal processes more efficient

The problem and likely underlying causes

41. **Problem:** Licensing and renewal processes can be inefficient.

42. **Likely underlying causes the problem**:

- Regulatory practice:
    i. regulated parties not providing enough information on applications
    ii. regulators asking for additional information to assess applications against the licensing criteria (contributed to by strict interpretations of broad requirements)
    iii. strict interpretations of broad requirements (contributed to by broad requirements and limited guidance and stewardship)
    iv. regulators stepping outside of their designated roles (contributed to by limited training opportunities and hearings not necessarily being efficient nor proportionate)
    v. regulator capability issues (contributed to by limited training and stewardship)
    vi. regulator and DLC member capacity issues (contributed to by competing priorities at the local level, and the design of decision-making structures).
- Legislative design:
    i. broad, and therefore sometimes unclear, legislative requirements
    ii. duplicative requirements between the initial application and the renewal process
    iii. the design of decision-making structures.

Options to address this problem

43. We have identified several options that may make licensing and renewal processes more efficient:

- *[Option set 3A]* provide more support for applicants and regulators throughout the process
- *[Option set 3B]* introduce simpler, standard forms for applications and renewals
- *[Option 3C]* introduce statutory timeframes for the assessment of licence applications and renewals (for clarity, this option does not include setting a statutory timeframe from application receipt to decision) – more discussion about statutory timeframes as a mechanism is contained in the 'Decision-making timeframes' supplementary paper
- *[Option 3D]* introduce automatic approvals (after a certain time period) for some lower risk-licence renewals

- *[Option set 3E]* we think there is a *choice* to increase efficiency by centralising some functions – this could look like a 'single front door' across the country that receives all licence applications, or a 'single front door' that both receives and assesses applications centrally
- *[Option set 3F]* there is a *choice* to increase efficiency by altering flexibility for when regulators are involved (or not) in the licensing process: Introduce more flexibility for regulators to decide when they are involved, or reducing flexibility but increase specificity about when regulators are involved
- *[Option set 3G]* there is a *choice* to increase efficiency by increasing the capacity of decision-making bodies by centralising and / or decentralising decision-making functions. Centralising decision-making functions could look like allowing neighbouring DLCs to merge, merging DLCs to create a total of 16 across the country, or creating one central decision-making body that decides on all licences. Decentralising decision-making functions could look like delegating some decisions on renewals to licensing inspectors.

44. Option sets 3A through 3D are described in Table 9 and assessed against our criteria in Table 10 below.

45. Option sets 3E, 3F, and 3G are described in Table 11, Table 13, and Table 15 and assessed against our criteria in Table 12, Table 14, and Table 16 respectively.

Table 9 - Options to improve the efficiency of the licensing and renewal process

#	Option	Description of the option
3.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	No changes to the licensing or renewal process to improve efficiency.
3.A.1	**Explicitly allow pre-application meetings** between applicants and regulators. *[This option is complementary with other options in this table, other than the status quo]*	This option would clarify (likely through guidance) that pre-application meetings between applicants and regulators are permitted, and set expectations for the content and structure of these meetings. This would apply for applications for both licences and managers' certificates (if duty managers' certificates are retained). The purpose of pre-application meetings is to help applicants understand the requirements and help regulators understand the applicant's risk profile. (Note on the status quo: this currently occurs in some places across the country, and not in others) No legislative change would be needed to implement this option.

#	Option	Description of the option
3.A.2	We could introduce **consistent training and additional guidance for those who inquire into applications**, which could include creating national standards for regulators *[This option is complementary with other options in this table, other than the status quo]*	This option would offer consistent training for regulators who inquire into applications (Licensing inspectors, Police, and Medical Officers of Health). This guidance and training would cover what factors need to be considered as part of an inquiry, how to gather information and engage with applicants and other interested stakeholders, including how to engage with iwi, hapū, and Māori communities. We would expect this guidance to be developed in consultation with local regulators, communities, decision makers, and iwi and hapū. This option is in line with the expectations of individuals who assess applications in other regulatory systems in New Zealand (e.g., the building system), and alcohol regulatory systems in overseas jurisdictions. This option could make training requirements mandatory by setting the requirement in regulation and making the guidance mandatory by creating national standards. This would likely require additional regulation making powers, which would require primary and secondary legislative change to implement.
3.B.1	Introduce a **standard application form for new licences** across the country *[This option is complementary with other options in this table, other than the status quo]*	This option would implement a new, standard application form that all regulators would have to use. This form would be specified in regulation. (Note on the status quo: there is currently a form prescribed in regulation – this option would involve updating this form and taking steps to ensure it is used across all relevant regulators, which may include issuing guidance). This option would require secondary legislative change to implement.
3.B.2	Introduce a **standard, shorter licence renewal application form** across the country. *[This option is complementary with other options in this table, other than the status quo]*	This option would implement a new, standard renewal form that all regulators would have to use. This renewal form would be shorter and ask for less information than the application form for a new licence (in line with the streamlining described in option 2.B.1). This form would be specified in regulation. (Note on the status quo: as described above, there is currently a form prescribed in regulation which covers the application or renewal of a licence – this option would involve creating a new renewal form and taking steps to ensure it is used across all relevant regulators, which may include issuing guidance). This option would require secondary legislative change to implement.

#	Option	Description of the option
3.C	Set **statutory timeframes for the overall application process.** *[This option is complementary with other options in this table, other than the status quo]*	This option would introduce a statutory timeframe(s) for the overall application process (e.g., from application receipt to consideration by the decision-making body) in primary legislation. This option could include sequencing regulators' timeframes so that regulators' reports are available publicly before the community is required to object, so that the community is as informed as possible. (Note on the status quo: currently, licensing inspectors have no statutory timeframe to report on an application. Police and Medical Officers of Health must file a report within 15 working days of receiving the application. Community objectors have 25 working days to object. This means that there is no overall statutory timeframe for the assessment process). This option would require primary legislative change to implement.
3.D	Introduce **automatic approvals for some low-risk licence renewals after a certain period of time** *[This option is complementary with other options in this table, other than the status quo]*	This option would introduce a process where, after the application for a low-risk licence or certificate renewal is received, the renewal is automatically granted after a set period (e.g., eight weeks) if the applicant has not heard otherwise from the regulator. For clarity, this would only apply if there were no oppositions from regulators or objections from the community. The risk categories of licence that would be eligible could be determined based the current risk framework in the fees regulations, or a new framework (especially if Recommendation 8 is taken forward). This option would require primary and secondary legislative change to implement.

Table 10 – Assessment of options to alter flexibility of licensing requirements and processes to improve proportionality

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	×× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	×× Discarded
3.A.1	**Explicitly allow pre-application meetings** *[This option is complementary with other options in this table, other than the status quo]*	✓ • We expect this option improve the efficiency of the application process in some cases by improving information flows in both directions: providing an opportunity for applicants to get information about requirements in a way that works for them and providing regulators an opportunity to ask questions and more accurately assess risk and an applicant's competence and suitability. • This option will be most effective for new operators with less experience of the system, which are a smaller group than people with existing licences. • Most of the people we engaged regarding options supported this option.	✓✓ • We think, based on feedback from TAs, regulators' workloads may increase initially (which may have cost implications for applicants) but may also reduce overall workload and reduce back and forth if the risk of an application is accurately assessed upfront, overall reducing costs. • As noted above, some TAs already do this for new applications, and both regulators and regulated parties told us that it was an efficient way to improve the efficiency of the application process.	✓ *Risk to effectiveness:* This option potentially risks regulatory capture and the perception that regulators are not independent from industry. However, we think that the likelihood of this risk is relatively minor (as to the best of our knowledge this is not occurring where TAs already do this), and this could be mitigated by some oversight (e.g., audits), record-keeping, and operational policy (e.g., staff operating in pairs or rotating, where that is possible, and if necessary).	*Not applicable*	✓ **Preferred option** **Included in Recommendation 4**, as part of the guidance and training for regulators (as no primary or secondary legislation change is required to give effect to this option).

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.A.2	**Consistent training and additional guidance for those who inquire into applications** *[This option is complementary with other options in this table, other than the status quo]*	✓ • We expect this option to improve the quality and efficiency of the licence application process by clarifying expectations about the process and building regulator capability. • We also expect (as the guidance would cover how to engage with iwi, hapū and Māori communities as part of an inquiry into an application) that this option would allow regulators to better consider the potential impact of a licence on these groups, and would provide an opportunity for iwi, hapū, and Māori individuals to meaningfully participate in licensing decisions (should they wish to) – an opportunity that does not currently exist specifically for this group. • Feedback from regulators has indicated that option will be most effective for new licensing inspectors early in their career which is a small (but growing) group. Some regulators and regulated parties indicated that this would also be useful for other reporting agencies to clarify what their roles in the system are. • Most of the people we engaged regarding options supported this option, and it was the most supported option for change to resolve this problem.	✓ This option will have cost implications for both central government (to develop the guidance and training) and local regulators (time investment into training), but we estimate, given feedback from regulators and regulated parties, that the benefits are likely to outweigh these costs.	✓ *Risk to effective implementation:* There is a risk that the uptake of voluntary training and guidance may be low. This option is therefore predicated on strong system stewardship that designs high-quality training and facilitates and encourages uptake. There is the option of creating national standards in regulation to create minimum standards for regulators (and mandate training against those standards), but we would only recommend this if other approaches have not been effective.	*Not applicable*	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system **Included in Recommendation 4**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.B.1	**A standard application form for new licences** *[This option is complementary with other options in this table, other than the status quo]*	✓ • We expect make the process for getting a licence more proportionate and more efficient by making requirements clearer, more specific, and easier to navigate. • This option would also put boundaries around the amount and type of information regulators could initially ask for, reducing the likelihood that applicants will need to provide information that is not relevant to decision making, improving certainty and reducing administration for applicants and regulators. • Most of the people we engaged regarding options supported this option.	✓ Feedback from regulators indicates that the implementation costs of this option may be moderate upfront, but regulated parties told us that the benefits of this option for them would be significant, meaning we think it is likely that overall, this option would achieve more benefits for lower costs than the current state.	✓ *Risk to effective implementation*: As noted above, there is a currently a form prescribed in regulation is not used as described (for it is no longer fit for purpose and has not been updated since the Act was put in place) and therefore there is a risk of this option experiences the same fate and is not effective. This option is therefore predicated on strong stewardship of the system that involves taking steps to ensure the new forms are maintained and are used across all relevant regulators.	*Not applicable*	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system **Included in Recommendation 3**
3.B.2	**A standard, shorter licence renewal application form** *[This option is complementary with other options in this table, other than the status quo]*	✓ As above for Option 3.B.1.	✓ As above for Option 3.B.1.	✓ As above for Option 3.B.1.	*Not applicable*	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system **Included in Recommendation 2**
3.C	**Statutory timeframes for the overall application process** *[This option is complementary with other options in this table, other than the status quo]*	× • This option is intended to incentivise improved efficiency of the licence application process by setting timeframes for regulators. • However, the evidence about the effectiveness of statutory timeframes to actually reduce timeframes in other regulatory systems in New Zealand is mixed.[14] Therefore it is unclear whether this option would be effective. • The people we engaged regarding options were split exactly down the middle on this option.	× • Feedback from regulators indicates that this option would likely increase administrative work and complexity (given the need for stop-clock provisions), which may need to be mitigated by increased regulatory capacity (which will have cost implications). • Given that the effect of statutory timeframes on overall timeframes is unclear, it is unlikely that the costs of this option outweigh the benefits.	× For reasons already discussed against the “Efficient” criterion, it is unlikely that this option could be feasibility implemented.	*Not applicable*	× Discarded

[14] See the Review’s comments on decision-making timeframes for more discussion of this point.

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.D	**Automatic approvals for some low-risk licence renewals after a certain period of time** *[This option is complementary with other options in this table, other than the status quo]*	✓ • We expect this option to make the renewal process more efficient and improve certainty for lower-risk licence holders by providing a backstop against long licence renewal times. • The option will only be relevant - and therefore only effective – for businesses that hold lower-risk licences, which is some (but not all) hospitality businesses. • Unsurprisingly, feedback from regulated parties and regulators on this option was mixed. Regulators either felt that it would undermine the renewal process and all applications should be actively considered because of the risks involved, or applications were often renewed in this timeframe anyway (the example provided in the discussion document was 8 weeks).[15] In contrast, regulated parties supported the option as it would give them more certainty regarding renewal times. • On balance, we think this option will effectively incentivise regulators to focus their effort on higher priority / higher risk licences and use their time more effectively, while not meaningfully increasing the risk (as very few licences are declined at renewal). It may also further incentivise more compliance monitoring, which we would see as a positive.	✓✓ Feedback from regulators (who supported the option, which were limited) indicates that this option would reduce administrative work for little to no cost.	✓ *Risks to effectiveness:* As discussed, this option carries a small risk of a licence being renewed inappropriately, which may reduce the effectiveness of the regulatory system. This can be mitigated by introducing additional monitoring and enforcement tools (see option sets 7.X below) so that regulators can address problems and non-compliance outside of the renewals process.	*Not applicable*	✓ **Preferred option**, but predicated on additional monitoring and enforcement tools **Included in Recommendation 2**

[15] As discussed in Paper 2, information gathered by the Review indicates that renewals can take between 6 and 548 working days, with the average being 79 working days (which is longer than 8 weeks). We also note that less than 0.001% of licences are declined at renewal.

Table 11 - Options to improve the efficiency of the licensing and renewal process by centralising some functions

#	Option	Description of the option
3.E.0	**Status quo** *[Mutually exclusive with other options in this table]*	Territorial authorities receive and assess licence applications.
3.E.1	**Establish a 'single front door' across the country** that receives licence and certificate applications. *[Mutually exclusive with other options in this table]*	This option would establish a central administrator for the alcohol regulatory system. All licence and certificate applications would be received by this administrator, checked for completeness and accuracy, then passed to the relevant local regulator (i.e., the local TA) for assessment and action. This option would require primary and secondary legislative change to implement.
3.E.2	**A centralised body receives and inquiries into each application,** inviting comment from local experts. The application is then passed over to the relevant local decision-making body to decide. *[Mutually exclusive with other options in this table]*	This option would establish a central administrator and assessment body for the alcohol regulatory system. All licence and certificate applications would be received by this body, who would then assess the application against the licensing criteria, inviting comment from local experts (licensing inspectors, Police, and Medical Officers of Health) where information is needed. The application would then be passed over to the relevant local decision-making body (e.g., the local DLC) to decide. For clarity, the ability for the community to object would remain the same – their objection would be considered by the local decision-making body. This option would require primary and secondary legislative change to implement.

Table 12 – Assessment of options to improve the efficiency of the licensing and renewal process by centralising some functions

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.E.0	**Status quo** *[Mutually exclusive with other options in this table]*	- As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	- Retained in the absence of a better option.
3.E.1	**Establish a 'single front door' across the country that receives applications** *[Mutually exclusive with other options in this table]*	× • This option was intended to create economies and efficiencies of scale and provide applicants with a single point of contact with government, potentially reducing administration for both regulators and regulated parties. • However, feedback from regulators and regulated parties indicated that they expect it would introduce complexity and delays into the process, and undermines local government's commitment to serving their local community. • Some acknowledged that this option would be more effective if combined with other government functions (e.g., food, building, health and safety), but such change is not within the scope of the Review to consider in detail or recommend. • Most of the people we engaged regarding options did not support this option.	× • We expected this option to be less expensive than the current state. • However, further analysis indicates that a centralised administrator would cost between $5.8 and $11.3 million per year.[16] Feedback from TAs indicated that the capacity freed up by removing the administration of licence applications could be readily absorbed by other tasks, not saving them any money (but nonetheless benefiting those systems). • We therefore think that it is unlikely that the benefits of this option outweigh the costs.	*Not assessed, as the option failed against the "Effective" criterion.*	*Not applicable*	× Discarded
3.E.2	**Establish a centralised body receives and inquiries into each application** *[Mutually exclusive with other options in this table]*	× • As above for Option 3.E.1, but with the additional benefits of additional consistency in administrative processes and more central oversight of the assessment process. • While decisions would remain local, this option does nonetheless pose the risk that central assessors do not glean sufficient 'on the ground' information to make accurate assessments of applications. Feedback from regulators and regulated parties confirms that this is a significant concern. • Most of the people we engaged regarding options did not support this option.	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	*Not applicable*	× Discarded

[16] Between 50 – 80 FTE administering an average of between 390-624 licences each per year.

Table 13 - Options to alter flexibility of when regulators are involved (or not) in the licensing process

#	Option	Description of the option
3.F.0	**Status quo** *[Mutually exclusive with other options in this table]*	Licensing inspectors, Police, and Medical Officers of Health must all inquire into every application.
3.F.1	*[Choice to increase flexibility]* Licensing inspectors inquire into every application, and **Police and Medical Officers of Health may opt out of inquiring into an application** if they wish. *[Mutually exclusive with other options in this table]*	This option would amend s103 and s142 of the Act to give Police and Medical Officers of Health full discretion over whether they inquire into an application or renewal. (Note: The Law Commission recommended in 2010 that licensing inspectors must report on an application, and the Police and Medical Officers of Health should only report if they have "concerns" (Recommendation 50). This recommendation was accepted by the Government of the day. However, s103 of the Act requires Police and Medical Officers of Health to inquire into the application, and report within 15 working days if they oppose. This separation of 'inquire' and 'report' has meant that in some places Police and Medical Officers of Health undertake work whether they have concerns or not, even though the intent was they only get involved when they think it is necessary). This option would require primary legislative change to implement.
3.F.2	*[Choice to reduce flexibility but increase specificity]* Licensing inspectors inquire into every application, and **Police and Medical Officers of Health may inquire into an application if it meets a certain set of criteria.** *[Mutually exclusive with other options in this table]*	This option would amend s103 and s142 of the Act to introduce a set of criteria that would govern when Police and Medical Officers of Health can inquire into and report on licensing applications and renewals. These criteria would be different for Medical Officers of Health and Police. These criteria will scale up the threshold for inquiry-based risk categories of licence (e.g., the threshold to meet to inquire into a very low risk licence would be high, whereas there may be no threshold to meet to inquire into a high-risk licence). This option would require primary and secondary legislative change to implement.

Table 14 – Assessment of options to alter flexibility of when regulators are involved (or not) in the licensing process

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.F.0	**Status quo** *[Mutually exclusive with other options in this table]*	× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	× Discarded
3.F.1	*[Choice to increase flexibility]* **Police and Medical Officers of Health may opt out of inquiring into an application** *[Mutually exclusive with other options in this table]*	× • This option was intended to reduce work for regulators about applications they have no concerns about, allowing them are them to focus on applications they have more concerns about, potentially reducing assessment timeframes for lower-risk licences. • This option may (or may be seen to) deprioritise their relevant expertise in licensing decisions, especially if their time is taken up with other responsibilities. • Feedback from regulators and regulated parties indicates that there is a risk that this option creates further inconsistencies (as agencies would opt out in some regions and not others). • Most of the people we engaged regarding options did not support this option.	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	× Discarded

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.F.2	*[Choice to reduce flexibility but increase specificity]* **Police and Medical Officers of Health may inquire into an application if it meets a certain sets of criteria** *[Mutually exclusive with other options in this table]*	✓ • We expect this option to clarify when regulators need to be involved, reducing their overall workload while still maintaining their input where it is relevant and useful. • As above for Option 3.F.1, there is a risk that this option may (or may be seen to) deprioritise their relevant expertise in licensing decisions. This could be partially mitigated by providing Police and the Medical Officers of Health an alternative avenue to provide general updates and information to the DLC about compliance and alcohol-related harm in the area (unrelated to specific licence applications). • Feedback from regulated parties indicate that the threshold for Police involvement should be lower (but they should still be allowed to decline to report if they have no concerns) than the thresholds for Medical Officers of Health. Most of the people we engaged regarding options supported this option as presented, or this option with these changes.	✓ • This option would require changes to primary legislation but otherwise carries very low costs of implementation for regulators, and may reduce their costs over time.	✓✓ • Given the level of specificity we are proposing under this option, we do not consider there to be any significant risks to effectiveness nor the effective implementation of this option.	*Not applicable*	✓ **Preferred option** **Included in Recommendation 3**

Table 15 - Options to increase efficiency by increasing the capacity of decision-making bodies by centralising and / or decentralising decision-making functions

#	Option	Description of the option
3.G.0	**Status quo** *[Mutually exclusive with other options in this table]*	DLC per local authority, and licensing inspectors are not delegated any decision-making functions.
3.G.1	*[Choice to centralise decision-making functions]* **Allow neighbouring DLCs to merge**, if they mutually agree *[This option is mutually exclusive to other options in this table, other than Option 3.G.4]*	This option would amend s186 of the Act to allow a certain number (e.g., up to 4) neighbouring DLCs to merge if they mutually agree. The administration of this joint DLC would be mutually agreed between the relevant TAs. (Note: The Law Commission recommended that two districts have the power to form a combined DLC "if workload would warrant" (Recommendation 45). This was partially accepted by the Government of the day but was not reflected in the final drafting of the Act (s186 requires each territorial authority to appoint 1 or more licensing committees)). This option would require primary legislative change to implement.
3.G.2	*[Choice to centralise decision-making functions]* **Merge neighbouring DLCs so that each one covers a geographic region** (e.g., 16 across the country) *[This option is mutually exclusive to other options in this table, other than Option 3.G.4]*	This option would establish 16 new DLCs, one per geographic region. Transition arrangements regarding membership and administration of these DLCs would be consulted on separately if we progress with this option. This option would require primary legislative change to implement.
3.G.3	*[Choice to centralise decision-making functions]* **Create one decision-making body that decides on all licences** *[This option is mutually exclusive to other options in this table, other than Option 3.G.4]*	This could look like a standing group of members that are recruited from across the country that decides on all licences. This option would require primary legislative change to implement.

#	Option	Description of the option
3.G.4	*[Choice to decentralise decision-making functions]* **Allow decisions on some licence renewals and managers' certificates to be delegated to the DLC secretary in some circumstances** *[This option is complementary with other options in this table, other than the status quo]*	This option would allow the DLC secretary to be delegated the responsibility to make decisions on some licence renewals and managers' certificates. The licence renewals that would be in scope for this delegation could be based on the risk of the licence. (Note: The Law Commission recommended a DLC be able to delegate unopposed applications for managers' certificates and licence renewals to the DLC secretary (so they would not be considered by the DLC) (Recommendation 46). This recommendation was rejected by the Government of the day, as they thought decision-making responsibility should not be delegated). This option would require primary legislative change to implement.

Table 16 – Assessment of options to increase efficiency by increasing the capacity of decision-making bodies by centralising and / or decentralising decision-making functions

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.G.0	**Status quo** *[Mutually exclusive with other options in this table]*	× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	× Discarded
3.G.1	*[Choice to centralise decision-making functions]* **Allow neighbouring DLCs to merge** *[This option is mutually exclusive to other options in this table, other than Option 3.G.4]*	✓ • We expect this option to increase the pool of decision makers available to each DLC by drawing members from a larger geographic area, likely increasing the capability and capacity of DLCs and subsequently shortening decision-making timeframes. • This option may (or may be seen to) deprioritise community voice in licensing decisions, as DLC members may be more likely to be removed from the local consequences of their decisions. However, we note that there is currently no requirement that a DLC member be a member of the local community and so this option will likely have little additional effect on the ability of decision makers to represent local voice. We also think this could be mitigated by setting representation requirements for DLCs (option 4.B below).	✓✓ • Some TAs have essentially implemented this option[17] by combining administrative functions and having a joint pool of members. We estimate, based on feedback these TAs and other financial reporting, that this option could be implemented without additional costs, and may even deliver administrative economies and efficiencies of scale for TAs.	✓✓ • This option aligns with the direction of current reforms to simplify and strengthen local government, and so could potentially be feasibly implemented at a TA level alongside those reforms. • As discussed against the "Efficient" criterion, some TAs have already essentially implemented this option, indicating its feasibility.	*Not applicable*	✓✓ **Preferred option** **Included in Recommendation 6**
3.G.2	*[Choice to centralise decision-making functions]* **Merge neighbouring DLCs so that each one covers a geographic region** *[This option is mutually exclusive to other options in this table, other than Option 3.G.4]*	✓ • As above for Option 3.G.1. As this option draws from a larger geographic area than Option 3.G.1, it may be more effective at increasing the capacity of DLCs, but may also be seen to further deprioritise community voice in licensing decisions and may affect social licence. • A larger pool of members may improve oversight and moderation of decisions between individuals, potentially improving the consistency and quality of decisions, but evidence of this benefit is limited.	✓ • Given the imminent disestablishment of regional councils, there is no longer an established local government structure that could administer 16 DLCs across the country. • However, as above for Option 3.G.1, we think that the relevant TAs could combine functions to administer the regional DLC, which may deliver administrative economies and efficiencies of scale. • Unlike Option 3.G.1, this option would not be voluntary for TAs and DLCs, which may create some inefficiencies in implementation.	✓ • This option aligns with the direction of current reforms to simplify and strengthen local government, but may be more difficult to feasibility implement alongside these reforms than Option 3.G.1, as the regions may not match up well with that region's proposed amalgamation plans.	*Not applicable*	✓ Discarded, as rated lower than Option 3.G.1. Could be revisited if amalgamation of local government does not go as far as expected, or problems in the system related to this persist.

[17] Notwithstanding the current requirements in the Act to have at least one DLC per TA, s 186 of the Act.

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.G.3	*[Choice to centralise decision-making functions]* **Create one decision-making body that decides on all licences** *[This option is mutually exclusive to other options in this table, other than Option 3.G.4]*	× • As above for Options 3.G.1 and 3.G.2, with the ability to be more efficient, but more risk of deprioritising community voice in licensing decisions, not getting sufficiently accurate information to make good decisions, and further comprising social licence. • Most of the people we engaged regarding options did not support this option.	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	*Not applicable*	× Discarded
3.G.4	*[Choice to decentralise decision-making functions]* **Allow decisions on some licence renewals and managers' certificates to be delegated to the DLC secretary** *[This option is complementary with other options in this table, other than the status quo]*	✓ • We expect this option to increase the pool of decision makers for low-risk licences, likely increasing efficiency and shortening decision-making timeframes for those licences. • This would also reduce the amount of work for the DLC chair, allowing them to focus on more substantive and complex decisions. • Most of the people we engaged regarding options supported this option. • This option may (or may be seen to) undermine the integrity of some licensing decisions. However, on balance we do not think that delegation of decisions about a limited pool of low-risk licence renewals and managers' certificates would undermine current decision-making structures or the integrity of decisions. This is because the types of decisions that we are proposing could be delegated under this option are currently decided 'on the papers'[18] by the DLC chair, and so are not currently benefiting from the advantages of multi-member decision-making[19] that underpin DLC's more substantive and complex decisions. Our view is that in these cases, there is likely to be very little difference between decisions made by a DLC chair and the DLC secretary.	✓✓ • Our view, based on feedback from regulators, is that delegating these decisions to the DLC secretary would likely not require any more time investment from them over and above the time they already spend preparing the report to the DLC chair.	✓ • Based on our engagement with licensing inspectors, we are generally satisfied that most TAs have licensing inspectors with the appropriate level of capability to make these decisions. • Nonetheless, this option may require a higher level of regulatory capability than is currently available to implement effectively in some areas. This could be partially mitigated by additional training for regulators (see Option 3.A.2)	*Not applicable*	✓ **Preferred option** **Included in in Recommendation 2**

[18] In these cases, the papers being the report prepared by a licensing inspector, as an application cannot be decided on the papers if Police or Medical Officers of Health oppose the application or the member of the public objects.
[19] Multi-member decision-makers are more likely to bring diverse perspectives and expertise and are less likely to be captured by an induvial or sector, "Regulatory institutions and practices", The Productivity Commission, June 2014.

Our preferred options to make licensing and renewal requirements and processes more proportionate to risk

46. **Preferred options:** Based on the assessment above, our preferred options are:

- Option 3.A.1 - Explicitly allow pre-application meetings (**Recommendation 4**)
- Option 3.D - Automatic approvals for some low-risk licence renewals after a certain period of time (**Recommendation 2**)
- Option 3.F.2 - Police and Medical Officers of Health may inquire into an application if it meets a certain set of criteria (**Recommendation 3**)
- Option 3.G.1 – Allow neighbouring DLCs to merge (**Recommendation 6**)
- Option 3.G.4 – Allow decisions on some licence renewals and managers' certificates to be delegated to the DLC secretary. (**Recommendation 2**)

47. We also have preferred options are predicated on stronger and more effective stewardship of the system to be effective:

- Option 3.A.2 – Consistent training and additional guidance for those who inquire into applications (**Recommendation 4**)
- Option 3.B.1 - A standard application form for new licences (**Recommendation 3**)
- Option 3.B.2 - A standard, shorter licence renewal application form (**Recommendation 2**).

Implementation considerations of our preferred options

48. Therefore, we propose the following sequence of implementation of our preferred options:

- progress policy work and implementation of options 3.A.1 (pre-application meetings), 3.D (automatic approvals), 3.F.2 (other regulator involvement in applications), 3.G.1 (merging of DLCs), and 3.G.4 (delegation of decisions) as soon as possible, for implementation before the end of 2027. We acknowledge that some of these options will need fit into the new risk framework (e.g., Option 3.D), but we think they can be progressed ahead of the full framework.
- establish the system steward (Recommendation 1), then make them responsible for progressing options 3.A.2 (training and guidance for regulators), 3.B.1 (standard application form) and 3.B.2 (standard renewal form).

Options to improve decision making about licences

The problem and likely underlying causes

49. **Problem:** Decision-making about licences may sometimes not be effective at achieving the purposes of the alcohol regulatory system

50. **Likely underlying causes the problem**:

- Regulatory practice:
    i. DLC member capability issues (contributed to by limited training and stewardship, and the design of the requirements to become a decision maker).
- Legislative design:
    i. the high level of discretion afforded to DLCs.
    ii. design of the requirements to become a decision maker.

Options to address this problem

51. We have identified several options that may improve decision-making about licences:

- *[Option set 4A]* provide more support for decision-makers – this could look like increasing payments to compensate decision-makers more fairly for their time, and / or introducing consistent training and additional guidance for decision-makers, which could include creating national standards
- *[Option 4B]* set more specific requirements for decision-makers. This could look like requirements for specific qualifications, experience, or community representation to be appointed to a decision-making body.
- *[Option 4C]* Reduce decision-makers' discretion regarding licence conditions.

52. These options are described in Table 17 and assessed against our criteria in Table 18 below.

Table 17 - Options to improve decision making about licences

#	Option	Description of the option
4.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	No changes to how decisions about licences are made.
4.A.1	We could **increase payments to decision-makers** *[This option is complementary with other options in this table, other than the status quo].*	This option would increase the hourly and daily fees payable to DLC members and chairs.
4.A.2	We could introduce **consistent training and additional guidance for decision-makers** which could include creating national standards *[This option is complementary with other options in this table, other than the status quo]*	This option would offer consistent guidance and training for decision makers. This material would include the application and interpretation the licensing criteria, what conditions have been shown to be effective in which circumstances, how DLCs can gather information (including from the public, iwi, hapū, and Māori communities) to make an informed decision about a licence and any conditions, and how DLCs should have regard to the principles of Te Tiriti o Waitangi | Treaty of Waitangi in their decisions and decision-making processes. We would expect that this training and guidance be developed in consultation with local regulators, communities, iwi and hapū, and decision makers. This option could make training requirements mandatory by setting the requirement in regulation and making the guidance mandatory by creating national standards. This would likely require additional regulation making powers.
4.B	We could **set more specific requirements for people who sit on decision-making bodies** *[This option is complementary with other options in this table, other than the status quo]*	This option would establish specific requirements for people who sit on DLCs. These requirements could include specific qualifications, experience, or community representation, including mana whenua representation. (Note: The Law Commission recommended that specific skills and knowledge be specified in statute (Recommendation 43). This recommendation was not accepted by the Government of the day to preserve territorial authorities' flexibility to appoint members.)

#	Option	Description of the option
4.C	We could **reduce decision-making bodies' discretion regarding licence conditions** *[This option is complementary with other options in this table, other than the status quo]*	This option would introduce a framework in regulation that governs what conditions can be placed on licences in which circumstances. This option builds on and extends the current reforms which will introduce a risk framework for assessment and decision-making about special licences, and would fit within option 2.A.4 / Recommendation 8. This option would require primary and secondary legislative change to implement.

Table 18 – Assessment of options to improve decision making about licences

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
4.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	× Discarded
4.A.1	**Increase payments to decision-makers** *[This option is complementary with other options in this table, other than the status quo].*	✓ • We expect this option to increase the pool of decision-makers by incentivising additional people to put themselves forward for the role. This option may also lead to more consistent and higher-quality licensing decisions by compensating more fairly for the time investment from members and / or allowing them to invest more time in decisions. • Most of the people we engaged regarding options did supported this option, but only if the additional costs were recovered from licence holders.	✓ • This option has cost implications for TAs, which could be mitigated through increasing licensing fees (See 'Fees and levies', and Recommendation 7). • Increasing fees could be seen as unfair on hospitality businesses, but this could be partially mitigated by introducing a more proportionate charging structure (i.e., updating the current fees framework) where higher-risk and higher-harm businesses bear more of the costs (see 'Fees and levies', and Recommendation 7).	✓ If the additional costs are able to be recovered, we are satisfied that there are no significant risks to effectiveness or implementation of this option. A few TAs told us that they have reached 'alternative invoicing arrangements' with their DLC members to allow to pay them higher fees already, indicating it is feasible.	*Not applicable*	✓ **Preferred option,** predicated on increasing licensing fees in a manner that is proportionate to risk **Included in Recommendation 6**
4.A.2	**Consistent training and additional guidance for decision-makers** *[This option is complementary with other options in this table, other than the status quo].*	✓ • We expect this option to improve the quality and consistency of regulatory practice and decision making. • We also expect this to better equip DLCs to engage with Māori and other groups in more appropriate ways, which may improve the quality of the information upon which they base their decisions. • Feedback from regulators and decision makers has indicated that this would be most effective if types and wordings of standard conditions were included. • This option was the most supported of the options presented to solve this problem.	✓ • This option will have some cost implications for both central government (to develop the guidance and training) and local regulators (time investment into training). We estimate that the costs incurred to develop guidance and training will likely be small enough that they could be borne by the system steward (i.e., covered by the additional investment we are recommending there), especially existing resources and training (e.g., the DLC network) are leveraged and this option is combined with Option 5.B.2 for efficiency. • Given feedback from regulators and regulated parties on the likely benefits, we think that the benefits are likely to outweigh these costs.	✓ *Risk to effectiveness:* as above for Options 3.A.2 there is a risk that the uptake of voluntary training and guidance may be low. This option is therefore predicated on strong system stewardship that designs high-quality training (and demonstrates its value) and facilitates and encourages uptake. There is the option of creating national standards in regulation to create minimum standards for regulators (and mandating a qualification against those standards), but we would only recommend if the voluntary approach has not been effective given the costs that would likely be incurred. There was some support from regulators for implementing continuing professional development requirements, which could be considered in the detailed design of this option.	*Not applicable*	✓ **Preferred option**, predicated on stronger and more effective stewardship of the system. **Included in Recommendation 6**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
4.B	**Specific requirements for people who sit on decision-making bodies** *[This option is complementary with other options in this table, other than the status quo]*	✓✓ • Making the appointment requirements for DLC members clearer more specific provides TAs with clearer boundaries within which to use their discretion to appoint members. We expect this to improve the consistency and quality of decision making about licences by ensuring that relevant skills and experience are in the room. • Given the significant levels of alcohol-related harm Māori currently experience, we think there is justification for different treatment of Māori rights and interests in this case (such as requiring mana whenua representation on DLCs). We think this will provide an avenue for Māori to meaningfully participate in licensing decisions, should they wish to, and will likely better equip DLCs to engage with iwi, hapū, and Māori individuals in culturally appropriate ways (alongside Option 4.A.2). • This option is dependent on Option 4.A.1 (increasing payments to decision-makers) to incentivise the availability of candidates who meet any new requirements and ensure that there is the correct combination of skills • Most of the people we engaged regarding options supported this option, and many thought that requirements for community representation be useful (especially if DLCs were consolidated, see Options 3.G.1 and 3.G.2).	✓ • As per Option 4.A.1 above regarding the costs of this option.	✓ Given the level of specificity we are proposing under this option, we do not consider there to be any significant risks to effectiveness nor the effective implementation of this option.	*Not applicable*	✓ **Preferred option**, but predicated increasing payments to decision-makers (and therefore increasing licensing fees) **Included in Recommendation 6**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
4.C	**Reduce decision-making bodies' discretion regarding licence conditions** *[This option is complementary with other options in this table, other than the status quo]*	✓ • We expect this option to improve the quality of conditions by providing decision-makers with clearer boundaries within which to use their discretion, reducing the likelihood of disproportionately high requirements / unrelated requirements being placed on businesses, while retaining conditions that are effective. • However, this option may reduce the ability for decision-makers to respond to local preferences. • We think that this could be mitigated through legislative design that retains the ability to put any condition on a licence (perhaps limiting this to high-risk or very-high risk licences), but clearly outlines the tests the condition has to meet (e.g., proportionality, evidence-base, connection to the objects of the Act). • Most regulators and decision makers we engaged regarding options did not support this option, and most regulated parties did. However, many decision makers were supportive of the idea of a "standard list of conditions".	✓ • This option would require changes to primary and secondary legislation, but otherwise the costs to implement for decision makers are low. • We expect option would likely increase certainty for businesses and potentially reduce workloads and risk for decision-makers, which may also lead to faster decision times and greater efficiency.	✓ As Option 2.A.4 above, this option builds on current reforms which seek to introduce a risk framework for the assessment of special licences. We think that it is feasible to extend this work to develop and introduce a new, evidence-based risk framework for all licences that the condition framework would sit under (which ties into Recommendation 8). Doing so outside of a new framework would be very complex and potentially risk ineffective implementation.	*Not applicable*	✓ **Preferred option,** but to be implemented over the medium to long term as part of the new risk framework for licences. **Included in Recommendation 8**

Our preferred options to make licensing and renewal requirements and processes more proportionate to risk

53. **Preferred options:** Based on the assessment above, our preferred options are:

- Option 4.A.1 – Increase payments to decision-makers (**Recommendation 6**)
- Option 4.B – Set more specific requirements for people who sit on decision-making bodies (**Recommendation 6**)

54. As above, we also have preferred options are predicated on other options:

- Option 4.C – Reduce decision-making bodies discretion regarding licence conditions, predicated on the implementation of a coherent risk-based framework for licences (**Recommendation 8**)
- Option 4.A.2 – Consistent training and additional guidance for decision-makers, predicated on stronger stewardship (**Recommendation 6**).

Implementation considerations of our preferred options

55. Therefore, we propose the following sequence of implementation of our preferred options:

- Progress policy work and implementation of options 4.A.1 and 4.B as soon as possible.
- Establish the system steward (**Recommendation 1**), then make them responsible for progressing option 4.A.2.
- Progress Option 4.C within the development of the new risk framework (**Recommendation 8**).

Options to make hearings more efficient and proportionate

The problem and likely underlying causes

56. **Problem:** Hearings are not necessarily an efficient nor proportionate way of reaching a decision in some cases.

57. **Likely underlying causes the problem**:

- Regulatory practice:
    i. DLC member capacity issues (contributed to by the design of decision-making structures)
    ii. DLC member capability issues (contributed to by limited training and stewardship, and the design of the requirements to become a decision maker)
- Legislative design:
    i. Requirements about when to call a hearing
    ii. Design of the requirements to become a decision maker

Options to address this problem

58. We think that to address this problem, there is a choice to increase efficiency by introducing an alternative pathway to hearings and / or improving hearings:

- *[Option set 5A]* Introduce an alternative pathway could look like formalising negotiations between regulators and applicants or introducing a mediation process that precedes hearings.
- *[Option set 5B]* Improve hearings could look like allowing decision-makers more discretion about when a hearing is called, and / or introducing consistent training and additional guidance for decision-makers about how to run a hearing.

59. These are described in Table 19 and assessed against our criteria in Table 20.

Table 19 - Options to make hearings more efficient and proportionate

#	Option	Description of the option
5.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	No changes to hearings.
5.A.1	*[Choice to introduce an alternative pathway]* **Formalise the current informal negotiation process** between regulators and applicants. *[This option is complementary with other options in this table, other than the status quo]*	This option would introduce a formal pathway for regulators (licensing inspectors, Police, and Medical Officers of Health) to meet and discuss a licence / certificate application or renewal with an applicant, with the intent of resolving concerns and reaching mutually agreeable licence conditions. Formalising this pathway would include clarifying applicants' rights and putting boundaries around what conditions regulators can ask for and in what circumstances. This option would require primary and secondary legislative change to implement.
5.A.2	*[Choice to introduce an alternative pathway]* Introduce a **mediation process** that precedes a hearing process *[This option is complementary with other options in this table, other than the status quo]*	This option would introduce a mediation step between applicants, public objectors (if any), and regulators before a hearing is called, with the intent of resolving concerns and reaching mutually agreeable licence conditions. These mediations would be facilitated by external mediators. This option would require primary and secondary legislative change to implement.
5.B.1	*[Choice to improve hearings]* **Allow decision makers more discretion about when a hearing is called** *[This option is complementary with other options in this table, other than the status quo]*	This option would change the requirement in the Act to hold a hearing to give decision makers more discretion about when a hearing is called. This option could give decision makers blanket discretion, or introduce criteria that must be met in order to not call a hearing. This option would require primary and (and likely secondary) legislative change to implement.

#	Option	Description of the option
5.B.2	*[Choice to improve hearings]* We could introduce **consistent training and additional guidance for decision makers on how run a hearing** *[This option is complementary with other options in this table, other than the status quo].*	This option would introduce consistent training and guidance for decision makers on how to run a hearing, including how to incorporate tikanga Māori and how to engage in culturally appropriate ways with other communities. Guidance would be developed in consultation with local regulators, iwi, hapū, communities, and decision makers. This option could make training requirements mandatory by setting the requirement in regulation and making the guidance mandatory by creating national standards. This would likely require additional regulation making powers.

Table 20 – Assessment of options to make hearings more efficient and proportionate

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
5.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	× Discarded
5.A.1	*[Choice to introduce an alternative pathway]* **Formalise the current informal negotiation process** between regulators and applicants. *[This option is complementary with other options in this table, other than the status quo]*	× • This option was intended to offer an alternative to a hearing process by clarifying the boundaries of regulators' discretion to discuss and agree conditions, which may in turn improve the efficiency of the licence application process and improve predictability of the process for businesses. • However, as discussed in Paper 2, the negotiation process as currently practiced creates role clarity and transparency issues, and sometimes results in unreasonable or disproportionate conditions being placed on licences. There is a risk that this option simply further legitimises the process while not effectively addressing these issues because effective oversight of the implementation of safeguards would be difficult. Feedback from regulated parties and regulators confirms that this may indeed may be the case. • Most of the people we engaged regarding options did not support this option.	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	× Discarded

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
5.A.2	*[Choice to introduce an alternative pathway]* Introduce a **mediation process** that precedes a hearing process *[This option is complementary with other options in this table, other than the status quo]*	✓ • This option is intended to provide a meaningful alternative pathway to the hearing process, shortening decision timeframes and improving predictability of the process for businesses. • Feedback from regulators and regulated parties was mixed, with some saying that adding an additional step may create additional bureaucracy, delays, and reduce the transparency of decisions, but others (particularly regulated parties) thought it would be effective. • Most of the people we engaged regarding options did not support this option, but for efficiency reasons discussed further under that criterion.	× • Preliminary analysis indicates (based on a potentially comparable services[20]) that such a mediation service could cost between $1600 and $1700 per mediation. While on balance this is likely to be cheaper than a DLC hearing, we expect (by design) mediation to happen more often, likely creating additional costs that will need to be borne by either TAs, applicants, or opposers / objectors. Some of these costs could be covered by increasing licensing fees (see 'Fees and levies'), but there remain natural justice concerns. • Considering the other options we are recommending below will likely go some way to improving hearings and making them more proportionate, it is unclear whether the additional benefits from the introduction of a mediation system outweigh the additional costs. • We also think that a system steward that is more available to provide advice to regulators and decision makers on the best way forward in a particular situation may go some way towards addressing the problem this option seeks to address without additional costs.	× *Risk to effective implementation:* The availability of mediators with appropriate capabilities is a risk to the effective implementation of this option. We do not have sufficient information on such availability, but concerns have been raised by regulators that it may be a barrier. We therefore cannot say that this option is feasible.	✓ We think that this option does not unduly reduce individual or business rights and liberties. It also introduces more consistency and proportionality for licence holders, and therefore potentially reduces the likelihood of arbitrary (or seemingly arbitrary) actions by regulators.	× Discarded, but could be considered again in the future if other options do not effectively address the problem.

[20] Specifically the employment relations authority, an independent body established to mediate employment relationship problems.

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
5.B.1	*[Choice to improve hearings]* **Allow decision-makers more discretion about when a hearing is called** *[This option is complementary with other options in this table, other than the status quo]*	✓ • We expect that this option will allow decision-makers to prioritise hearings in situations where they think they are necessary, potentially increasing efficiency and reducing administrative work for regulators, which may lead to reduced decision-making timeframes for businesses. • However, this option may reduce the transparency of decisions (both licensing decisions and decisions to call a hearing) and may (or may be seen as) deprioritising community voice in licensing decisions. • The people we engaged regarding options were split on this option, with regulated parties supporting it more than regulators. • We think these concerns can sufficiently mitigated by designing a set of criteria that must be met for a decision-maker to decline to call a hearing, requiring DLCs to publish their decisions (including decisions not to call a hearing) , providing additional support for community objectors to provide useful information about their concerns (e.g., by providing a standard "community input form" that clearly lays out grounds for objections, but also collects additional information that may be useful to the DLC), and being explicit that the DLC can seek additional information from all parties outside of the hearing process (see Option 4.A.2). This alternative approach may benefit those who cannot generally attend hearings (e.g., because of work commitments), or those who find the hearing environment (no matter how well run) intimidating.	✓✓ • This option would require changes to primary legislation but otherwise carries very low costs of implementation for TAs and decision makers. • We expect any additional capability that DLCs may need to apply the criteria can be achieved through Option 5.B.2.	✓✓ Given the level of specificity we are proposing under this option, we do not consider there to be any significant risks to effectiveness nor the effective implementation of this option.	✓ On balance, we think that this option does not unduly reduce individual or business rights and liberties. This option potentially reduces the public's access to a hearing, but we note that hearings are often not called (on average, each DLC holds less than one hearing per year). This option maintains the public's right to have a say in licensing decisions, and coupled with other recommended options may improve the public's ability to be heard in a way that works for them.	✓ **Preferred option,** but predicated on certain aspects of design, additional training, and options to further professionalise DLCs. **Included in Recommendation 3**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
5.B.2	*[Choice to improve hearings]* **Consistent training and additional guidance for decision makers on how run a hearing** *[This option is complementary with other options in this table, other than the status quo].*	✓ • We expect this option to improve the quality and consistency of regulatory practice by setting expectations about how hearings should be run. • We expect that this will make hearings more accessible for both applicants and community objectors. We also expect, as the guidance and training will include how to engage in culturally appropriate ways with iwi, hapū, Māori communities, and other ethnic communities in a hearing setting, that it will improve the information gathered from these communities, potentially improving decision-making. • This option was the most supported of the options presented to solve this problem.	✓ • This option will have some cost implications for both central government (to develop the guidance and training) and local regulators (time investment into training). We estimate that the costs incurred to develop guidance and training will likely be small enough that they could be borne by the system steward (i.e., covered by the additional investment we are recommending there). • Given feedback from regulators and regulated parties on the likely benefits, we think that the benefits are likely to outweigh these costs.	✓ *Risk to effectiveness:* as above for Options 3.A.2 and 4.A.2, there is a risk that the uptake of voluntary training and guidance may be low. This option is therefore predicated on strong system stewardship that designs high-quality training (and demonstrates its value) and facilitates and encourages uptake. There is the option of creating national standards in regulation to create minimum standards for regulators (and mandating a qualification against those standards), but we would only recommend if the voluntary approach has not been effective given the costs that would likely be incurred.	*Not applicable*	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system **Included in Recommendation 6**

Our preferred options to make hearings more effective and proportionate

60. **Preferred options:** Based on the assessment above, our preferred options are:

- Option 5.B.1 – Improve hearings by allowing decision makers more discretion about when a hearing is called. This option is predicated on further facilitating community input and embedding consistency and transparency into the design of the criteria that would have to be met for a DLC to decline to hold a hearing, and on other preferred options to professionalising DLCs (**Recommendation 3**)
- Option 5.B.2 – Improve hearings by introducing consistent training and additional guidance for decision makers on how to run a hearing. As with previous preferred options regarding training and guidance, this option is predicated on stronger and more effective stewardship of the system to be effective (**Recommendation 6**).

Implementation considerations of our preferred options

61. We recommend the following sequence of implementation of our preferred options:

- progress policy work on option 5.B.1 so it can be implemented before 2027. It may turn out that this change would benefit from being rolled into the development of the new risk framework (Recommendation 3), but we think it could likely be progressed sooner
- establish the system steward (Recommendation 1), then make them responsible for progressing option 5.B.2 (in conjunction with other preferred options regarding training and guidance).

Options to make the supervision of the sale and / or supply of alcohol more effective and proportionate

The problem and likely underlying causes

62. **Problem:** Accountability settings for the supervision of the sale and / or supply of alcohol may not be effective nor proportionate in some settings.

63. **Likely underlying causes the problem**:

- Licence holders not understanding their responsibilities under the Act. This is likely a regulatory practice point, as we think there is sufficient space in the licensing criteria to consider an applicant's suitability, experience, and knowledge but emphasis is not sufficiently placed on these criteria in some places.
- Potentially inadequate training for duty managers, especially for higher-risk settings. This is a legislative design and regulatory practice point.

Options to address this problem

64. In addition to options already discussed above (which are intended address the regulatory practice points) think that there are two sets options that may address this problem:

- *[Option set 6A]* there is a *choice* to potentially increase the effectiveness of accountability by concentrating, or further distributing, accountability between licence holders and people serving alcohol. Concentrating accountability would look like making licence holders solely accountable, to incentivise them not to abdicate responsibilities to other parties; further distributing accountability would look like every person serving alcohol (including the licence holder) being accountable.
- *[Option set 6B]* providing more education and support to licence holders and workers.

65. Option set 6A is described in Table 21 and assessed against our criteria in Table 22 below. Options set 6B is described in Table 23 and assessed against our criteria in Table 24 below

Table 21 - Options to concentrate or further distribute accountability

#	Option	Description of the option
6.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	One or more nominated people serving alcohol (duty managers) and the licence holders are jointly accountable
6.A.1	*[Choice to concentrate accountability]* We could require **licence holders to be solely accountable** *[Mutually exclusive with other options in this table]*	This option world remove the responsibilities of and requirements to have a duty manager on site (i.e., duty managers would no longer exist), and instead place all the responsibility for the responsible sale / supply of alcohol on the licence holder. This reflects the models of accountability in some other international jurisdictions (e.g., France and Spain). This option would require primary and secondary legislative change to implement.
6.A.2	*[Choice to distribute accountability]* We could require **every person serving alcohol (including the licence holder) to be accountable** *[Mutually exclusive with other options in this table]*	This option would require legislative change to require all persons serving alcohol to be accountable, and therefore liable to be fined, prosecuted, or otherwise punished for not meeting the responsibilities under the Act. This could also include introducing graduated levels of accountability and responsibility, as seen in the transport and health and safety regulatory systems. This option would require primary and secondary legislative change to implement.

Table 22 – Assessment of options to concentrate or further distribute accountability

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
6.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	× Retained in the absence of a better option.
6.A.1	*[Choice to concentrate accountability]* **Licence holders are solely accountable** *[Mutually exclusive with other options in this table]*	× • This option is intended to make accountability settings may be more effective by concentrating accountability - licensees may be more incentivised to ensure that they are selling and supplying alcohol safely if they cannot cede responsibility to other parties. • However, both regulated parties and regulators told us that this option would not be practical nor effective, may reduce the number of trained staff serving alcohol, and may therefore decrease the quality of point-of-sale decisions. • Most of the people we engaged regarding options did not support this option.	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	*Not applicable*	× Discarded
6.A.2	*[Choice to distribute accountability]* **Every person serving alcohol (including the licence holder) are accountable** *[Mutually exclusive with other options in this table]*	× • This option is intended to increase collective responsibility and peer support, which may increase the likelihood of responsible point-of-sale decisions. • Both regulated parties and regulators told us that this option would likely not be effective, be difficult to enforce, and place disproportionate burden on hospitality workers. Some workers may be unwilling to take on the risk, exiting the hospitality workforce and potentially reducing the pool of workers. • Most of the people we engaged regarding options did not support this option.	*Not assessed, as the option failed against the "Effective" criterion.*	*Not assessed, as the option failed against the "Effective" criterion.*	*Not applicable*	× Discarded

Table 23 - Options for providing more education and support to licence holders and workers

#	Option	Description of the option
6.B.0	**Status quo** *[Mutually exclusive with other options in this table]*	Only duty managers would be required to be trained and qualified
6.B.1	We could introduce **mandatory training** for: • 6.B.1.a: Licence holders, and / or • 6.B.1.b: All workers that serve alcohol *[These options are complementary with other options in this table, other than the status quo].*	This option would make training requirements for these groups mandatory by setting the requirement in primary legislation (6.B.1.a) and secondary legislation (6.B.1.b). The training would be offered for free. This option aligns with international practice in Australia and Scotland[21] – these regulatory systems require all staff serving alcohol on licensed premises to be trained to do so. Universal training is also highly recommended in England and Wales. This option would require primary and secondary legislative change to implement.
6.B.2	We could introduce **different tiers of certification for duty managers** *[This option is complementary with other options in this table, other than the status quo, and mutually exclusive with Option 6.A.1, which would remove duty managers].*	This option would establish tiered duty manager certifications e.g., different classes of duty managers for different business types / risk profiles. This option would require primary and secondary legislative change to implement.

[21] The Licensing (Scotland) Act 2005 requires training for those involved in alcohol licensing at all levels (staff, managers, Licensing Board members – equivalent to DLCs in New Zealand – and Licensing Standards Officers – equivalent to licensing inspectors in New Zealand. All staff must complete a minimum of 2 hours training before they sell of serve alcohol – this training

Table 24 – Assessment of options for providing more education and support to licence holders and workers

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
6.B.0	**Status quo** *[Mutually exclusive with other options in this table]*	× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	× Discarded
6.B.1.a	**Mandatory training for licence holders** *[This option is complementary with other options in this table, other than the status quo].*	✓ • We expect this option to increase licence holders' knowledge and understanding of the requirements. Given regulators told us that this is one of the primary drivers of non-compliance, we expect that this would effectively improve point of sale decisions. • We also expect this option may go some way towards addressing any mismatch between licence holders' interpretation of the law and duty managers' interpretation of the law, reducing the likelihood that disagreements arise (noting that this option does not prevent wilfully irresponsible licence holders from pressuring duty managers). • Most of the people we engaged regarding options supported this option.	✓ • This option may have some cost implications for both central government (to develop the and training) and licence holders (time investment into the training). We estimate that the costs incurred to develop the training will be small as some training resources already exist and could be updated to be effective for licence holders, and could therefore bone by the system steward (i.e., covered by the additional investment we are recommending there).	✓ *Risk to implementation:* the feasibility of implementation is predicated on there being dedicated resource to create the guidance and develop and deliver the training (this could be outsourced to a third party, but we think that given the feedback we have had on the effectiveness and performance of third party educators in this system, it would likely be more effective if undertaken by the system steward).	*Not applicable*	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system. **Included in Recommendation 4**
6.B.1.b	**Mandatory training all workers that serve alcohol** *[This option is complementary with other options in this table, other than the status quo].*	✓ • We expect this option to increase the capability of the of the workforce, increasing the likelihood that responsible point-of-sale decisions are made. • Mandatory training has been shown, in some circumstances (such as high-risk premises like nightclubs) to reduce alcohol-related incidents in Australia and Scotland. • Most of the people we engaged regarding options supported this option.	✓ • We expect that the costs of this option would be low, as appropriate and free training resources already exist (e.g., ServeWise), and monitoring compliance would be wrapped into current activities (e.g., inspections, staff training register, and licence applications). • This option may have some minor cost implications for businesses and workers (time investment into the training, as the current training is free), but these are low, many businesses do this already, and we think the benefits are likely to outweigh the costs.	✓✓ • Some businesses and workers do this already, indicating its feasibility.	*Not applicable*	✓ **Preferred option** **Included in Recommendation 4**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
6.B.2	**Different tiers of certification for duty managers** *[This option is complementary with other options in this table, other than the status quo, and mutually exclusive with Option 6.A.1, which would remove duty managers].*	✓ • We expect this option to improve the likelihood that duty managers have knowledge and skills that reflects the risk of the premise they are supervising without setting requirements too high for low-risk or more straightforward settings. We think this would likely improve point-of-sale decisions and reduce harm. • Most of the people we engaged regarding options did not support this option, but because of efficiency or feasibility concerns (discussed further under those criteria)	× • Feedback from regulators indicates this option would likely carry moderate implementation costs for both central government (to develop the framework and additional training for the higher tiers that does not currently exist) and regulators (adjustment of computer systems, forms, internal document, and processes). • This option would also impose additional costs on workers and businesses over and above the status quo, as the requirements for a higher class of duty manager would be higher than the current requirements for a duty manager. • Considering that we are recommending mandatory training for all those serving alcohol (which we expect will go some way towards improving point of sale decisions for negligible costs), it is unclear that the additional benefits gained over and above this from the introduction of a tiered system of duty managers outweigh the additional costs. • Regulators told us that the benefits may outweigh the costs if applied to off-licences, but this is out of scope of the Review (and we are unconvinced that a duty manager in an off-licence requires more capability than a duty manager in a busy bar or nightclub).	× *Risk to effective implementation:* Regulators and regulated parties indicated that this option would likely introduce complexity into the current system, and would not be coherent if applied over the current licence types. We think this could be mitigated by including this option as part of the new risk framework, which would introduce no additional complexity on top of a new framework.	*Not applicable*	× Discarded, but could be considered in the future as part of the recommended changes to the risk framework.

Our preferred options to make the supervision of the sale and / or supply of alcohol more effective and proportionate

66. **Preferred options:** Based on the assessment above, our preferred options are:

    - Option 6.B.1.a - mandatory training for licence holders (**Recommendation 4**)
    - Option 6.B.1.b – mandatory training for all workers that serve alcohol (**Recommendation 4**)

Implementation considerations of our preferred options

67. We recommended these options be progressed as soon as possible; these options do not require additional policy work, and Option 6.B.1.b could be implemented immediately, and Option 6.B.1.a would require only a small lead-in time to update existing training to be appropriate for licence holders (as opposed to duty managers and other workers who serve alcohol).

68. We discarded Option 6.B.2 for efficiency and feasibility reasons, but think there is opportunity for these drawbacks to be reasonably mitigated if this option was reconsidered as part of the development of the new risk framework (Recommendation 3). We therefore recommend that this option it be reconsidered during the development of the new risk framework.

Options to improve monitoring compliance and enforcement

The problem and likely underlying causes

69. **Problem:** Monitoring compliance and enforcement practices may not be effective, efficient, or proportionate in some cases

70. **Likely underlying causes the problem**:

- a lack of enforcement tools available in the Act that are proportionate to mid-level non-compliance. This is a legislative design point.
- the different resource constraints, priorities, and cultures of frontline regulators. As above, this is both a legislative design point and a regulatory practice point.

Options to address this problem

71. We have identified the following options that may address the problem:

- *[Option set 7A]* Increase infringement fees, add new infringement offences, and / or reclassifying some of the current offences as infringement offences.
- *[Option 7B]* Introduce a wider range of low and medium impact enforcement tools
- *[Option 7C]* Allow DLCs to suspend licences.
- *[Option 7D]* Introduce a minimum frequency of inspections
- *[Option 7E]* Introduce consistent training and additional guidance for licensing inspectors
- *[Option 7F]* Introduce a nationwide information system about licences, certificates, compliance activity, performance, and related alcohol harm.

These options are described in

72. Table 25 and assessed against our criteria in Table 26 below.

Table 25 - Options to improve monitoring compliance and enforcement

#	Option	Description of the option
7.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	No change to the monitoring and enforcement regime.
7.A.1	We could introduce **more infringement offences** *[These options are complementary with other options in this table, other than the status quo].*	This option would expand the number of infringement offences, either by adding new infringement offences, and / or by reclassifying some of the current offences as infringement offences (in line with LDAC guidance[22] regarding the design of infringement offences, e.g., a minor contravention of the law and a straightforward issue that is easily identifiable by a licensing inspector). An example of a current offence that fits these criteria could be made an infringement offence would be allowing people on licensed premises after hours (s 256). This option would require primary legislative change to implement.
7.A.2	We could **increase infringement fees** for infringement offences. *[These options are complementary with other options in this table, other than the status quo].*	At minimum, this option primary and secondary legislation to bring fees back in line with the level of deterrence intended by the regulatory system when it was put in place (e.g., the cap of $1000 in 2012 is approximately equivalent to $1,400 now). This option could also involve increasing the fees attached to each infringement offences by more than inflation (but still beneath the cap, e.g., the infringement fee for allowing minors in a restricted area or supervised area is $250. Increasing the fee in line with inflation would increase it to approximately $350, or we could increase it further to $500). This option would require changes to both primary (increasing the fee cap) and secondary legislation (changing the fees for individual infringement offences).

[22] https://www.ldac.org.nz/guidelines/legislation-guidelines-2021-edition/compliance-and-enforcement-2/chapter-25

#	Option	Description of the option
7.B	We could introduce a **wider range or low and medium impact enforcement tools** *[These options are complementary with other options in this table, other than the status quo].*	This option would introduce a greater range of enforcement tools such as: • Improvement Notices which would require a licensee to fix a behaviour by a certain time • Notices of Direction which would require a licensee to follow specific steps when serving alcohol or managing the premises • warnings which could pre-empt an offence. This option would require primary and secondary legislative change to implement.
7.C	We could **allow DLCs to suspend licences** *[These options are complementary with other options in this table, other than the status quo].*	This option could allow DLCs to suspend licences. (Note on the status quo: currently only ARLA has the power to suspend and cancel licences). This option would require primary legislative change to implement.
7.D	We could require a **minimum frequency of inspections** *[These options are complementary with other options in this table, other than the status quo].*	This option would set in legislation (secondary preferably) the frequency by which inspections must occur. Options for this frequency are: • Option 7.D.a: once per calendar year, or • Option 7.D.b: frequency based on performance, similar to the 'verification steps' in the food safety system (with a minimum frequency of once per calendar year) (Note on the status quo: currently there is no set frequency at which a premise / business must be inspected - meaning it could potentially be inspected at any time, or not at all). This option would require primary and secondary legislative change to implement.

#	Option	Description of the option
7.E	We could introduce **consistent training and additional guidance about the expected process for inspections** *[These options are complementary with other options in this table, other than the status quo].*	This option would introduce of training requirements for inspectors and guidance about how inspections should be conducted (e.g., when in the day, with what kind of notice should be given to regulated parties – but not unnecessarily prescriptive) and which regulatory requirements inspections should focus on. The guidance and training would be developed by the system steward in collaboration with stakeholders who already offer training (such as the New Zealand Institute of Liquor Licensing Inspectors) and offered to regulators for free. This option could include mandatory certification or national standards for licensing inspectors, as is seen in overseas jurisdictions.
7.F	We could introduce **a nationwide information system** about licences, certificates, compliance activity, performance, and related alcohol harm. *[These options are complementary with other options in this table, other than the status quo].*	This option would see a new information system which would be held and managed by the system steward. This information system would replace the registers of licences and certificates currently maintained by ARLA and contain information about: • Licences – how many of what type, where they are, who holds the licences • Duty managers – how many of what type, where they are, and who holds the certificates • Compliance monitoring - which premises were inspected when and what was found, when CPOs were conducted and their outcomes • Records of enforcement action taken • Links to alcohol-related crime and incidents. Incentives to ensure the information is inputted and amended in an accurate and timely manner will included in the detailed design of this option. The benefits of such information systems are well canvassed, and it could almost be described as pre-requisite for the effective and efficient functioning and stewardship of such a large and complex regulatory system.[23] (Note: The Law Commission recommended that such a system be implemented (Recommendation 130). The Government of the day accepted in principle, saying further feasibility studies were needed. However, the Review found no evidence of these feasibility studies, and no such system currently exists).

[23] "Regulatory institutions and practices", The Productivity Commission, June 2014.

Table 26 – Assessment of options to improve monitoring compliance and enforcement

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
7.A.0	**Status quo** *[Mutually exclusive with other options in this table]*	× As per our assessment in Paper 2.	*Not applicable*	*Not applicable*	*Not applicable*	× Discarded
7.A.1	**More infringement offences** *[This option is complementary with other options in this table, other than the status quo].*	✓✓ • We expect that this option would provide more tools for regulators to respond quickly and proportionately, incentivising better behaviour from regulated parties. • The majority of people we engaged regarding options supported this option.	✓ • We expect this option will have low implementation costs, as the infrastructure to use infringement notices and charge infringement fees already exists and will only require some change to add additional offences.	✓ *Risk to effectiveness and implementation:* As discussed in Paper 2, we did hear from some TAs that they do not have the infrastructure to use infringement notices charge fees, instead dedicating this function to Police. Increasing fees (Option 7.4.2) may incentivise them to make the investment in the relevant system themselves, but if TAs continue to not make this investment then expanding the range of infringement offences may not influence how regulators undertake enforcement, undermining the effectiveness of this option. If this appears to be the case, there may be reason for the system steward to investigate the feasibility of a national infringement system, or integrating it into national information system (Option 7.F).	✓ We think that this option does not unduly reduce individual or business rights and liberties, as offences would remain proportionate to the consequences of non-compliance.	✓ **Preferred option** **Included in recommendation 5**
7.A.2	**Increase infringement fees** *[This option is complementary with other options in this table, other than the status quo].*	✓✓ • We expect, based on feedback from regulators and regulated parties that increasing infringement fees will be an effectively incentivise better behaviour from regulated parties • The majority of people we engaged regarding options supported this option.	✓ • As above for Option 7.4.1, we expect that this option will have negligible implementation costs, as the infrastructure to charge infringement fees already exists and will require very little to change to increase the fees charged.	✓ As above for Option 7.A.1.	✓ We think that this option does not unduly reduce individual or business rights and liberties, as the higher fees would remain in line with what was intended when the law was put in place, and proportionate to the consequences of non-compliance.	✓ **Preferred option** **Included in recommendation 5**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
7.B	**Wider range of low and medium impact enforcement tools** *[This option is complementary with other options in this table, other than the status quo].*	✓✓ • We expect that increasing the range of tools available to regulators will enable a more nuanced approach by creating more types of response to address non-compliance without jumping straight to licence suspension / cancellation. Regulators told us that this would enable them to respond earlier, managing risks before they turn into issues. • Regulated parties told us that this option would increase the likelihood of compliance and make them more comfortable to engage with regulators if they had questions or concerns, as they would be able to "learn from their mistakes". • This option may also reduce the number of licence suspensions (as other tools are available), potentially increasing ARLA's capacity to deal with more complex issues. • The majority of people we engaged regarding options supported this option.	✓ • We expect that this option may have some start-up costs (i.e., establishing the infrastructure to use these additional tools, training regulators about when to use them). However, based on feedback from regulators, we expect that these costs will be low because most TAs already use very similar tools in the food safety system, and the infrastructure and expertise could be leveraged to make implementing this option more efficient.	✓ *Risk to effectiveness:* this option may introduce additional complexity and therefore require some regulator upskilling (notwithstanding its similarity to the food safety system) to use appropriately and effectively. This could be achieved through training and guidance (e.g., Option 7.E), but this is predicated on the system steward designing and delivering the training and guidance.	✓ We think that this option does not unduly reduce individual or business rights and liberties. It also introduces more consistency and proportionality for licence holders, and therefore potentially reduces the likelihood of arbitrary (or seemingly arbitrary) actions by regulators.	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system **Included in recommendation 5**
7.C	**Allow DLCs to suspend licences** *[This option is complementary with other options in this table, other than the status quo].*	× • We expect that this option would enable faster decisions closer in time to the non-compliance than is currently offered by ARLA. This may mean that more licences get suspended than currently, which could act as a deterrent for regulated parties. • However, feedback from regulated parties and some regulators that indicated that this option requires more decision-making capability and capacity than is currently available, increasing the likelihood of unfair decisions, and inconsistent decisions across regions and over time. • The majority of people we engaged regarding options did not support this option.	✓ • This option transfers the costs of dealing with licence suspensions from ARLA to DLCs, and is therefore likely cost neutral. If more licences are suspended than currently because the facility to do so is more available, then this may incur more costs, but these could likely be covered by licensing fees.	× • *Risk to effectiveness:* As discussed against the "Effective" criterion, this option is likely not currently feasible because the decision-making capability, capacity, and oversight structures that would facilitate it do not currently exist. • We are proposing options that may fill these gaps, and so this option could be revisited in the future if these recommendations were implemented effectively.	× This option may potentially increase the likelihood of arbitrary (or seemingly arbitrary) actions by decision makers, which may unduly reduce a business's ability to operate.	× Discarded, put could potentially be revisited in the future

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
7.D	**Minimum frequency of inspections** • Option 7.D.a: once per calendar year, or • Option 7.D.b: frequency based on performance and risk, similar to the 'verification steps' in the food safety system. *[These options are complementary with other options in this table, other than the status quo].*	✓ • We expect this option to increase the likelihood of identifying poor licensee and duty manager performance, allowing for early intervention to manage risk, and incentivising the compliance monitoring and enforcement regime to be proactive rather than reactive. [24] • We also expect this option to provide regulators and the system steward with more information about the performance of regulated parties (both good and bad). We think that from a monitoring perspective, there is value in inspections that find no non-compliance, because it adds to the evidence base that the regulatory requirements are is working as intended, rather than just not knowing (the status quo). Inspections also have educative and preventative role in the system, which we think more frequent / consistent inspections would facilitate better. • A minor point, but this option will likely increase certainty for businesses about what to expect from compliance monitoring. • Option 7.D.a may be seen as unfair for some business because some lower-risk, higher performing businesses may be inspected more frequently than they currently are. • The majority of people we engaged regarding options supported this option, with the majority supporting an inspection frequency based on performance (Option 7.D.b).	✓ • This option may have some cost implications for the TAs who are not regularly inspecting businesses (which we estimate to be between 15 – 20%). • We can provide TAs the ability to recoup these costs by allowing them to charge for inspections as opposed to relying on the annual fees to cover compliance monitoring activities (discussed in depth in the 'Fees and levies' supplementary paper).	✓* *Risk to implementation:* the feasibility that TAs would be able to undertake these inspections on this frequency can be increased by both allowing them to charge fees, and by basing the inspection frequency on risk and performance (Option 7.D.b). Scaling the frequency of inspections in this way would mean that inspections could be as infrequent as possible for lower-risk businesses (which are the ones currently least likely to be inspected), reducing the amount of additional effort and costs over the status quo. *Risk to effectiveness:* Regarding Option 7.D.b, care are will need to be taken to ensure that inspection fees are not unreasonably used as a penalty (i.e., additional inspections being added and charged for unreasonably, or not in line with performance, risk, or other information gathered during compliance monitoring). This can be mitigated by crating clear criteria for any additional inspections (again, somewhat analogous to the food safety system).	✓ As above for Option 7.B.	✓ **7.D.b is the preferred option**, but predicated on allowing TAs to recoup costs by charging inspection fees. **Included in recommendation 5**

[24] As discussed in Paper 2, the information we have about the number of inspections that identify non-compliance is highly variable (between 0% and 80%). The evidence of low-level, but frequent, non-compliance we have collected from Police indicates to us that it is likely that more inspections would identify more non-compliance.

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
7.E	**Consistent training and additional guidance about the expected process for inspections** *[This option is complementary with other options in this table, other than the status quo].*	✓ • We expect this option to improve the quality and consistency of regulatory practice by setting expectations about how inspections should occur and building regulator capability. • We expect that focussing inspections on licensee and duty manager knowledge behaviour will also provide a more accurate picture of how the requirements play out in practice than currently (where many inspections focus on paperwork requirements) • As above for Option 3.A.2, feedback from regulators has indicated that option will be most effective for new regulators early in their career, which is a small (but growing) group. • As above for option 7.D, this option will increase certainty for businesses. • This option was the most supported of the options presented to solve this problem.	✓ • This option will have some cost implications for both central government (to develop the guidance and training) and local regulators (time investment into training). We estimate that the costs incurred to develop guidance and training will likely be small enough that they could be borne by the system steward (i.e., covered by the additional investment we are recommending there). • Given feedback from regulators and regulated parties on the likely benefits, we think that the benefits are likely to outweigh these costs.	✓ *Risk to implementation:* the feasibility of implementation is predicated on there being dedicated resource to create the guidance and develop and deliver the training (this could be outsourced to a third party, but we think that given the feedback we have had on the effectiveness and performance of third party educators in this system, it would likely be more effective if undertaken by the system steward). *Risk to effectiveness:* as above for Options 3.A.2 and 5.B.2 there is a risk that the uptake of voluntary training and guidance may be low. This option is therefore predicated on strong system stewardship that designs high-quality training (and demonstrates its value) and facilitates and encourages uptake. There is the option of creating national standards in regulation to create minimum standards for regulators (and mandating a qualification against those standards), but we would only recommend if the voluntary approach has not been effective given the costs that would likely be incurred.	*Not applicable*	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system **Included in recommendation 4**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
7.F	**A nationwide information system**. *[This option is complementary with other options in this table, other than the status quo].*	✓✓ • We expect this option to improve information quality and availability to regulators, decision makers, and the system steward. Regulators and decision makers told us that access to more up-to-date, granular information about effectiveness and performance of licence holders and the system as a whole would drive better regulatory decisions and reduce harm. • We also expect this option to improve the ability to report on the performance of the regulatory system as a whole, including on whether it is meeting the Crown's Te Tiriti o Waitangi | Treaty of Waitangi obligations and reducing alcohol-related harm equitably. • We also expect that businesses experience less administrative work when applying for a new licence or a renewal of their licence because the regulators already hold the information about their compliance history. • The majority of people we engaged regarding options supported this option.	✓ • This option will likely have significant start-up costs (estimated to be approximately $2 - 4 million initially to build and collect existing information, then ongoing investment to maintain). These costs could be spread across the system stewards and TAs, and could potentially supplant some of the investment TAs currently make in their administrative systems (as this system would undertake some of these functions, such as recording rates of non-compliance). • Notwithstanding the potentially high costs, regulators and decision-makers told us that the benefits were likely to be significant, both in terms of operational efficiencies (e.g., reduced time to assess applications because information about compliance history is readily available) and higher quality information about what interventions are effective, driving better regulatory decisions and reduce harm. • We also think that this option is the most efficient way for the system steward to have access to consistent information about the ongoing performance of the system. Ad hoc data collection (which would be the alternative) would be very costly and inefficient.[25] • Further analysis and a business case would be needed if this recommendation was agreed, but on balance we think that it is likely that the benefits would outweigh the costs over time.	✓ *Risk to effectiveness and implementation:* The feasibility of this option is predicated on a strong system steward being established that would have clear ownership over this information system. Otherwise, responsibility and accountability may be unclear, which may mean the project never gets off the ground (as we suspect happened regarding the further feasibility studies requested in response to the Law Commission's recommendation), or the system is not regularly maintained.	*Not applicable, as this information is already collected and stored, just in a distributed manner.*	✓ **Preferred option**, but predicated on stronger and more effective stewardship of the system and further analysis of the feasibility. **Included in recommendation 9**

[25] One round of ad-hoc data collection by the Review on a limited number of indicators from TAs took one FTE over two weeks to process, and a significant amount of time for TAs to provide.

Our preferred options to improve monitoring compliance and enforcement

73. **Preferred options:** Based on the assessment above, our preferred options are:

- Option 7.A.1 – Introduce more infringement offences (**Recommendation 5**)
- Option 7.A.2 – Increase infringement fees (**Recommendation 5**).

74. We also have preferred options that are predicated on previous preferred options:

- Option 7.B – introduce a wider range of low and medium impact enforcement tools. This option is predicated on stronger and more effective stewardship of the system to make it more likely that these tools are used effectively (**Recommendation 5**).
- Option 7.D.b– Set a minimum frequency of inspections, based on performance and risk. This option is predicated on allowing TAs to charge for inspections to recoup costs for what may be additional work (discussed in the 'Fees and levies' supplementary paper) (**Recommendation 8**).
- Option 7.E - Consistent training and additional guidance about the expected process for inspections. As with previous preferred options regarding training and guidance, this option is predicated on stronger and more effective stewardship of the system to be effective (**Recommendation 4**).
- Option 7.F - A nationwide information system. This option is predicated on the establishment of a central system steward to own the system, and the completion of more detailed analysis of costs and feasibility (**Recommendation 9**).

Implementation considerations of our preferred options

75. Most of these options require some additional policy work to develop to be ready for implementation (e.g., which offences exactly should also be infringement offences, what exactly should the fees be, how exactly will the additional tools work, what exactly should the inspection frequencies be). Additionally, many are predicated on the implementation of other recommendations and successful establishment of a system steward to be effective.

76. Therefore, we propose the following sequence of implementation of our preferred options:

- Progress policy work and implementation of options 7.A.1 (infringement offences), 7.A.2 (infringement fees) in the short-term, as these require the least amount of additional work.
- Establish the system steward (Recommendation 1), then make them responsible for progressing options 7.B (more enforcement tools) and 7.E (training and guidance for inspections), and investigating the feasibility of option 7.F (a nationwide information system).
- Progress Option 7.D.b (minimum frequency within the development of the new risk framework (Recommendation 8).

Annex 1 – Mapping between recommendations and preferred options

Recommendation	Preferred options covered by this recommendation
Recommendation 1 - Appoint a new system steward for the alcohol regulatory system	Option 1.C - Additional investment in stewardship and changes to machinery of government.
Recommendation 2 – Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences	Option 2.B.1 - Streamline the requirements and process to renew a licence Option 2.B.3 - Scale licence renewal periods by performance Option 3.B.2 - A standard, shorter licence renewal application form Option 3.D - Automatic approvals for some low-risk licence renewals after a certain period of time Option 3.G.4 – Allow decisions on some licence renewals and managers' certificates to be delegated to licensing inspectors
Recommendation 3 - Clarify and simplify the process and requirements to get an alcohol licence for the first time	*Short term - Improve the licence application process* Option 2.A.2 - Allow regulators to exempt applicants from criteria in particular circumstances. Option 2.A.3 – Introduce temporary licences Option 2.A.5 - Change the licensing criteria to be more specific Option 3.B.1 - A standard application form for new licences Option 3.F.2 - Police and Medical Officers of Health may inquire into an application if it meets a certain set of criteria Option 5.B.1 – Improve hearings by allowing decision-makers more discretion about when a hearing is called, and be explicit that the DLC can seek additional information from all parties outside of the hearing process
Recommendation 4 – Require licence holders, all people who serve alcohol, and regulators to be trained	Option 6.B.1.a - mandatory training for licence holders Option 6.B.1.b – mandatory training for all workers that serve alcohol Option 3.A.1 – Explicitly allow pre-application meetings (delivered through guidance and training) Option 3.A.2 – Consistent training and additional guidance for those who inquire into applications Option 7.E - Consistent training and additional guidance about the expected process for inspections

Recommendation	Preferred options covered by this recommendation
Recommendation 5 – Introduce more tools for monitoring compliance and enforcement of minor non-compliance, such as Improvement Notices and Notices of Direction	Option 7.A.1 – Introduce more infringement offences Option 7.A.2 – Increase infringement fees Option 7.B – introduce a wider range of low and medium impact enforcement tools.
Recommendation 6 – Allow DLCs to merge, set specific membership and training requirements for DLCs, and increase payments to DLC members	Option 3.G.1 – Allow neighbouring DLCs to merge Option 4.A.1 – Increase payments to decision-makers Option 4.B – Set more specific requirements for people who sit on decision-making bodies Option 4.A.2 – Consistent training and additional guidance for decision-makers Option 5.B.2 – Improve hearings by introducing consistent training and additional guidance for decision makers on how to run a hearing
Recommendation 7, Fees and Levies Recommendation 3 – Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees	*As per the analysis in the 'Fees and levies' supplementary paper*
Recommendation 8 – Introduce 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 compliance monitoring	Option 2.A.4 - Replace on, club, and special licences with more specific licences based on risk classifications Option 4C – Reduce decision-making bodies' discretion regarding licence conditions, if required Option 7.D – Set a minimum frequency of inspections (Could be considered further) Options 6.B.2 – Different tiers of certification for duty managers.

Recommendation	Preferred options covered by this recommendation
Recommendation 9 – Introduce a nationwide information system about licences, certificates, compliance activity, performance, alcohol related crime, incidents, and health effects	Option 7.F – Introduce a nationwide information system

Annex 2 – Te Tiriti o Waitangi | Treaty of Waitangi analysis of our recommendations

77. The analysis below considers how our proposed recommendations (taken together, and assuming they are accepted by the Government of the day and implemented) consider Te Tiriti o Waitangi | Treaty of Waitangi (Te Tiriti o Waitangi). As some considerations will only emerge during the next stage of work (i.e., detailed design for implementation), we also draw out any implications for this next stage.

78. This analysis only covers our proposed recommendations, which were made within the scope of the Review. As discussed in Paper 2, this means the other ways the government intervenes (i.e., reducing demand, mitigating the negative effects of alcohol) were not in scope. This means there are well-canvassed suggestions to improve the alcohol regulatory system's consideration of Te Tiriti (such as explicitly referring to Te Tiriti in the Act) which were out of our scope of the Review, and so not included in our analysis.

79. This analysis follows the questions in the current Cabinet circular on Te Tiriti, to meet the Government's expectations as set out in the Cabinet Manual.

80. Due to various constraints, we did not engage specifically with iwi, hapū, or Māori throughout the Review. However, as discussed below, we think there is a role for such engagement throughout detailed design and implementation.

Article One

What are the Treaty / Māori interests in this issue?

81. We have assessed whether there are Treaty / Māori interests in the licensing regime by considering empirical evidence and research, publicly available commentary on issues, what iwi, hapū, and Māori communities have previously told the government, and past government work.

82. As discussed and referenced in Paper 1 and 2:

- Māori individuals and communities experience disproportionately higher levels of alcohol-related harm than other population groups in New Zealand – both the direct health effects of alcohol consumption, and the downstream effects such as whānau breakdowns, economic insecurity, and criminal offending. Māori individuals also experience higher average harm per drink than other population groups.
- The health and justice systems have failed to adequately address and mitigate this harm.
- There is some evidence that, prior to colonial settlement, Māori did not produce or consume alcohol.

83. There has also been a significant amount of research, commentary, and government work regarding Māori interests in the availability of alcohol in their communities.[26]

84. Taken together, we think this indicates that there are Treaty / Māori interests in all types of government intervention in alcohol (i.e., controlling supply, reducing demand, and

[26] https://resources.alcohol.org.nz/assets/Inclusivity-report/Inclusivity-report.PDF

mitigating the negative effects – most of which is out of scope of the Review), and therefore there are Māori interests in the licensing regime (part of which is in scope of the Review).

How does the proposal / policy affect all New Zealanders? What is the effect on Māori (if different, how and why?)

85. While we found that the alcohol regulatory system (and the licensing regime) is likely achieving its policy objectives in hospitality settings, there are some areas where regulatory design and / or regulatory practice could be improved. Our proposed recommendations intended to improve the alcohol regulatory system, which we expect will:

    - increase efficiency and proportionality for hospitality businesses by scaling requirements to risk, and streamlining administration where appropriate
    - set up the alcohol regulatory system to support innovation and be more responsive to changes in technology and societal preferences in the future
    - potentially reduce alcohol-related harm in communities.

86. We think the Treaty / Māori interests in this issue, especially given the severity of the harm and the inequity of this harm, justify the involvement of iwi and hapū in the alcohol regulatory system (including the licensing regime) being different than the involvement of other individuals and communities.

87. Therefore, our recommendations make several proposals which approach iwi and hapū differently to other individuals and communities. Specifically:

    - Recommendation 4 – providing specific guidance and training to those who inquire into applications, including how and when to engage with iwi, hapū, and Māori communities as part of an inquiry into an application to better understand the potential impact of a licence on these groups, and provide them with an opportunity to participate in licensing decisions should they wish to (over and above what is offered to the general public).
    - Recommendation 6 – setting specific requirements for people who sit on DLCs, including mana whenua representation, and providing specific guidance and training to DLCs on how they could incorporate tikanga Māori and the principles of Te Tiriti in their decisions and decision-making processes (including hearings), and how they can gather information from iwi, hapū, and Māori communities outside of the hearing process.

88. Recommendation 9 also proposes a nationwide information system that should be used to evaluate the performance of the alcohol regulatory system, including the performance of the system for Māori.

89. We therefore think our proposals will have specific benefits for Māori, especially for iwi and hapū, by providing more opportunities and support for involvement in the licensing regime, and more information about the alcohol regulatory system's performance to inform decisions.

How does the proposal demonstrate good government within the context of the Treaty?

90. The government has chosen to intervene in the sale and supply of alcohol to mitigate the health and safety risks of alcohol, and several market failures (specifically, negative externalities, information failures, and behavioural biases). The government intervenes in three main ways; controlling supply, reducing demand, and mitigating the negative effects of consumption. The licensing regime is the key way the government controls supply. The government therefore has obligations to ensure that these interventions are effective and achieve their objectives. The Review's options development and analysis has been conducted with this in mind.

91. This has included consideration of existing guidance for policy makers (DPMC guidance, the Cabinet Manual, and LDAC's Legislation Guidelines). There are no current legal and / or Treaty settlement obligations for the Crown that relate specifically to the alcohol regulatory system or the licensing regime, but this work did consider the context of the ongoing Health Services and Outcomes Inquiry (Wai 2575) and its consideration of issues concerning Māori and mental health and addictions (which is related to the availability of alcohol, and so is related to the licensing regime).

How does the proposal demonstrate that policy-makers are meeting the good faith obligations of the Crown?

92. We think our recommendations go further than the status quo with regard to protecting Māori interests and creating opportunities for iwi and hapū to participate more meaningfully in DLC's decisions that have impacts on their interests (e.g., decisions that have impacts on the availability of alcohol, or the conditions under which alcohol is sold / supplied).

93. As discussed above, the Review's scope limited our recommendations, meaning this is not a fulsome analysis of how the alcohol regulatory system could give better effect to Te Tiriti o Waitangi.

To what extent have policy-makers anticipated Treaty arguments that might be made?

94. As above, we think our recommendations go further than the status quo with regard to protecting Māori interests, especially in relation to decision-making about licences and ensuring that regulatory practice at the local government level has more regard to Māori interests.

95. We anticipate there could be Treaty arguments made if our recommendations are seen to increase the availability of alcohol (as this could be argued to create disproportionate risks to Māori). However, we are comfortable that our recommendations will not increase availability for the following reasons:

    - There does not appear to be a large unmet demand for licences that will now be met by making the process more efficient and proportionate (see Paper 2 for a more in-depth discussion).
    - DLCs retain full decision-making responsibility over whether a licence is issued, and so can continue to make decisions about the appropriate availability of alcohol in their local area, notwithstanding any of the recommended changes to the administration of the licensing process.

- We are also not proposing to change or reduce the range of criteria DLCs can consider when making a decision; we are only proposing making the criteria more explicit about what is or is not covered (in line with the majority of 'on the ground' practice and case law).
- We are not recommending any changes to LAPs, and so LAPs remain a strong instrument for local communities, including iwi and hapū, to have a say in how alcohol is sold / supplied in their local area.

96. We are also including recommendations to increase the monitoring and evaluation of the alcohol regulatory system's performance in case this assumption is incorrect.

97. We also anticipate there could be Treaty arguments made about the fact that the Act does not explicitly refer to Te Tiriti or its principles, and the consequences and impacts on Māori that could potentially be linked to this.

98. Recommendations to address this are out of scope of the Review. However, we have made a comment for the Government to consider that the Act and associated regulations would benefit from a full review to increase clarity and flexibility.

Article Two

Does the proposal allow for the exercise of rangatiratanga while recognising the right of the Crown to govern?

99. These proposals do not explicitly allow for the exercise of rangatiratanga in the licensing regime, as DLCs (appointed by the Crown) retain decision-making responsibility over licences.

100. However, as described above, Recommendation 6 proposes mana whenua representation on DLCs, which provides a new avenue for iwi and hapū to meaningfully participate in licensing decisions (should they wish to).

Have Māori had a role in design / implementation?

101. To date, Māori have not had a role in the design of our recommendations.

102. We think, for our recommendations to both effectively address the problems we identified and better protect Māori interests, Māori (both Māori with expertise, knowledge, and experience in alcohol, and local iwi and hapū) should be involved in the detailed design for implementation. At a minimum, we think this should include involvement in:

- the design of the governance of the alcohol regulatory system (Recommendation 1; likely to be undertaken by the new system steward). We think collaboration[27] would be appropriate here
- how we monitor and evaluate the performance of the alcohol regulatory system going forward (Recommendations 1 and 9; likely to be undertaken by the new system steward). We think collaboration would be appropriate here

[27] As per Te Arawhiti's engagement framework with Māori.

- changing the licensing criteria to be clearer and more specific and creating the criteria that would allow DLCs not to call a hearing (Recommendation 3). We think consultation would be appropriate here
- the design of operational policy, guidance, and training for regulators and DLCs, especially (but not limited to) the material related to how they could incorporate tikanga Māori and the principles of Te Tiriti in their decisions or inquiry process. and how they should engage with iwi, hapū, and Māori communities throughout the licensing process (Recommendations 4 and 6). We think co-design would be appropriate here
- the design of mana whenua representation on DLCs and the associated appointment process (Recommendation 6). We think co-design (at the local level) would be appropriate here
- the design of the new risk framework that governs what alcohol licences are, requirements, fees, etc, especially (but not limited to) the design of the categories and what designates a premises as a specific risk category (Recommendation 8). We think consultation would be appropriate here

Does the proposal enhance Māori wellbeing and / or build Māori capability or capacity?

103. The proposals do not specifically seek to enhance Māori wellbeing and / or build Māori capability or capacity. They instead seek to improve outcomes more generally by improving the licensing regime. However, to do this well (and equitably) there will need to be some proposals which approach iwi and hapū differently to other individuals and communities to respond to the Māori interests in the licensing regime, which has informed our recommendations.

Is there any aspect of this issue that Māori consider to be a taonga?

104. Health and wellbeing can be considered taonga[28]. While the licensing regime does not directly affect health and wellbeing, it is one of the three ways the government intervenes to mitigate the health risks and harms related to alcohol, so there is a clear causal link. This has informed both how we approached considering whether there are Māori interests in this issue (and what those interests are), where we have made proposals which approach iwi and hapū differently from other individuals and communities, and where we have suggested Māori have a role in the detailed design of our recommendations (should they be taken forward).

Article Three

Does the proposal aim to achieve equitable outcomes?

105. As discussed above, these proposals aim to achieve equitable outcomes, and acknowledge that to do this, there are some places (particularly regarding decision making and engagement) where iwi and hapū need to be treated differently from the general public.

106. These proposals also recommend new accountability and monitoring structures to better understand the performance of the alcohol regulatory system (Recommendation 9). These

[28] https://www.health.govt.nz/maori-health/maori-health-models/te-whare-tapa-wha

structures should be used to understand whether equitable outcomes for Māori (or progress towards equitable outcomes) are being achieved (i.e., reporting on the equity of outcomes based on information collected).

How does the proposal differ from previous efforts to address the issue?

107. As discussed above, we think our recommendations go further than the status quo with regard to protecting Māori interests and creating opportunities for Māori to participate in decisions that have impacts on their interests (e.g., decisions that have impacts on the availability of alcohol, or the conditions under which alcohol is sold / supplied).

How does the proposal demonstrate that policy-makers have looked at the proposal from the perspective of legal values such as natural justice, due process, fairness, and equity?

108. The proposals maintain most of the natural justice, due process, fairness, and equity considerations that were made when the regulatory system was put in place by in 2012 following the Law Commission's review.

109. Where we have recommended changing aspects of the licensing regime in a way that may impact these values (such as allowing decision makers more discretion about when a hearing is called), we have taken care to recommend associated safeguards to maintain those values (such as clear criteria so that unintended uses / consequences are less likely, clearly allowing for other ways to gather information that may be more useful for DLCs, Māori communities, and the public, and additional support to help decision makers to exercise their discretion).

110. Additionally, many of our recommendations seek to strengthen operational policy, training, and guidance, which we expect will lift regulatory practice and mean that more regulated parties and the public experience these values 'on the ground'.

How does the proposal demonstrate that policy-makers have looked at the issue from the perspective of tikanga values?

111. At this stage, our proposals seek to better recognise the mana of iwi and hapū by creating opportunities for Māori to participate in decisions that have impacts on their interests.

112. As discussed above, involving Māori in the next stage of detailed design will provide further opportunities to embed tikanga values into governance, operational policy, guidance, and training.

Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Supplementary paper

An economic analysis of whether government should intervene in domestic food safety in New Zealand

Purpose

1. This paper sets out a first-principles economic analysis of the rationale for government intervention in domestic food safety in New Zealand.
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 reasons governments may choose to intervene in any given area. [1]
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.

Scope and Background

The food market in the domestic setting

4. Food is necessary for survival and everyone in New Zealand has the right to 'adequate' food.[2] Unlike in some markets, where individuals may choose not to engage e.g., alcohol, this is generally not an option for the food market.
5. While the Hospitality Review (the Review) focusses on the market where food is exchanged between a seller (being a restaurant, bar, or café) and the domestic consumer, this paper considers domestic food safety risks and relevant market failures occurring across the entire domestic food safety market. This spans the domestic food supply chain i.e., business-to-business and consumer-facing, and includes hospitality businesses, supermarkets, manufacturers, and other retailers, but excludes export market[3] and self-production[4].

[1] Such as to enforce rights, to achieve fairer distribution of resources or services, or to achieve particular social outcomes.
[2] Right to Food – "where *'adequate' food is food that meets someone's needs according to their age, living conditions, health, occupation, sex or other. For example, if children's food does not have the nutrients they need for their physical and mental development, it is not adequate… Food should be safe for humans to eat and be free from harmful substances, e.g.,from industrial or agricultural processes, including residues from pesticides, hormones or veterinary drugs*".
[3] i.e., food products regulated under the Animal Products Act 1999 and the Wine Act 2003 intended for export.
[4] i.e., food produced by a consumer for their own consumption.

A brief overview of how the government in New Zealand currently intervenes in domestic food safety

6. The government currently intervenes in domestic food safety in New Zealand in three main ways:

    - *Ensuring most businesses who trade in food are known to government* - this is done primarily by requiring a person who trades in food to be registered under a risk-based measure[5]
    - *Ensuring food produced is safe and suitable* - this is done primarily by:
        i. setting requirements under the risk-based measures set out in the Food Act 2014 (the Act)
        ii. requiring all food traders to take responsibility for the safety and suitability of that food[6]
        iii. providing pre-assessed food safety plans which most businesses that trade in food use (Ministry for Primary Industries' (MPI) template Food Control Plans) as well as guidance material for lower-risk businesses (National Programme Guidance)
        iv. ensuring food traders are demonstrating food safety competence by verifying (auditing) their operations
        v. providing educational and guidance material for food businesses and people preparing food at home
    - *Mitigating negative consequences of unsafe food* - this is done primarily by:
        i. providing for a range of enforcement tools for the regulators including education, improvement notices, notices of direction, restricting the use of or closing a business, and prosecution
        ii. requiring traceability of food and facilitating food recalls
        iii. providing health treatment for illnesses caused, or partially caused, or exacerbated by unsafe food
        iv. providing public health guidance on managing food borne illness.

[5] Some low-risk food traders are exempt from registration.
[6] s 4 Food Act 2014

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

7. This section describes the theoretical scenario where the government does not intervene in domestic food safety 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 domestic food safety

8. In this scenario, food manufactured and prepared for the domestic setting could be freely sold by any seller to any domestic buyer, including the consumer of that food. However, this scenario does not include primary food products (e.g. honey, milk and dairy products) that are intended for export and are regulated under the Animal Products Act 1999 or the Wine Act 2003. As in the status quo, any food intended for export (that is not regulated by the Animal Products Act 1999 or the Wine Act 2003) would also be subject to the relevant export market requirements.

9. This means:

    - any trader in food could produce food of any type[7] and quality for sale in New Zealand
    - traders in food would not be required to demonstrate food safety competence or take responsibility for the food they produce for the domestic market
    - food would not be traceable and if food safety or suitability issues arose there would be no mechanism for recall
    - no requirements for cleanliness or hygiene at places where food is manufactured or prepared
    - no requirements for sellers to know about allergens in food
    - no verification, inspection, or auditing of businesses trading in food
    - no restrictions on the importation of food for sale (other than biosecurity restrictions)
    - no education to the public or businesses about safe food handling practices.

10. To keep the scope of this analysis specific to government intervention in domestic food safety, general government interventions in markets still apply, such as consumer protection laws, workplace health and safety requirements, goods and services taxes, as well as previously mentioned food products intended for export and are regulated under the Animal Products Act 1999 or the Wine Act 2003.

11. We assume consumer demand for food will generally stay the same in the absence of government intervention given food is necessary for survival, but assume consumption of food produced in hospitality venues would decrease. Government intervention provides a level of assurance that food purchased is safe to eat. Without this assurance, there could be a

[7] Except for those products that would be regulated under the Animal Products Act 1999 and the Wine Act 2003 outlined in the paragraph above.

shift to more consumers self-producing food e.g., growing their own vegetables, or baking bread; however, the overall impact on demand for food is likely to be negligible given the resources required for individuals to self-produce.

There are public health risks that arise if the government does not intervene in food safety

Risks to public health

12. Food (including beverages) can host microorganisms, some of which are harmful to people. The type of food and the way in which it is handled and prepared i.e., cooked, packaged, and/or stored, impacts the type and level of microorganisms. If food is stored or prepared incorrectly, microorganisms can proliferate, spoiling food or causing harm to those who consume it. In addition to microbiological contamination – physical and chemical contamination can also lead to food safety issues.
13. The World Health Organization estimates that each year unsafe food causes 866 million cases of foodborne disease and 1.5 million deaths globally.[8] In New Zealand, even with the current level of government intervention in the domestic food safety system, it is estimated that approximately 500 people in New Zealand suffer from foodborne illness per day.[9]
14. Most foodborne illness in New Zealand is self-limiting and can be managed from home.[10] However, foodborne illness can be very serious, and resulted in seven deaths and around 2,700 hospitalisations in 2023.[11]
15. In New Zealand the main notifiable foodborne illnesses are Campylobacteriosis, Hepatitis A, Listeriosis, Salmonellosis, Shiga-toxin producing *Escherichia coli*, and Yersiniosis (see Appendix A for more detail).[12] Norovirus is another foodborne illness, causing a significant proportion of hospitalisations per year, but is not notifiable unless the person infected is in a high-risk category e.g., is a food handler or early childhood service worker.
16. Foodborne illnesses can lead to short-term symptoms as well as long-term impacts. These are outlined below.

    Short-term physical symptoms include:

    - gastrointestinal (GI) issues (nausea, vomiting, diarrhoea)
    - fever or chills
    - allergic reactions
    - dehydration
    - stomach cramps
    - muscle or joint aches.

[8] World Health Organization, News Release 4 June 2026, Unsafe food causes 866 million illnesses and 1.5 million deaths annually, young children at highest risk; https://www.who.int/news/item/04-06-2026-unsafe-food-causes-866-million-illnesses-and-1.5-million-deaths-annually--young-children-at-highest-risk.
[9] New Zealand Government, Food health and safety; https://www.govt.nz/browse/health/food-safety/food-health-and-safety/
[10] British Medical Journal, Best Practice Topic – Food Poisoning; https://bestpractice.bmj.com/topics/en-gb/203
[11] Ministry for Primary Industries, Annual Report Concerning Foodborne Diseases in New Zealand 2023; https://www.mpi.govt.nz/dmsdocument/65046-Annual-report-concerning-Foodborne-Diseases-in-New-Zealand-2023.
[12] Notifiable diseases are those in Schedule 1 of the Health Act 1956 and require notification to the Medical Officer of Health and the local authority (Part 1 – Section A) or the medical officer of health only (Part 1 – Section B).

Long-term impacts include:

- Guillain-Barré Syndrome (GBS)[13]
- Haemolytic Uraemic Syndrome[14]
- cancer[15]
- loss of life (including miscarriage).

17. These health impacts can be experienced differently by different population groups; with young and older people, immune-compromised people, and pregnant woman more at risk of severe negative health effects from foodborne illness.

Outbreaks

Foodborne illness can also spread beyond the initial case(s) and can lead to foodborne outbreaks. In 2024, there were 39 outbreaks with a common source in New Zealand, affecting 920 people. The top two identifiable conditions were norovirus infection (10 outbreaks) and campylobacteriosis (4 outbreaks).

Commercial food service operators i.e., restaurant/café/bakery/takeaway food accounted for 23 of the 39 common-source outbreaks in 2024. These outbreaks accounted for 15.8 percent of all outbreak related cases. Poor food handling was the most common suspected cause for the food-related norovirus outbreaks, while chicken liver pate/parfait was the most common source for campylobacteriosis at commercial food operators.

Over the last three years, hospitality businesses have been the most common exposure setting for foodborne outbreaks, accounting for an average of 56 percent of all foodborne outbreaks.

Source: https://www.mpi.govt.nz/dmsdocument/71205-Annual-report-concerning-Foodborne-Diseases-in-New-Zealand-2024

There are market failures that arise if the government does not intervene in domestic food safety

18. There are two main types of market failures that arise if the government does not intervene in domestic food safety. These are:

    - *negative externalities*, where the costs that arise from foodborne illness (or physical and chemical contamination from food) are not borne solely by those who benefit from the sale and consumption of food

[13] GBS is a post-infectious autoimmune disorder where the body's immune system attacks the peripheral nervous system. It is predominantly associated with *Campylobacter jejuni* infection.
[14] Haemolytic Uraemic Syndrome is a series condition associated with low red blood cells, low platelets and kidney injury. It is often caused by shiga-toxin producing e-coli infection and affects children more often than adults.
[15] WHO Food safety and Mouse Study Led by Bloomberg School Researchers Identifies Bacterial Protein Associated with Colorectal Cancers | Johns Hopkins | Bloomberg School of Public Health

- *information failures*, where parties in the market do not have the relevant information to make rational choices.

Negative externalities

19. As described above, there are risks to public health from foodborne illness, and the consequence of these risks carry costs. The nature of these consequences i.e., illness and outbreaks, mean these costs are not borne solely by the parties who receive the benefits from trade. Those who benefit are the seller (who profits from the sale of food) and the buyer or individual consuming the food (who receives an internalised benefit, e.g. nourishment, enjoyment).
20. This means the costs from the public health risks are not fully considered when these parties make decisions, nor are they reflected in market prices.
21. Although a seller may have some benefit from ensuring their food is safe and suitable to consume to maintain their business reputation - the onset of symptoms from foodborne illness can be delayed.[16] As such, many consumers incorrectly blame the last thing (or place) they ate.[17] This means that it can be challenging for consumers to accurately pinpoint the source of foodborne illness and therefore presents challenges for consumers to choose or avoid certain businesses.
22. The negative externalities are:
    - *increased burden on, and cost to, the healthcare system imposed on the Crown,* due to:
        i. an increased rate and severity of foodborne illnesses
        ii. an increased rate of people seeking healthcare. Currently, about 36% of people with acute GI illness seek professional healthcare, a rate which could increase if there were no government intervention.[18]
    - *costs to the economy* - from lost productivity due to personal illness or caring for those who are sick. It is estimated that 90% of the cost to the economy from foodborne illness, which is discussed in detail in the section below, is due to lost productivity.[19]

      Current public health guidance states those affected by acute GI illness should remain off work (or school) until 48 hours after symptoms have ceased.[20] Without this guidance there may be an increased likelihood of people returning to school or work while still infectious, increasing spread and incidence, thereby increasing the cost to the economy. Although the evidence for acute GI illness is limited,

[16] Symptoms may take as little as 20 minutes or as much as several weeks to appear, depending on the contaminant (pathogen or toxin). For example, for norovirus infection, onset of symptoms can occur 12 hours after exposure, whereas for campylobacter, onset of symptoms can occur five days after exposure; 3427-What-causes-food-poisoning.
[17] Food Safety News, "Survey finds sick people often wrongly blame their last meal", published 10 November 2025; https://www.foodsafetynews.com/2025/11/survey-finds-sick-people-often-wrongly-blame-their-last-meal/.
[18] Adlam, S.B., *et al.* Acute gastrointestinal illness in New Zealand: A community study. *Epidemiol. Infect.* (2011), 139, 302 – 308. doi:10.1017/S0950268810000932
[19] ESR: Risk Ranking – Estimates of the Cost of Foodborne Disease for New Zealand – Peter Cressey and Dr Rob Lake, March 2008.
[20] Health New Zealand | Te Whatu Ora, Health Topics, Diarrhoea and vomiting; https://www.healthnz.govt.nz/health-topics/conditions-treatments/stomach-and-bowel/diarrhoea-and-vomiting-gastroenteritis#avoid-spreading-gastroenteritis-2880

around half of working or studying adults with recent cold or flu symptoms reported attending work or study while unwell. [21]

- *loss of trade* - while in this scenario we assume food producers who export products under the Animal Products Act e.g., dairy, honey, meat, or the Wine Act will be subject to the food safety requirements within that legislation, the overall health of the domestic food safety system can impact trade with international markets. This is because access to these markets is based on the strength of the domestic food safety system.[22]
- collective business reputation loss - due to a few bad actors undermining the reputation of others. This could result in people under-consuming manufactured food and food from the hospitality sector as trust in business falls, or there is less competition (potentially increasing food prices).

Information failures

23. There are two main types of information failure that arise if the government does not intervene in domestic food safety. These are:
    - *information asymmetries* between sellers and domestic consumers, as well as the distribution chain in between, particularly about product safety. While there are some instances where food safety can be determined through senses (e.g. visually identifying chicken breast that is not cooked through), in general consumers have little way of knowing if food has been prepared safely. This means sellers could underinvest in food safety. Given the presentation of foodborne illness symptoms can be delayed, coupled with the volume of food consumed per day and the various sources of food, it would be challenging for this information symmetry market failure to be mitigated by general consumer protection laws and competition between sellers.
    - *incomplete information*, where food traders, as well as consumers, are not likely to have a full understanding of how to mitigate health risks e.g., how to manage cross-contamination, hand hygiene, proper food storage and cooking. Identifying and understanding how to manage food safety risks requires a certain level of capability and information resources,[23] which would not be available to most food traders and consumers.

Do the nature and severity of these risks and market failures justify government intervention regarding domestic food safety?

24. The existence of a risk or market failure does not, by default, necessitate government intervention. Two questions must first be considered:

[21] Ministry of Health, Measuring public health behaviours and intentions, July 2024; https://www.health.govt.nz/system/files/2024-07/Measuring-public-health-behaviours-and-intentions-jul24.pdf
[22] Ministry for Primary Industries, Proposal to maintain and expand New Zealand Food Safet's regulatory services under the Food Act 2014, February 2024; https://www.mpi.govt.nz/dmsdocument/60877-Proposal-to-maintain-and-expand-New-Zealand-Food-Safetys-regulatory-services-under-the-Food-Act-2014-Food-Act.
[23] Which is usually done, or funded, by governments and so would not occur in our scenario.

- 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 affect[24]
- 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?

25. These questions are answered below.

The risks and market failures are severe and impose significant costs to the economy

26. The Ministry for Regulation (the Ministry) estimates the current cost to the economy from foodborne illness to be around $86–$167 million per annum.[25,26] However, if there were no government intervention in domestic food safety, we predict the incidence of foodborne illness will increase, therefore costing the New Zealand economy more. We also expect that the value of our export market will decrease.

27. As a result of the expected increase in food borne illness, we expect this to cost the New Zealand economy an additional $73 million per year.[27] This is based on an estimated increase of illness burden of approximately 118% higher than the baseline, applied to the 2025 baseline cost estimates.

28. If there was no government intervention in domestic food safety, we expect that the value of our export market would decrease due to a reduction in New Zealand's food safety reputation. In the year to December 2025, New Zealand exported around $51.7 billion in export revenue of food.[28] Even a small reduction in the value of food exports due to a reputational loss as a safe supplier of food would have a significant impact on the economy. For example, a 1 – 3% loss of food export value in a year due to an export-disrupting event would cost approximately $0.5 – $2.6 billion.[29,30]

[24] The estimates of severity in this section are based on information about the current state; we have assumed that the amount of food purchased and consumed will remain the same in the absence of government intervention, however the incidence of foodborne illness is likely to increase in the absence of intervention.
[25] Using the estimated cost to the New Zealand economy in 2005 ($86 million in 2005 dollars from RISK RANKING: ESTIMATES OF THE COST OF FOODBORNE DISEASE FOR NEW ZEALAND, Cressy and Lakes, 2008), and the percentage reduction in of notifiable cases from 2006 to 2023, and using the Reserve Bank of New Zealand inflation calculator to convert the value into 2025 dollars.
[26] Using the estimated cost to the New Zealand economy in 2010 ($161.9 million in 2009 dollars from *The economic cost of foodborne disease in New Zealand*, David Gadiel, 2010), and the percentage reduction in notifiable cases from 2009 to 2023, and using the Reserve Bank of New Zealand inflation calculator to convert the value into 2025 dollars.
[27] Ministry for Regulation economist estimates.
[28] Using data from the Situation and Outlook for Primary Industries December 2025 data tables, where we calculated the export value of food to be $51.7 billion from the total value of $60.384 billion in export revenue for food and fibre, minus values for wool, hides and skin, animal co-products, animal products for feed, carpets and other wool products, forestry, and live animals.
[29] A 1 – 3% loss of exports is conservative when comparing to international examples of export losses from outbreaks. For example the 1999 Belgian dioxin crisis was followed by export losses ranging from 3.7% for dairy to 32.1% for meat (https://edepot.wur.nl/51729) and recent trade restrictions in the US following avian flu saw a 16% reduction in poultry exports at the county level, and larger declines under broader state-level restrictions.
[30] We do not estimate the probability of such events in the absence of regulation, given the uncertainty and difficulty in estimating such probabilities. Instead, we present conservative loss scenarios of 1 – 3%.

The nature of these risks and market failures mean that private interventions are unlikely to 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 for domestic food safety.

30. Food producers and sellers are incentivised to ensure their food is safe and suitable as they risk market share if their reputation is damaged through providing unsafe food. However, they are also incentivised to make a profit.

31. The information asymmetry market failure identified above can be compounded across the food distribution chain – i.e., between producer / manufacturer, distributor, transporter, food handler, and consumer. While some private solutions may emerge through industry groups e.g., issuing food handling practice guidance, contracts, company 'approved' suppliers, or certification, there are unlikely to be solutions across the entire chain for the entire market that could manage this market failure.

32. There are also unlikely to be individual consumer solutions for the information asymmetry or incomplete information market failures as it would be virtually impossible for any individual to a) have the expertise to understand the requirements for food safety particularly in manufacturing and distributing, and b) source said information prior to making a choice about a food purchase.

33. Consumer behaviour changes after a personal (or second-hand) negative experience with a food business implicated in foodborne illness.[31] More consumers also believe they are more likely to get sick from food prepared at a restaurant than at home, and may therefore implicate the wrong source.[32] This behaviour is unlikely to significantly mitigate the risk and market failures - particularly as it can be difficult to accurately pinpoint the source of foodborne illness. This means that food businesses with no food safety issues could be wrongly impacted, and those with food safety issues may continue to trade.

34. Private solutions are unlikely to manage negative externalities related to trade implications given the involvement of government in negotiating market access and issuing official assurances.[33] Food safety scares impact exports, with the most notable example being the 2013 Whey Protein Concentrate 80 (WPC80) botulism scare in New Zealand which triggered export restrictions (with some restrictions lasting after further testing which revealed a false-

[31] Where 90% of consumers, who personally experienced gastrointestinal illness that they attributed to a food service facility, reported that they avoided the facility for some time after the incident – and in response to second-hand reports, 86% of consumers reported they would avoid the implicated facility. Consumer response to Gastrointestinal Illness Perceived to Originate from Food Service Facilities (2016). Garnett *et al*., Journal of Food Protections, Vol 79. No. 10; doi:10.4315/0362-028X.JFP-15-444.

[32] In the US Food and Drug Administration 2019 Food Saget and Nutrition Survey Report, 29% of responders thought it was "very common" to get food poisoning because of the way food is prepared in restaurants, compared to 15% thinking it was "very common" for people to get food poisoning because of the way food is prepared at home; https://www.fda.gov/food/social-and-behavioral-science-research-food/2019-food-safety-and-nutrition-survey-report.

[33] "*Official assurance is a statement from one competent authority (Government agency) to another, normally about a product, shipment, or process. It is a government-to-government guarantee that certain commitments have been met*" – Refer Ministry for Primary Industries Official Assurance Principles guidance document, https://www.mpi.govt.nz/dmsdocument/53412/direct.

alarm). This was estimated to have impacted dairy exports by $126 - $418 million at the time.[34]

Therefore, government intervention in domestic food safety is warranted

35. Our analysis has demonstrated the*:*
    - consequences of not intervening are high
    - risks and market failures that arise from not intervening will not be sufficiently mitigated by private interventions, individual responsibility or behaviour change.
36. It is therefore our view that government intervention in domestic food safety is warranted i.e., the costs of not intervening is high enough that a high level of costs can be imposed by government intervention.

Next steps

37. We show here through our analysis that the risk and nature of market failures warrant government intervention in the domestic food regulatory system. However, there is a question on whether the current level of intervention is appropriate and whether the regulatory system is aligned with the Ministry's view of good regulatory practice – i.e. is the system effective, efficient, proportionate, easy to understand, and easy to comply with?
38. This is the first of three supplementary papers on the food safety regulatory system. Subsequent papers will canvas the current state of the food safety regulatory system in New Zealand and assess whether the current level of government intervention is proportionate to the level of risk posed, and what options are available to make 'better regulation' – should we recommend any changes.

[34] Infestations as a Natural Disaster: The Economic Impacts of the Fonterra Whey Protein Concentrate Contamination Incident, Katarina Stojkov. This research estimated the impact of the incident to cost New Zealand between $105 million and $347 million USD at the time. To get the NZD values, we used the 2014 average exchange rate of 1.2035 NZD to USD.

Appendix A

DISEASE	*PATHOGEN*	*HOW PEOPLE CAN GET SICK THROUGH FOOD*[35]	*2024 ESTIMATED DOMESTICALLY ACQUIRED CASES (FOODBORNE TRANSMISSION)* [36]
CAMPYLOBATERIOSIS	*Campylobacter* (bacteria)	Most common source is from raw or undercooked chicken	3,750
HEPATITIS A	Hepatitis A Virus	Cross-contamination from infected food handler	Not estimated (total notified cases 68)
LISTERIOSIS	*Listeria*	High risk foods include meats, soft cheeses, uncooked sprouts, etc.	Not estimated (total notified cases 36)
SALMONELLOSIS	*Salmonella spp.* (bacteria)	High risk foods include raw or undercooked meat (pork and poultry), raw milk, undercooked eggs	288
SHIGA TOXIN-PRODUCING *ESCHERICHIA COLI* (STEC) INFECTION	*Escherichia coli* (bacteria)	Cross-contamination / direct contact with contaminated farm animals / soil	401
YERSINIOSIS	*Yersinia spp.* (bacteria)	Common sources include pork, raw milk, fruit, vegetables	798

[35] Ministry for Primary Industries, Food poisoning and bacteria and viruses in food; https://www.mpi.govt.nz/food-safety-home/food-poisoning-symptoms-causes/food-poisoning-bacteria-viruses-food.
[36] Ministry for Primary Industries, Annual report concerning Foodborne Disease in New Zealand 2024; https://www.mpi.govt.nz/dmsdocument/71205-Annual-report-concerning-Foodborne-Diseases-in-New-Zealand-2024

Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Supplementary paper 2

An analysis of the current state and problems with how domestic food safety is regulated in hospitality settings

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Most food businesses must be registered prior to selling food 49

Food businesses are checked (verified) that they are meeting their obligations 50

Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Purpose

1. This paper provides an analysis of the current state and problems the Ministry for Regulation (the Ministry) has identified with the domestic food safety regulatory system (the regulatory system) in New Zealand's hospitality settings.
2. Our analysis covers the current state of the requirements (what they are and how they are enforced), assesses whether they are effective at achieving their purpose, and whether they are in line with our view of good regulatory practice. The paper identifies problems with the current state based on this assessment. [1]
3. This approach reflects the scope of the Ministry's Hospitality Review (the Review), and its definition of hospitality businesses (restaurants, bars, cafés, food stalls at markets, food trucks, catering businesses, and hotels).[2]
4. The Review has drawn from multiple sources of evidence, including:
    - direct engagement with food businesses and territorial authorities
    - data gathered in response to information requests from regulators [3]
    - domestic and international literature.
5. This paper is the second in a series of three that underpins the Review's recommendations for improving food safety regulation in hospitality settings:
    - **Paper 1:** *An economic analysis of whether government should intervene in domestic food safety in New Zealand*
    - *[This paper]* **Paper 2:** *An analysis of the current state and problems with how the domestic food safety regulatory system is regulated in hospitality settings*
    - **Paper 3:** *Options and recommendations for improving how domestic food safety is regulated in hospitality settings.*

[1] Given the complexity of this regulatory system, the high-level nature of this analysis, and the scope of the Review (i.e. hospitality businesses, not growers, manufacturers or producers), some details in the summary of the regulatory system have been omitted. This includes technical details and requirements for brevity, as well the requirements for food importers and exporters – which was beyond the scope of the Review

[2] The Ministry for Regulation Terms of Reference for the Hospitality Review, Hospitality-Review-Terms-of-Reference.pdf.

[3] As part of the Review, we made information requests to all 67 territorial authorities about the regulatory system. The request covered registration applications, requests for information, processing times, verification outcomes, and enforcement. We received 49 responses.

Executive summary

6. The overarching public policy objective of the Food Act 2014 (the Act) is to provide an efficient, effective, and risk-based regulatory regime that manages food safety and suitability issues. Hospitality businesses contribute significantly to overall food safety in New Zealand as they account for around 48% of all registered food businesses. MPI and territorial authorities co-regulate the food safety system, with most hospitality businesses regulated by their local territorial authority.

7. As covered in Paper 1: *An economic analysis of whether government should intervene in domestic food safety in New Zealand,* the government currently intervenes in domestic food safety in New Zealand in three main ways:

    - ensuring most businesses who trade in food are known to government, by requiring most food businesses to be registered
    - ensuring food produced is safe and suitable, by setting food safety requirements, requiring food traders to take responsibility for that food, and verifying food traders are demonstrating food safety competence
    - mitigating negative consequences of unsafe food, by providing enforcement tools, having traceability requirements, and providing public health guidance.

8. At a high level, we consider the regulatory system is mostly effective at achieving its purpose of ensuring the safety and suitability of food for sale and maintaining confidence in New Zealand's food regulatory system. The system seeks to put proportionate and risk-based measures in place that effectively balance risk with compliance costs. However, in achieving this purpose, we consider the balance is not always effectively achieved.

9. Through our analysis of the regulatory system and engagement with peak bodies, regulated parties, and regulators, we identified five specific problems with the current state:

    - the current risk-based classifications for food businesses are not supporting an effective, efficient, or proportionate regulatory system for hospitality businesses
    - requirements are difficult for regulated parties to understand and disproportionate to the risk posed by some hospitality businesses
    - the initial registration process and associated administration is unnecessarily burdensome and costly
    - current verification practice can result in actions for businesses that are disproportionate to risk and mean the regulator may not see kitchen reality
    - enforcement of the regulatory system can be unfair and is not as effective and efficient as it could be.

10. Options for addressing these problems for hospitality businesses, and our recommendations for change are presented in Paper 3 - *Options and recommendations for improving how domestic food safety is regulated in hospitality settings.*

11. MPIs Food Act Improvement Programme (FAIP) seeks to address some of these problems. However, the draft or final outputs have not been made fully available to the Review, and as such we do not know if the problems we identified will be effectively addressed by the FAIP.

Background

The policy objective of the food safety regulatory system

12. The overarching public policy objective of the food safety regulatory system is to provide an efficient, effective, and risk-based regulatory regime that manages food safety and suitability issues.[4] The principals underpinning the regulatory controls in the system are:
    - the need to achieve the safety and suitability of food
    - the need to require persons who deal with food to take responsibility for the safety and suitability of food
    - the need to promote standards and control mechanisms that are, as far as possible, risk-based and science-based
    - the need to minimise compliance costs for food businesses and, in particular, for food businesses that operate under a private or industry programme that achieves the purpose of this Act
    - the importance of ensuring that regulatory requirements are applied consistently and fairly across sectors and groups in relation to factors such as risk
    - the importance of providing services in a co-ordinated and coherent manner as far as practicable.[5]
13. Based on the evidence gathered by the Review, we consider these objectives to be appropriate and should continue to underpin current regulatory stewardship activities.

Food service plays a core role in the hospitality industry in New Zealand…

14. The hospitality sector earns $21.4 billion in revenue and contributes 2% of gross domestic product.

The Food Act 2014 is relatively new and part of a suite of wider legislation that manages food safety in New Zealand…

15. The Food Act 2014 (the Act) came into force on 1 March 2016 and was fully in force by March 2019 (existing businesses were given a three-year transition period). The Act and associated regulations replaced the previous regime which comprised the Food Act 1981, Food Hygiene Regulations 1974 and Food (Safety) Regulations 2002.
16. Issues with the previous regime were highlighted through the Domestic Food Review (2003 – ~2006) which found there was:
    - a significant increase in foodborne illness among the New Zealand population
    - three different food regimes and three separate regulators operating simultaneously, resulting in lack of accountability and unnecessary confusion, duplication and complexity

[4] Food Bill 2010 160-1, *Objective of the Bill.*
[5] Refer Food Act 2014, section 16

- inconsistency in the regulatory impact on businesses, including unnecessary regulations that do not address to food safety issues
- ill-defined roles of key players within the food safety regulatory regime
- the absence of sufficient risk assessments in the food sector.[6]

17. The Domestic Food Review, extensive consultation, and a review of the draft Food Bill at the time, resulted in a new risk-based regime that reformed how food was traded. The new food safety regime was implemented by the Ministry for Primary Industries (MPI) though the Food Act 2014. The new regime was fully in force by 2019, 16 years after the Domestic Food Review began in 2003.
18. The Act does not operate in isolation and is one part of a suite of primary legislation that manages the overall food safety system in New Zealand (refer to Instruments in the Regulatory System section below), which is stewarded by MPI. This system is highly regarded internationally.[7]
19. Preserving New Zealand's international obligations and trade agreements[8] relies on maintaining a credible, risk-based domestic food safety system and effective regulatory oversight.
20. MPI, as the regulatory steward of the food safety system, is currently undertaking a programme of work called the Food Act Improvement Programme (FAIP). The purpose of the FAIP is to '*make the Food Act system fairer, more efficient, and more responsive'*.[9] There are 13 distinct outputs of the FAIP, several of which may impact hospitality businesses (see Appendix 1 – FAIP outputs and associated work activities for details).

There are valid reasons for government to intervene in food safety through a comprehensive regulatory regime….

21. In Paper 1 we discuss the rationale for government intervention. To summarise, food can be a source of harm to people, which can occur through microbiological (e.g., harmful bacteria), chemical (e.g., pesticide residues), or physical (e.g., plastic) contamination, and therefore constitute a risk to public health. Foodborne illness can lead to short-term symptoms as well as long-term impacts, which have costs to the economy.[10] Some characteristics of the hospitality sector, such as high staff turnover[11] and operational pressures can contribute to higher risk of microbiological contamination and therefore warrants regulatory oversight.

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[6] Ministry for Primary Industries (2009), Regulatory Impact statement - A reformed food regulatory regime: A Reformed Food Regulatory Regime - 2 October 2009 - Regulatory Impact Statement - New Zealand Food Safety Authority.
[7] For example, New Zealand is used as a case study learning module developed by the International Finance Corporation Global Food Safety Advisory for experts involved in processes aimed at improving national food safety systems - https://www.worldbank.org/en/olc/course/39539.
[8] For example, obligations under the World Trade Organization Agreements, Joint Food Standards Treaty with Australia, and Agreement on the Application of Sanitary and Phytosanitary Measures.
[9] Ministry for Primary Industries, New Zealand Food Safety, Food Act Improvement Programme; Food Act Improvement Programme | NZ Government.
[10] The Ministry for Regulation estimates the current cost to the economy from foodborne illness to be around $86–$167 million dollars per annum, see Paper 1 – An economic analysis of whether government should intervene in domestic food safety in New Zealand.
[11] People working in restaurants and cafés had the highest turnover intention by business type (41%). Ministry for Business, Innovation, and Employment – Hospitality and tourism employment webpage: Rebound and roads forward 2024, Industry attraction and turnover intention. Industry attraction and turnover intention | Ministry of Business, Innovation & Employment.

22. New Zealand is an export-driven country and primary products (goods from the food and fibre sector) contributed ~ $60 billion in export revenue in the year to December 2025, and account for 82.9% of goods exported.[12] As such, New Zealand's excellent reputation as a safe and reliable exporter of safe food is vital in maintaining trust with trading partners.
23. Current government intervention in domestic food safety is directed to managing:
    - risks to public health from foodborne illness
    - market failures:
        i. negative externalities, those being the burden and cost to the healthcare system, costs to the economy from lost productivity, loss of trade, and collective business reputation loss
        ii. information failures, those being information asymmetries between sellers and domestic consumers (where sellers have more information about how food has been cooked and prepared than consumers), and incomplete information (where sellers and consumers are not likely to have a full understanding of how to mitigate all health risks).

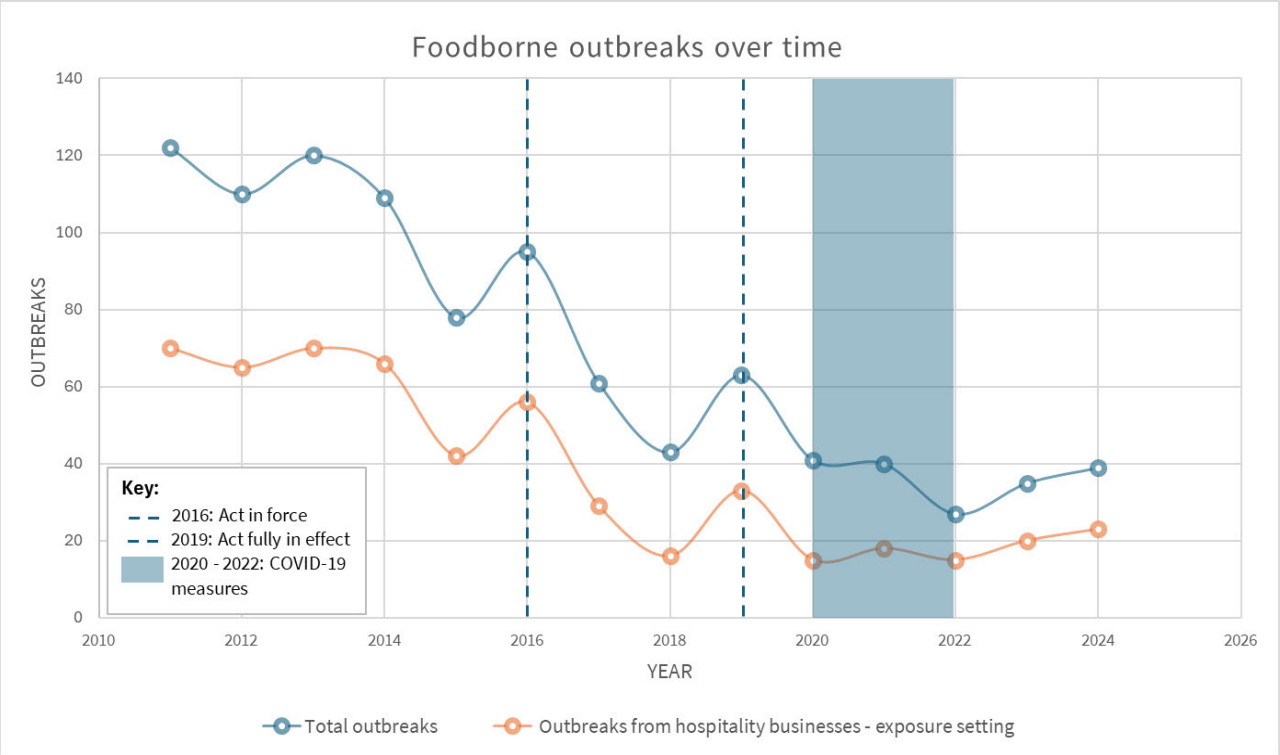
Overall, the current intervention appears to be improving food safety outcomes domestically…

24. Since the Act came into force, there has been a steady decrease in the number of foodborne illness outbreaks reported,[13] including those where a hospitality business was the source of the outbreak. As can be seen from Figure 1 below, outbreaks from hospitality businesses follow the overall outbreak trend and tend to account for around half of all outbreaks.
25. We also see that the incidence of domestically acquired notifiable[14] foodborne disease is decreasing over time: with an estimated 9,615 cases in 2006[15] to 5,227 cases in 2024.[16] It should be noted that these cases represent a subset of all foodborne illness cases that occur in New Zealand. Many sick people do not visit their GP or present at hospital, meaning their illness is not recorded.
26. Conversely, since 2011 there has been a rise in the number of hospitalisations associated with notifiable diseases where the origin may be foodborne - with campylobacteriosis contributing to most of these notifications and hospitalisations in New Zealand. There are a range of potential contributing factors that may explain this trend. For example, hospitalisation data does not distinguish between campylobacteriosis from food or other sources (e.g., contaminated water or direct contact with farm animals) or the rise in people delaying seeking medical attention (and therefore health deterioration). [17]

[12] Situation and Outlook for Primary Industries, December 2025, Ministry for Primary Industries; Situation and Outlook for Primary Industries December 2025.
[13] Where outbreak means if there are two or more cases with a common source, and the cause is expected to be foodborne.
[14] Notifiable diseases are those in Schedule 1 of the Health Act 1956 and require notification to the medical officer of health and the local authority (Part 1 – Section A) or the medical officer of health only (Part 1 – Section B).
[15] Total from estimated foodborne acquired cases for campylobacteriosis, Hepatitis A, listeriosis, salmonellosis, STEC infection, yersiniosis - https://www.mpi.govt.nz/dmsdocument/24029-Annual-report-concerning-foodborne-disease-in-New-Zealand-2006.
[16] Total from estimated foodborne acquired cases for campylobacteriosis, Hepatitis A, listeriosis, salmonellosis, STEC infection, yersiniosis - https://www.mpi.govt.nz/dmsdocument/71205-Annual-report-concerning-Foodborne-Diseases-in-New-Zealand-2024.
[17] Further discussed in MPI's Annual report concerning Foodborne Diseases in New Zealand 2024 (published February 2026) https://www.mpi.govt.nz/dmsdocument/71205-Annual-report-concerning-Foodborne-Diseases-in-New-Zealand-202.

27. Paper 1: *An economic analysis of whether government should intervene in domestic food safety in New Zealand*, contains further detail on the cost of foodborne disease to the New Zealand economy.

Figure 1: New Zealand foodborne outbreaks since 2011



Instruments in the regulatory system

28. The main legislative instruments in the domestic food safety system relevant to hospitality businesses are:

    a. **The Food Act 2014:** The main piece of primary legislation, administered by MPI, which aims to ensure food for sale is safe and suitable and provides a risk framework to minimise and manage risks to public health.

    b. **Food Regulations 2015:** A piece of secondary legislation made under the Act, which sets out operational requirements for Food Control Plans, National Programmes, verification, infringement offences, and other matters that relate to the import and export of food.

    c. **Food (Fees, Charges, and Levies) Regulations 2015:** A piece of secondary legislation made under the Act setting the fees and charges for services provided by MPI and requires levies to be paid by food businesses and importers.

    d. **Joint Food Standards:** Joint food standards with Australia for the labelling and composition of foods.[18]

[18] Food Standards Australia New Zealand, set standards for safe food in Australia and New Zealand.

e. **Food Notices:** Issued under the Act that set requirements or specify certain matters or supplement regulations made under the Act. There are thirteen current Food Notices.[19]

f. **Food related bylaws:** empowered by the **Local Government Act 2002**, some territorial authorities use bylaws to implement a food grading system, or for other food safety purposes e.g., requiring a staff sickness policy.[20]

g. **Policies / practices by territorial authorities:** Some territorial authorities set food grading policies (instead of making or replacing a food grading bylaw).

h. **Health Act 1956:** Empowers territorial authorities to appoint Environmental Health Officers (EHOs) and gives certain powers to EHOs, such as assisting with infectious disease control. Schedule 1 lists infectious diseases that are notifiable to territorial authorities and the Medical Officer of Health, some of which can be foodborne (e.g. campylobacteriosis). While verifiers and Food Safety Officers (FSOs) are not required to be EHOs under the Food Act 2014, some territorial authorities choose to employ them as such.

There are changes to the food safety system underway

MPI are currently working to deliver the Food Act Improvement Programme (FAIP). It includes thirteen distinct outputs and associated activities – a number of which will impact hospitality businesses. The aim of the FAIP is to '*make the Food Act system fairer, more efficient, and more responsive'*. We acknowledge MPIs commitment to undergoing continuous improvement of the regulatory system and taking steps to address concerns raised by regulated parties and other stakeholders.

This programme of work is funded by the recently introduced Food Business Levy, with the first collection year being 2025.

Working alongside the Food Act are three other pieces of primary legislation that form part of the overall food safety system in New Zealand:

a. **Agriculture Compounds and Veterinary Medicines Act 1997 (ACVM Act):** aims to prevent or manage risks associated with the use of agricultural compounds (i.e., managing the chemical (and biological) inputs into the food system, such as pesticides, fertilisers, and animal vaccines).

b. **Wine Act 2003:** establishes a framework for wine production requiring wine producers to have systems to identify and manage risks. All wine intended for export must be compliant with the Wine Act 2003.

[19] Food Act legislation, notices, and standards | NZ Government. These Food Notices cover a range of requirements, including: maximum residue levels of agricultural compounds in food, requirements for importers and imported food, and exemptions.
[20] For example, see clause 23.3 of The Ruapehu Bylaw 2022.pdf.

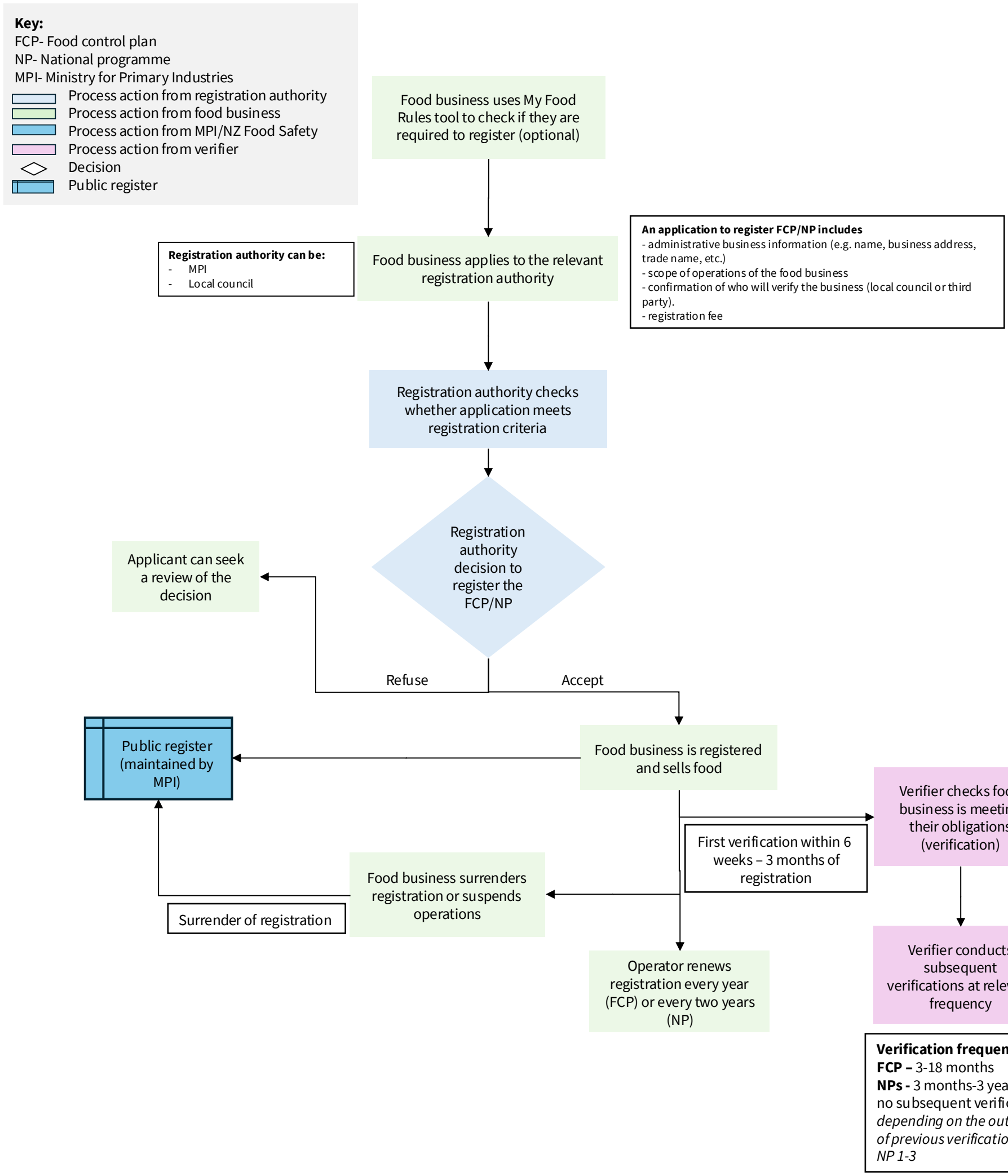
c. **Animal Products Act 1999:** establishes a risk management system for processing animal material into food e.g., meat and dairy products. All animal products intended for export must be compliant with the Animal Products Act 1999.

How the regulatory system works in practice

High-level summary

29. Food businesses (unless exempt under the Act) must register with the relevant regulator (either MPI, or their territorial authority) before they can operate. Businesses register under one of four categories based on the type of businesses (e.g., manufacturer, wholesale bakery, café or restaurant, Early Childhood Education centre, etc.) and level of risk that business presents to public health. Once registered, the registration must be renewed either annually or every two years. This involves paying a fee and providing up to date business details to the relevant regulator.
30. Following registration, businesses are 'verified' after their initial operation period. Verification is a process where a recognised verifier checks the business is selling safe food, is following good food safety practices, and is meeting the regulatory requirements. Verification then continues to happen on a scheduled basis (based on risk) for as long as they continue to operate.
31. Figure 2 below provides a high-level outline of the registration and verification process.

Figure 2: Registration and verification process



Roles and responsibilities

32. It is the role of the regulated party (i.e., everyone who "trades in food") to ensure the food they produce and trade, is safe and suitable.[21] MPI and territorial authorities co-regulate food safety. They are both registration authorities under the Act, meaning businesses are either registered with MPI or a territorial authority.[22] MPI sets the national rules, while territorial authorities, in general, apply and enforce those rules locally.[23]

33. MPI's role in the system includes (but is not limited to):

    - administration of the Act
    - regulatory oversight
    - informing consumers and publishing guidance
    - preparing and publishing template Food Control Plan's[24] and issuing guidance for National Programmes
    - processing registration applications and enforcement of higher-risk and specialist food businesses such as manufacturers of dairy products and food for vulnerable populations
    - compliance monitoring
    - enforcement.[25]

34. Alongside MPI, there are currently 67 territorial authorities regulating the system. Their role in the system includes:

    - processing registration applications of lower- to medium- risk food businesses, as well businesses registered under MPIs template Food Control Plan
    - verification, compliance monitoring, and enforcement of food businesses registered in their jurisdiction.

[21] Food Act 2014, s 12. Safety means a condition in which food, in terms of its intended use, is unlikely to cause or lead to illness or injury to human life or public health. Suitability has a more complex definition, but is deemed unsuitable if it is, for example, in a condition that is offensive, damaged, deteriorated, or perished to the extent of affecting its reasonable intended use.
[22] The appropriate registration authority depends on the risk-based measure that applies to that business and whether the business is operating across one or several territorial authorities or is required to be registered with MPI (i.e., because they need to be registered under a custom FCP). See MPIs Food Act 2014 Decision matrix - *Food Act 2014 Decision Matrix*
[23] MPI also applies and enforces rules locally.
[24] Template Food Control Plan issued by the Chief Executive of MPI under s 39 of the Food Act 2014
[25] Including the management of unsafe food through recalls

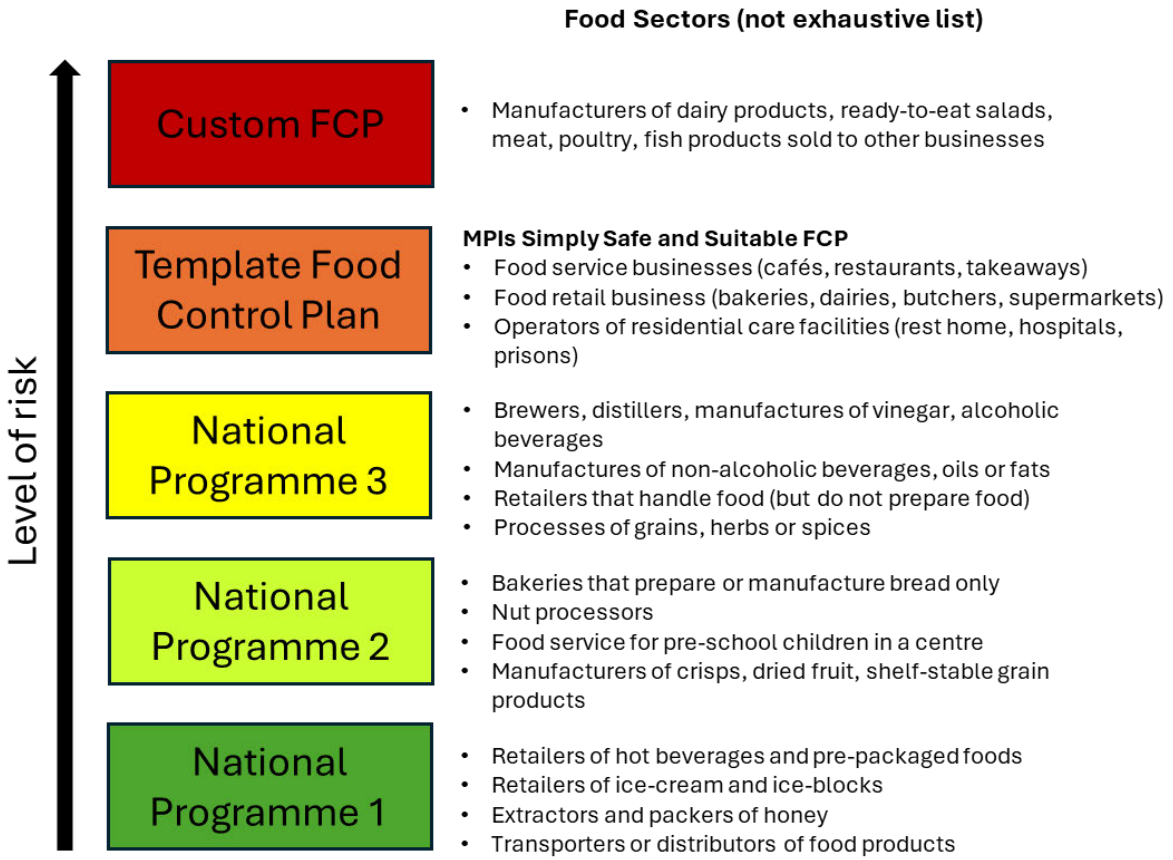
The risk-based measures

35. Under the Act, each type of food business is allocated a risk-based measure.[26] These risk-based measures are called:

    - **National Programmes 1 – 3** – generally apply to food businesses that pose a medium to medium-to-low level of risk to publish health[27] and set basic food safety rules they must follow to ensure food is safe and suitable
    - **Food Control Plans** – generally apply to food businesses that pose a high level of risk to public health.[28] These businesses need to have a written plan in place that sets out how a food business identifies, manages, and monitors food safety risks to ensure the food they sell is safe and suitable.[29]

36. Figure 3 provides a visual representation of the different risk-based measures, the classifications of some food business types, and their relative levels of risk.

Figure 3: Visual representation of food sector classifications



[26] Food Act 2014, Schedules 1 and 2. Schedule 3 lists food sectors that are exempt from the requirements to register under a risk-based measure.
[27] Food Act 2014, s 21(3)(b).
[28] Food Act 2014, s 21(2).
[29] There are three types of Food Control Plans; Section 39 template Food Control Plans, which are preapproved templates written and published by MPI, Section 40 template Food Control Plans, which are industry-developed template Food Control Plans that are assessed and approved by MPI, and custom Food Control Plans, which are individual plans written and developed by food businesses and assessed and approved by MPI.

37. Table 1 below shows the estimated percentage of food service businesses operating under the different risk-based measures. Schedule 1 of the Act requires most food service businesses to operate under a Food Control Plan, in practice this means that about 92% of hospitality businesses operate under MPI's preapproved template Food Control Plan, referred to as the Simply Safe and Suitable Food Control Plan (the orange box in the diagram above and refer to Table 1 below). These proportions differ for mobile operators (food trucks)/market stalls, with approximately one third of these businesses operating under a National Programme (yellow/green boxes in Figure 3 indicate lower-risk operations).

38. The Act also allows for businesses classified under a National Programme to choose to operate under a Food Control Plan (custom, industry-developed, or MPIs Simply Safe and Suitable template Food Control Plan) (i.e., 'opting up').[30]

Table 1: Estimated percentage of food service businesses operating under the different risk-based measures

Registration type	Cafés and restaurants	Food trucks / market stalls
National Programme Level 1 e.g., Retailers of hot beverages and shelf-stable manufacturer-packaged foods only (e.g. coffee-cart)	0.5%	5.1%
National Programme Level 2 e.g., Bakeries that prepare of manufacture bread or bread products only	2.4%	3.2%
National Programme Level 3 e.g., Retailers that handle food (but do not prepare or manufacture food)	2.1%	24%
Template Food Control Plan	93%[31]	65%[32]
Custom Food Control Plan	2.0%	2.3%

Requirements under a Food Control Plan and National Programme

39. The Food Regulations 2015 (Food Regulations) set out the matters that must be contained in a written Food Control Plan as well as providing the requirements that National Programme food businesses must comply with to ensure food is safe and suitable (e.g., measures for protection of food during production and handling, waste management, and recall of food). These regulations are outcome-based.[33]

[30] Food Act 2014, s 26.
[31] Includes both MPI template Food Control Plans [92 % of total] and s 40 industry-developed Food Control Plans [1 % of total].
[32] Includes both MPI template Food Control Plans [65 % of total] and s 40 industry-developed Food Control Plans [<1 % of total].
[33] For example, Regulation 30(1) The operator must have procedures for controlling hazards during the production and processing and handling of food.

40. MPI's template Food Control Plan is comprehensive and prescriptive. It contains detailed requirements on *how* a business can meet the outcome-based requirements in the Food Regulations. For example, in relation to procedures for controlling hazards from poultry, the template Food Control Plan states that operators must cook poultry using specified time/temperature combinations e.g., at 65°C for at least 15 minutes.
41. The template Food Control Plan is based 'around the activities happening during the workday' (e.g., starting, preparing, making and cooking, etc.). Each activity is further broken down into subsections (e.g., 'maintaining personal hygiene and health' and 'cooking poultry, minced meat and liver').
42. Each of these subsections is split into three areas:
    - 'know' – food safety information to help operators comply (e.g., explaining that keeping foods that contain allergens separate will help stop people from getting sick)
    - 'do' – the food safety rules that the operator must comply with (e.g., what to do when food has been in the 'danger zone 5°C – 60°C' for certain time periods)
    - 'show' – outlines what the verifier will ask or the records they will expect to see (e.g., how staff measure food temperature).
43. Businesses operating under a National Programme do not need a written plan for their operations; however, they need to ensure they are meeting the outcome-based requirements of the Food Regulations.
44. MPI has published National Programme Guidance documents, which provide information on how to comply at a high level.[34] Like the template Food Control Plan, the guidance documents are based 'around the activities happening during the workday', broken down into stages (setup, day jobs, producing, processing or handling, and troubleshooting). Given the breadth of business types operating under National Programmes, the guidance does not provide as much specific detail as the template Food Control Plan.

Registration and Verification

45. Unless exempt,[35] food sellers must be registered with either MPI or their local council. The appropriate registration authority depends on whether the business is operating across one or multiple local councils or is required to register with MPI (i.e., those registered under a custom Food Control Plan, which are, in general, the higher risk businesses).[36]

[34] Ministry for Primary Industries, National Programmes under the Food Act 2014; https://www.mpi.govt.nz/food-business/running-a-food-business/national-programmes

[35] Four categories of exemptions exist. : fundraisers who sell food (for fundraising purposes) less than 20 times per year (Food Act 2014, s 31), individual businesses and operators who have been granted an individual exemption (Food Act 2014 Section 33 List of Exempt Businesses), businesses belonging to food sectors listed under Schedule 3 of the Act (there are eleven food sectors under Schedule 3, for example, accommodation providers serving food for up to 10 guests), and home-based cake bakers and decorators (this is a recent class exemption issued under section 33 of the Food Act 2014). These food traders and businesses are exempt from having to register, largely because they pose low risk to public health. However, they are still required to make food that is safe and suitable. Examples include fundraisers, home-based bakers of shelf-stable cakes, and hostels that serve simple breakfasts.

[36] Businesses operating under a custom Food Control Plan need to be registered with MPI. Some business types (e.g., manufacturers of ready-to-eat salads) are required to register under a custom Food Control Plan, however any business can choose to register under a custom Food Control Plan.

46. After registration, and an initial operating period, businesses are verified. This is a process where a recognised verifier goes to the business and checks it is meeting the regulatory requirements, selling safe food, and following good food safety practices. Most food businesses are then subsequently verified on a periodic basis.[37]

47. Verifiers are either employed by the territorial authority they operate in,[38] or are a "third-party verifier" (i.e., they are employed by a recognised agency or as a sole trader).

48. Territorial authorities' verifiers can only verify businesses operating under MPIs template Food Control Plan that are registered and based within the local district. Given most hospitality businesses are operating under MPI's template Food Control Plan, most verifications for hospitality businesses can be carried out by territorial authorities.

49. Territorial authorities wanting to verify businesses operating under National Programmes need to complete an application and assessment process through MPI and implement a Quality Management System (QMS). [39] Otherwise, third-party verifiers verify business operating under National Programmes.

50. For more information registration and verification, see Appendix 2 – Further detail on how the status quo operates.

Enforcement approach

51. MPI use the 'VADE' model with food businesses, which is a graduated approach to interaction and enforcement (Figure 4 below).[40]

52. Food safety officers (FSOs, officers), who may be employed by either MPI or territorial authorities, have compliance monitoring and enforcement powers. The officer role is a formal statutory appointment[41] and applicants for the role must apply to MPI and provide evidence to show they have the skills required to be an FSO.[42] While a person can hold the role of both a verifier and FSO, they are distinct roles in the regulatory system.

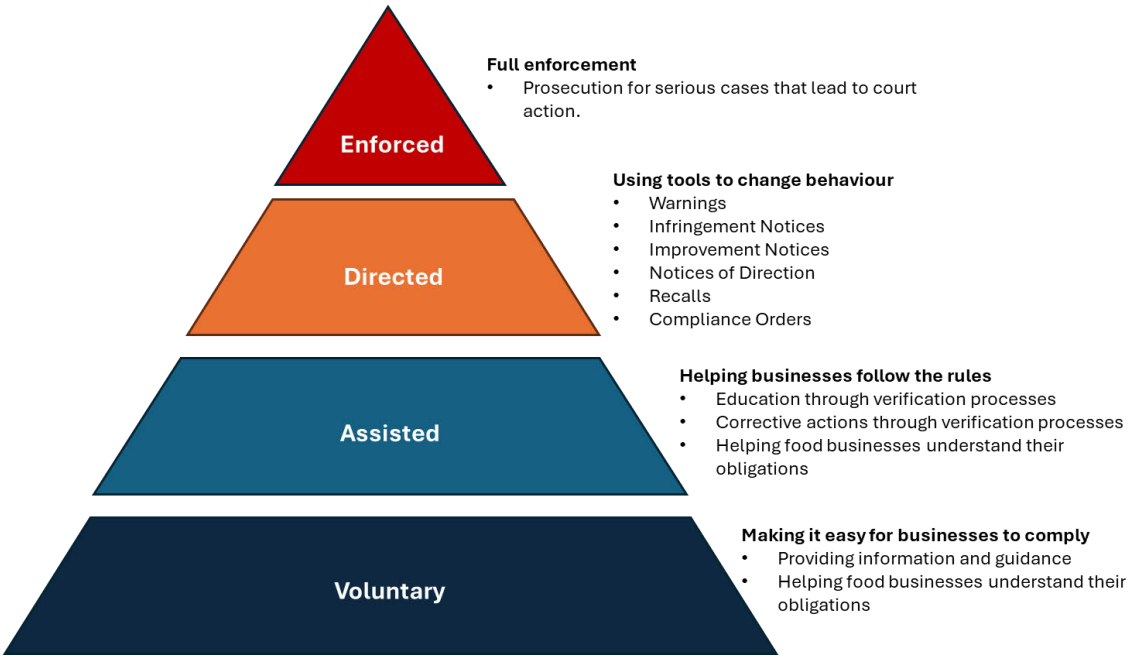
53. The Act provides a wide range of tools for officers to assist in monitoring compliance, managing food safety risks and responding appropriately to non-compliance. FSOs investigate complaints about food for sale and work with public health units to investigate cases of foodborne illness. FSOs' powers include, but are not limited to:

    - entering and inspecting a place with or without a warrant[43]
    - gathering evidence, such as copying documentation or taking photos[44]

[37] Timeframes between verifications are dependent on which risk-based measure the food business is operating under and the outcome of their previous verification.
[38] Under s 137 of the Food Act 2014.
[39] Ministry for Primary Industries, Become a recognised verifier or evaluator of food businesses; https://www.mpi.govt.nz/food-business/food-act-registration-authorities-verifiers-evaluators-and-food-safety-officers/become-recognised-verifier-evaluator-of-food-businesses.
[40] The VADE model stands for: Voluntary, Assisted, Directed, and Enforced. Enforcement of the Food Act 2014 | NZ Government.
[41] Food Act 2014, s 276.
[42] Ministry for Primary Industries, Working as a food safety officer; https://www.mpi.govt.nz/food-business/food-act-registration-authorities-verifiers-evaluators-and-food-safety-officers/food-safety-officers
[43] Food Act 2014, s 299, 310, 311, 322 – 327.
[44] Food Act 2014, s 300.

- taking, purchasing, or sampling food, advertisements or labels[45]
- seizing, condemning, and requiring disposal of food - for example if the FSO believes that the food is not safe or suitable for human consumption.[46]

Figure 4: VADE model [47]



54. FSOs also have powers under the Act to change behaviour i.e., powers for Directed Enforcement under the VADE model, including:

- infringement notices, which can be issued for failing to register under a Food Control Plan or National Programme. These infringement offences are described in the Food Regulations and are associated with a $450 fine (excluding GST)[48]
- improvement notices, which are formal written notices, that can be issued if a person is failing or has failed to comply with the Act. The purpose of an improvement notice is to fix non-compliance, and all notices include a timeframe by which the person must comply[49]
- notices of direction, which are formal notices that can direct a person in charge of the business to undertake certain actions (e.g., remedying a non-compliance).[50]

[45] Food Act 2014, s 304.
[46] Food Act 2014, s 306.
[47] Adapted from 'Proposlas for regulatiosn under the Food Act 2014, MPI Public Disussion Paper No: 2015/01, page 112, https://www.mpi.govt.nz/dmsdocument/52843-Proposals-for-regulations-under-the-Food-Act-2014.
[48] Food Regulations 2015, Schedule 2, Part 1.
[49] Food Act 2014, s 302.
[50] Food Act 2014, s 305.

55. MPI's Chief Executive (CE) can also issue privileged statements and recalls. CE-issued privileged statements are public warnings and advice about food.[51] A food recall is the action taken to remove unsafe or unsuitable food from distribution, sale, and from consumers. In 2024, MPI supported 88 consumer-level recalls of food products.[52]
56. There are a wide range of offences under the Act, currently 23,[53] which include:
    - knowingly or recklessly endangering or harming the lives or health of people
    - falsifying, concealing, or destroying documentation or information requested by a food safety officer or other person performing their duty under the Act
    - knowingly or recklessly supplying non-compliant food
    - breaching or failing to comply with a food standard.
57. A range of penalties can apply to these offences, including fines between $5,000 and $500,000 and imprisonment between three months and five years. Penalties depend on the type and seriousness of the offence.
58. With respect to prosecutions, since 2014 there have been 16 judgements made under the Act, two of which related to hospitality businesses.[54]

[51] For example, in 2024 the CE issued a statement under s 289 of the Food Act 2014 in relation to unsafe imported mini jelly cups containing konjac, due to them being a choking hazard. https://www.mpi.govt.nz/dmsdocument/64995-CE-privileged-statement-Jelly-Cups-.
[52] See MPIs 2024 Annual Report on Consumer-level Food Recalls: https://www.mpi.govt.nz/dmsdocument/69486-Consumer-level-food-recalls-annual-report-2024.
[53] For the full list of 23 offences, refer to sections 222 – 244 of the Food Act 2014.
[54] Ministry for Primary Industries, Judgments under the Food Act 2014; https://www.mpi.govt.nz/food-business/running-a-food-business/enforcement-food-act-2014/judgments-under-the-food-act-2014.

Analysis of the current state and problem identification

Hospitality businesses and territorial authorities have reported a range of issues with the current regulatory system

59. Through our consultation in November 2025 and subsequent engagement through January to March 2026, peak bodies, regulated parties, and regulators raised issues about the operation of the regulatory system. We have analysed those issues using mixed methodologies, including considering domestic and international literature, commentary about the New Zealand regulatory system, data analysis, as well as engaging with MPI and their co-regulators i.e., territorial authorities, on their perspective.

Structure of this section

60. First, we describe the methodology used in our assessment of the current state, followed by a brief overall assessment of the food regulatory system. Then we have broken down the regulatory system into the following components, which are assessed separately:
    a. risk-based measures
    b. requirements under the risk-based measures
    c. registration processes and associated administration
    d. verification practice
    e. enforcement.
61. Each section includes a brief reminder of the status quo and any additional context not already discussed, a table that details our assessment against our criteria, and problem identification and analysis.

Methodology

62. We have assessed the current state of the domestic food safety regulatory system against the Review's criteria, which are drawn from the Review's Terms of Reference. These are described in Table 2. The meanings of our assessments are described in Table 3.

63. Some criteria are more relevant in some areas of the domestic food safety regulatory system than others, and this is reflected in the details of the assessments later in this section.

64. To make our assessment of the current state, we have drawn from multiple sources of evidence, including direct and written engagement with hospitality businesses peak bodies, community organisations, and regulators, as well as our own research. Evidence is referenced, and we discuss areas where what we know is limited and where we have made informed judgements.

Table 2: Criteria for the assessment of the current state

Criterion	High-level description
Effectiveness	The intervention achieves its intended benefits and policy objective(s).
Efficiency	The intervention is achieving its benefits for the least cost[55] (including time taken). The benefits of the intervention (for both the government and regulated parities) outweigh the costs.
Proportionality	Regulatory requirements are aligned to the level of risk being managed. An appropriate balance is struck between regulatory control and operational freedom.
Adaptability	The intervention can sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance.
Ease of compliance	The regulatory requirements are easy to find, easy to navigate, and are clear and easy to understand.
Impact on individual rights and liberties[56]	The impact, if any, the intervention has on individual rights and liberties is appropriate and does not unduly dimmish liberties, personal security, freedoms, or property rights.

[55] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits or reduced regulatory outcomes (i.e., public health protection).

[56] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.

Criterion	High-level description
Otherwise aligned with the Ministry's view of good regulatory practice[57]	Where relevant, the intervention otherwise aligns with the Ministry's view of good regulatory practice, including (but not limited to) transparency, accountability, supporting innovation, and independence.

Table 3: Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.
××	In no way meets the criterion.

65. Based on this assessment, we identify the specific problems with the current state. These problems, their potential underlying causes, and impacts, are analysed under each assessment, including considering whether the underlying causes are:
    - inherent in the legislative design. This covers both the unintended consequences of design choices, and design choices that are working as intended but the intention is no longer effectively contributing to the purposes of the regulatory system
    - regulatory practice issues. This covers regulator capacity and capability issues, stewardship issues, and monitoring and evaluation of the system.

Overall assessment of the food regulatory system for hospitality businesses

66. As stated above, the overarching public policy objective of the food safety regulatory system is to provide an efficient, effective, and risk-based regulatory regime that manages food safety and suitability issues. Hospitality businesses account for around 48% of all registered food businesses and therefore contribute significantly to overall food safety in New Zealand.[58]

67. At a high level, we consider the regulatory system is mostly effective at achieving its purpose of ensuring the safety and suitability of food for sale and maintaining confidence in New Zealand's food regulatory system. The system seeks to put proportionate and risk-based measures in place that effectively balance risk with compliance costs.

[57] This criterion covers additional aspects of good regulatory design and practice covered in Government Expectations for Good Regulatory Practice that are not already covered by the preceding criteria. These additional aspects are not always relevant to every part of the regulatory system, and so this criterion is used only where relevant.
[58] We estimate there to be around 19,000 food hospitality businesses in New Zealand and there are approximately 39,000 domestic registered food businesses (across approximately 45,800 sites).

68. However, in achieving this purpose, we consider the balance is not always effectively achieved. This has resulted in a system that:
    - places disproportionate requirements on some (lower risk) regulated parties
    - contains a level of prescription that leads to inefficiencies for regulated parties and regulators
    - is inefficient for monitoring compliance and carrying out enforcement
    - in some areas, is hard for regulated parties to comply with.

Risk-based measures

Context

69. Unless exempt, food businesses must register and operate under one of four risk-based measures (National Programme 1, 2, or 3 or a Food Control Plan), based on their level of risk. The Schedules to the Act specify which type of business fits into which risk-based measure; these are very prescriptive.

70. Under the Schedules, each type of food sector has a general description of that sector, specific examples, and descriptions of what that food sector does not include. For example, 'bakeries that prepare or manufacture bread or bread products only', include businesses that prepare or manufacture bagels, pita bread, or speciality breads.

71. The three main 'food sectors' (type of food business) that hospitality businesses fit into are:
    - **Food service sector** (except for those categories of food service subject to other risk-based measures) e.g., bars, cafés, restaurants, takeaways (**Food Control Plan**)
    - **Retailers that handle food (but do not prepare or manufacture food),** e.g., businesses such as cruise ships that offer ready-to-eat meals that are reheated and served (**National Programme 3**)
    - **Retailers of hot beverages and shelf-stable manufacturer-packaged foods only**, e.g., coffee-carts (**National Programme 1**).

72. Our assessment of the current state of the risk-based measures and associated requirements is described below.

Table 4: Assessment of the risk-based measures

Criterion	Assessment
Effectiveness Do the current risk-based classifications for hospitality food businesses effectively reflect actual risk?	✓ **Partially effective** Our view is that the current food sector classifications under each risk-based measure are effective at a high level. However, they are too rigid and disproportionate for some hospitality business. This means that in practice, the system is not operating as a risk-based system for some regulated parties. In theory, the three risk-based measures that hospitality businesses are generally categorised in (paragraph 71), and the types of activities performed, are aligned with the level of risk (i.e., coffee-carts are in the lower risk-based measure and restaurants are in the higher risk-based measure).

Criterion	Assessment
	However, corporate or commercial catering organisations and large-scale providers of catering services are also categorised in 'food service sector', and these types of organisations (hospitals, residential care facilities, defence, prison, and educational facilities) can also operate under a template Food Control Plan (i.e., the higher risk-based measure). This means, for some hospitality businesses, the current risk-based measures and the type of activities do not appear to align with the relative level of risk. This is evident when you compare a small-medium sized restaurant with 50 - 100 covers per night, to the average sized New Zealand prison, which needs to cater for around 600 people at least three times per day.[59] Both the small-medium sized restaurant and the prison can operate on MPIs template Food Control Plan. While the hazards posed may be similar, in terms of the processes used, food handling, and the types of food prepared, the risk is likely higher for the prison facility given the higher number of people that could be exposed if a food safety issue were to occur. When looking across the system like this, it appears disproportionate, especially for smaller hospitality businesses. Coffee-carts are another example where the current risk-based measures and the type of activities do not appear to align with the level of risk. For example, a coffee-cart currently selling pre-packaged biscuits alongside hot beverages (National Programme 1), might choose to start serving scones prepared by another business (also registered and operating in a risk-based measure). Even though they are only heating those scones for their customers, their risk-measure moves to National Programme 3 (retailers that handle food (but do not prepare or manufacture food)). If that business wants to make scones in their home kitchen, they then move to a Food Control Plan. Although the risk increases slightly (in terms of the new hazards introduced, heating an already cooked scone or baking it themselves), the jump to the Food Control Plan for the purposes of making scones, seems disproportionate for the type of food product being served and the size of their operation. Our view is the current the risk-based measures are not effectively reflecting actual risk for some, particularly lower risk hospitality business. The Review notes that Schedules are under active review as part of MPIs Food Act Improvement Programme (FAIP). MPIs intended output of the Schedule Review is to ensure the regulatory controls that apply to food businesses are proportionate to their food safety risks.
Efficiency Are the current risk-based measure classifications supporting an efficient system?	✕ **Not efficient** Our view is the current risk-based measures are not supporting an efficient system. Businesses told us they do not find the risk-based measures intuitive, and they struggle to understand where and how they fit into the system. This creates an inefficient system where both regulated parties and regulators are spending effort on working out where they 'fit'. It can take anywhere between a 10-minute phone call to 30 – 45 minutes of

[59] As of 31 March 2026, there were 11,143 people in prison. New Zealand has 18 prisons, with the average population of 600 people in each prison. Ara Poutama Aotearoa, Department of Corrections – Prison facts and statistics - March 2026 | Department of Corrections.

Criterion	Assessment
	exchanging emails to understand which risk-based measure is appropriate for a business. To assist businesses in understanding which risk-based measure they should register under, the online 'My Food Rules' [60] tool is available. Depending on the complexity of the business, it can take 20 minutes to complete this questionnaire. We found the questions in the tool to be repetitive and confusing. This is because there are subtle distinctions between scope categories that users can overlook, particularly if English is their second language. Despite the issues with the 'My Food Rules' tool, the fact that it exists (and is time-consuming to use), demonstrates that the current risk-based measures are not intuitive, causing inefficiencies in the system. We are also aware that some businesses that would fit under a lower risk-based measure are choosing to 'opt-up' to a Food Control Plan, so verification can be conducted by territorial authority verifiers. We think this occurs because around 60% (40 out of 67) territorial authorities are unable to verify businesses registered under National Programmes, as they do not have a QMS. Third-party verifications, which business must therefore use, generally costs more than territorial authority verification. 'Opting up' means these businesses are choosing to operate under a higher risk-based measure, with more prescriptive requirements than needed for their level or risk. We do not have exact data on the number of hospitality businesses this affects. But even if 2% of hospitality businesses 'opt-up' to a template Food Control Plan, when they could be operating under a National Programme, this still equates to around 200 businesses. In our view, this practice further highlights the inefficiencies of the current system and perverse outcomes for some regulated parties.
Proportionality Are the current risk-based measure classifications aligned to the level of risk being managed.	✕ **Not proportionate** Our view is the current risk-based measures are disproportionate to the risk posed by some hospitality businesses. As described, 93% of restaurants and cafés are registered under a template Food Control Plan, despite the different risk profiles between a small café and large restaurant. Our assessment of whether the current system is proportionate is combined with the assessment of 'effectiveness' above. They are intertwined as the system is aimed at having requirements that are proportionate to risk (i.e., a risk-based system). However, in our view this is not the case for some hospitality businesses, as the system is not effective at being risk-based for some businesses.

[60] Ministry for Primary Industries, Food safety rules; https://www.mpi.govt.nz/food-business/food-safety-rules.

Criterion	Assessment
Adaptability Does the intervention sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance?	✕ **Not adaptable** The Schedules in the Act prescribe which food sectors sit within each risk-based measure. The system is designed so that changes to the Schedules could be updated readily - through Order in Council.[61] However, the Schedules have not been updated since the Act came into force over a decade ago. While there are mechanisms for the regulatory system to adapt based on new information, including feedback from co-regulators and regulated parties, the result is that the system hasn't adapted. As noted above, the Schedules are currently under active review as part of MPIs Food Act Improvement Programme (FAIP).
Ease of compliance Do the current risk-based measures support ease of compliance for businesses?	✕ **Not easy to comply with** The current risk-based measures do not support ease of compliance for businesses. As mentioned, the risk-based measures are not intuitive, and the overall framework does not make sense to many food businesses. This means it can be challenging for businesses to understand where to fit their operations within the tight categories. Regulators agreed with this point, with some questioning the current categorisations.
Impact on individual rights and liberties	✓ **Appropriate impact on individual rights and liberties** Notwithstanding the areas for improvement we have identified in this analysis, our view is that a risk-based requirement system with registration is required to manage the market failures and mitigate risks from the manufacture and supply of food and to protect public health. Therefore, it does not unduly reduce individual rights and liberties (see Paper 1 for the full analysis).
Otherwise aligned with the Ministry's view of good regulatory practice	✕ **Not aligned** The Schedules, which include the examples of the types of food / food activities are covered, are transparent – but inefficient and difficult to comply with. The current system is therefore not aligned with the Ministry's view of good regulatory practice - refer to analysis above.

Problem identification and analysis

73. **Problem:** Overall, our assessment is that the current risk-based measures and food business classifications are not supporting an effective, efficient, or proportionate regulatory system for hospitality businesses. The Schedules are currently under review through MPI's FAIP, this presents an opportunity to take a deeper look at how hospitality businesses, especially small to medium sized businesses, are classified.

    Impacts of the problem: Lower risk hospitality businesses are facing disproportionately high requirements and compliance costs due to their risk-based measure classification.

[61] Food Act 2014, s 22

Underlying causes the problem: Based on the assessment above, we think the underlying causes likely contributing to this problem include:

- Schedules in the Act, which prescribe which risk-based measure each food business type (food sector) fits into, have not been reviewed or updated since the Act came into force over 10 years ago
- the Schedules are too rigid and limiting, making it hard for businesses to understand where they fit
- 'food service sector', which is a food sector prescribed in the Schedules, captures a large very range of businesses. For example, fast-food chains, catering in prisons, hospitals, residential aged-care facilities, as well as cafés, and restaurants. This means the granularity of the different risk-profiles within the hospitality sector is lost as the same risk-based measure applies. The current settings do not differentiate between a small café, a large fast-food chain, and a boutique restaurant.

Requirements under the risk-based measures

Context

74. The Food Regulations set the requirements for businesses operating under a Food Control Plan or under a National Programme to ensure the safety and suitability of food. The regulations themselves are outcome-based and should provide businesses a level of flexibility in how they deliver the outcome.

75. MPIs template Food Control Plan is the preapproved written plan that businesses must follow (if registered under the template Food Control Plan). The plan sets out 'how' a business must meet the outcome-based requirements in legislation, which, to provide certainty to businesses, has become highly prescriptive. Unfortunately, this means it is no longer flexible.

76. Most hospitality businesses are operating under the template Food Control Plan (refer Table 1), and hence our analysis below focusses on the requirements set in MPIs template Food Control Plan.

77. Our assessment of the current state of the requirements under the risk-based measures and associated requirements is described below.

Table 5: Assessment of the requirements under the risk-based measures

Criterion	Assessment
Effectiveness Are the requirements resulting in outcomes that are effective at meeting the policy objective?	✓ **Partially effective** Our view is that the requirements under the risk-based measures are likely to be effective at meeting the policy objective of managing food safety and suitability issues. This is evidenced by available data through foodborne disease monitoring. As described in the background section, we see the incidence of domestically acquired notifiable foodborne disease appears to be decreasing over time, with an estimated 9,615 cases in 2006[62] decreasing to 5,227 cases in 2024.[63] However, these notified cases represent a subset of all foodborne illness cases that occur in New Zealand. Many sick people do not visit their GP or present at hospital. Additionally, notification data reported for individual incidences does not always cite the source of exposure. This means there is limited visibility over the percentage of cases that are attributed to hospitality businesses as the source. The rates of notifiable foodborne disease in New Zealand are also relatively similar to countries we compare ourselves to.[64] New Zealand rates per 100,000 population of Hepatitis A, listeriosis, and salmonellosis are similar to the USA, Canada, and the United Kingdom. However, New Zealand and Australia have higher rates of campylobacteriosis, and New

[62] Total from estimated foodborne acquired cases for campylobacteriosis, Hepatitis A, listeriosis, salmonellosis, STEC infection, yersiniosis - https://www.mpi.govt.nz/dmsdocument/24029-Annual-report-concerning-foodborne-disease-in-New-Zealand-2006.
[63] Total from estimated foodborne acquired cases for campylobacteriosis, Hepatitis A, listeriosis, salmonellosis, STEC infection, yersiniosis - https://www.mpi.govt.nz/dmsdocument/71205-Annual-report-concerning-Foodborne-Diseases-in-New-Zealand-2024.
[64] There will be differences in how each jurisdiction reports notifiable diseases influencing the accuracy of this type of comparison.

Criterion	Assessment
	Zealand has comparatively high rate of yersiniosis and Shiga toxin-producing *Escherichia coli* infection.[65]
Efficiency Is the current template Food Control Plan an efficient intervention for hospitality businesses?	✕ **Not efficient** Our view is that the current template Food Control Plan is not an efficient intervention for hospitality businesses. The template Food Control Plan prescribes risk-mitigation measures and is designed to take the 'guesswork' out for business owners. The plan 'tells them what to do' and provides a very clear approach for food businesses to manage risk. We understand the intent of the template Food Control Plan was to reduce cost and improve efficiency for businesses who need to operate under a Food Control Plan. Most food service and accommodation businesses are small businesses (93%)[66] and likely do not have the resources to develop their own custom Food Control Plan.[67] This is evident in the small number of hospitality businesses who currently choose to operate under a custom plan (around 2%, refer to Table 1). The flow on effect of this is that while there is a pathway for businesses to create their own plan that is proportionate, flexible, and suitable for their activities, it is not cost effective for them to do so. Our view is there is a place for a preapproved template which removes the guesswork on how to meet food safety and suitability requirements. A preapproved plan is an efficient intervention to assist small businesses to comply by providing them with clear methods for producing safe and suitable food; however, the length (120 pages excluding specialist cards), technicality, and prescriptiveness of the current template Food Control Plan causes inefficiencies for businesses. Businesses must spend time comprehending the plan, figuring out which procedures are applicable (or not) to them, and undertaking practices (such as certain record-keeping) that may or may not be contributing to overall food-safety outcomes that are proportionate to the level of risk the business poses. Through direct sector engagement, we heard lots of examples of restaurant owners and managers not completing the required paperwork until their verification was close, even the night before. Some said they feel the need to hire a full-time person with a clipboard to make sure all records are being kept and staff are fully compliant with the Food Control Plan. MPI recognise the need to simplify the template Food Control Plan, and the FAIP includes work to update the existing template, reduce content, and improve language for easy comprehension. The purpose of this work is to have a 'simplified template Food Control Plan that is adaptable to food business' needs.' Part of this project includes simplifying record-keeping requirements, including identifying areas where record-keeping can be reduced.

[65] Refer Table 65. Rate per 100,000 population of selected notifiable diseases in New Zealand and other selected countries. Annual report concerning foodborne disease in New Zealand 2024. https://www.mpi.govt.nz/dmsdocument/71205-Annual-report-concerning-Foodborne-Diseases-in-New-Zealand-2024.
[66] Data for business - Business.govt.nz, where 'small business' in this case is defined as having less than 20 employees.
[67] A custom Food Control Plan needs be evaluated by a third-party evaluator prior to being assessed by MPI before registration. This costs more to produce. Further, as these businesses are registered with MPI, they can only be verified by third-party verifiers, costing them more overall.

Criterion	Assessment
Proportionality Are the regulatory requirements aligned to the level of risk being managed?	× **Not proportionate** Our view is the current template Food Control Plan is disproportionate to the risk posed by low-risk and /or experienced operators. As stated, the regulations are outcome-based and not prescriptive. In theory, this should provide businesses with the flexibility to implement processes that are proportionate to the risks posed. However, as the template Food Control Plan applies to a range of business types (from coffee-carts and restaurants to supermarkets and aged-care facilities) and needs to cover a range of activities with different risk profiles, the result is requirements in the plan are not necessarily tailored to the risk of the business. As mentioned, the template Food Control Plan is also highly prescriptive. It contains a lot of information, some of which is quite technical, and as a result is very long (around 120 pages). The trade-off is that some businesses have no flexibility to use methods that could be more suitable and proportionate for their operation. Business owners cannot omit requirements (such as certain record-keeping) if those requirements are not proportionate to the actual food safety risk posed by the business's activity. During our initial engagement, approximately 30% of responders, including co-regulators, hospitality businesses, peak bodies, and other interested parties, raised proportionality issues with the regulatory system.[68] In short, some record-keeping requirements may be excessive, and the prescriptive requirements do not encourage innovation. Our view is that the prescriptive requirements, coupled with the wide range of business types covered by the template, has made the template disproportionately burdensome. It is too directive for lower risk businesses that cannot access a National Programme, and for experienced businesses who are able to mitigate food safety risks in ways that differ from the prescriptive plan. The record-keeping requirements are mostly tied to the requirements in the template Food Control Plan.[69] Our view is that record-keeping is an important part of ensuring traceability if food safety issues arise to help trace back to the root cause (or to rule out potential causes). However, the current 'one-size-fits-all' approach to record-keeping is not justified or proportionate for many businesses, particularly businesses in the hospitality sector with few staff. Some record-keeping requirements, such as recording staff illness and comprehensive staff training records, make sense for bigger organisations with many staff members and a high turnover, but may be unnecessary for sole traders.

[68] As part of our initial engagement, the Review surveyed the sector through an online form understand the problems regulators and regulated parties were facing. The survey ran between 15 October 2025 and 12 November 2025 and we received 188 responses.
[69] The Food Regulations 2015 only prescribe that training records must be kept for businesses operating under a Food Control Plan. Refer Food Regulations 2015, r 31(b).

Criterion	Assessment
Adaptability Does the intervention sufficiently respond to technological, market, changes, as well as feedback from users and co-regulators?	✕ **Not adaptable** Our view is the template Food Control Plan is currently not adaptable but has the potential to be. MPIs template Food Control Plan is issued by the CE under section 39 of the Act. Under section 44 the CE may amend, replace, or revoke the template Food Control Plan. This means amending the content of the plans does not require primary or secondary legislative change. We note that MPI does undertake public consultation on amendments to the template Food Control Plan. The current level of prescription of the template Food Control Plan means it does not necessarily cater for all potential methods of preparing, cooking, and serving food that are safe, and not all parts of the plan are applicable to all businesses. During our engagement, businesses told us that some of the methods in the template Food Control Plan had not kept up with changes in cooking techniques. Chefs would avoid techniques prescribed in the plan that were outdated or had undesirable results (e.g., using sous vide or preparing steak tartar). While hospitality businesses who want more flexible methods have the option to write their own custom Food Control Plan, this comes at a much greater cost than registering under the template Food Control Plan with their territorial authority.[70] So businesses are making the trade-off between cost and innovation, which is not something we think should be mutually exclusive. As previously noted, the FAIP includes work to update the existing template to have a 'simplified food control plan template that is adaptable to food business's needs.'
Ease of compliance Are the requirements easy for businesses to comply with?	✕ **Not easy to comply with** In our view the current template Food Control Plan is difficult to understand, and hard to fully comply with. As discussed, this is due to its length, detailed prescriptiveness, inflexibility, technical language, and the number of record-keeping requirements (both required and suggested). The nature of the current template Food Control Plan means it is also hard for businesses to know where to focus their effort and which processes should be followed in order to manage key food safety risks.
Impact on individual rights and liberties	✓ **Appropriate impact on individual rights and liberties** Reflecting the analysis in Table 4 above.

[70] The greater cost involved includes writing the custom Food Control Plan from scratch, cost of an independent evaluator (required before registration with MPI), MPI registration fees, and cost of third-party verifiers (which generally cost more than verifiers from local councils).

Criterion	Assessment
Otherwise aligned with the Ministry's view of good regulatory practice	*No further comment*

Problem identification and analysis

78. **Problem:** Overall, our assessment is that some requirements are disproportionate to the risk posed by some hospitality businesses, and difficult for regulated parties to understand and therefore demonstrate compliance with.

    Impacts of the problem: This means:

    - some businesses are spending unnecessary resources on requirements that are disproportionate to their risk
    - key food safety risks may not be being managed effectively by new businesses as the processes to do so are lost due to the length and prescriptiveness of the template Food Control Plan.

    Underlying causes the problem: Based on the assessment above, we think the underlying causes that likely contribute to this problem include:

    - a disconnect between the regulators who write the plan (and include overly technical language) and those in business who need to use the plan on a day-to-day basis
    - the 'one-size-fits-all' approach to the template Food Control Plans creates issues when you try to apply it to a small café, large restaurant, and supermarket
    - the barrier to developing a custom Food Control Plan, and creating flexibility and tailoring risk-proportionate requirements and methods, is too high for some businesses
    - prescriptive requirements within the template Food Control Plan lead to prescriptive record-keeping requirements for businesses, for example the requirement in the template Food Control Plan to only source food from trusted suppliers – and the associated record keeping requirements (trusted supplier list and assurances).

Registration processes and associated administration

Context

79. The current registration process allows the government to know who is trading in food and allows the public to check whether a food business is registered through a public register managed by MPI.[71] Hospitality businesses are either registered with MPI or their territorial authority (referred to as the registration authority).

80. The registration process for both National Programmes and template Food Control Plans involves providing administrative information about the business, and then sufficient details about how they intend to operate – what type of food they intend to make, prepare, or sell (or a combination of those). This is referred to as the 'Scope of Operations'. We understand no risk-assessment is carried out during the registration application process.

81. Our assessment of the current state for registration processes and administration associated with registration is described in Table 6.

Table 6: Assessment of registration processes and associated administration

Criterion	Assessment
Effectiveness Is the registration system effective at achieving the policy intent for hospitality businesses?	× **Ineffective** The process of registration for hospitality businesses is essentially used to gather business details (where is the business based, who runs it, where are they operating, and what do they intend to do), confirm the 'scope of operations', and which risk-based measure they should operate under. Our view is that, at least for hospitality businesses, the current registration system appears to be functioning more as a notification system, with the renewal process serving as a database update. This is evident in the number of new registration applications that were refused in the last five years. From the territorial authorities that responded to our information request, 76% had not refused a registration application in five years, 12% had refused an application in that time (only between one and three applications), and the remaining either did not answer or did not collect that information.[72] Generally, most new businesses engage with their local regulator to understand the forms / requirements before applying. We heard through our engagement, territorial authorities view this initial interaction as an important first step in building trust with the business. In our view, this trust, especially with respect to food safety, is an important part in ensuring the policy objectives of the regulatory system are met. Our view is that this *interaction* is likely contributing to the effectiveness of the regulatory system, rather than the administrative process of filling in and processing a form. This first contact can be critical in establishing regulatory relationships.

[71] Ministry for Primary Industries, Public Register of Businesses Operating Under Food Control Plans and National Programme; https://mpi.my.salesforce-sites.com/publicregister.

[72] As part of the Review, we made information requests to all 67 territorial authorities about the regulatory system. The request covered registration applications, requests for information, processing times, verification outcomes, and enforcement. We received 49 responses.

Criterion	Assessment
	Similar to the registration process, we found the current renewal process is essentially a database update that businesses pay for. For context, a 'registration system' renewal often functions as a 'check-in' for regulators to ensure businesses are compliant, managing their risks, and ensuring the scope of operations has not changed. In theory, a renewal should also consider past performance. Our view is that for hospitality businesses, the verification process is serving this function, and the renewal serves no clear purpose. It is also our view that the renewal does not contribute to the effectiveness of the regulatory system at achieving its policy intent i.e., managing food safety and suitability issues. While maintaining the public register is important for both the public and overseas competent authorities,[73] we think there are other ways to capture updates to information. For example, through verifications. We note MPI is reviewing registration and renewal requirements as part of the FAIP.
Efficiency Is the registration and renewal process for hospitality businesses efficient?	×× **In no way efficient** Our view is that the current registration and renewal processes are not efficient for hospitality businesses. For hospitality businesses the registration process is functioning more like a notification system, and the renewal process is functioning more like a database update. Time and effort are being spent by regulators and businesses on these processes, and businesses must also pay for both processes. Fifty percent (50%) of territorial authorities we heard from stated the 'scope of operations' and 'understanding what the applicant wanted to do' was the most common reason for business queries during the registration process. Territorial authorities said in some instances confirming the scope with a business can take anywhere between a quick 10-minute phone call or up to 30 minutes in administrative time. In some cases, parties only realise during the first verification that an incorrect risk-based measure had been assigned. MPI and each territorial authority (68 regulators in total) have different forms they use for food business registration. Many territorial authorities require paper forms to be submitted or emailed as they do not have online forms. Each territorial authority also has its own procedures for processing applications, creating not only an inefficient system, but unnecessary inconsistency across the country. Renewals are a common part of a registration system, but should have a clear regulatory purpose, especially if the function is charged for. Our view is the current renewal process does not contribute value to the policy intent, other than ensuring business details are up-to-date and providing an opportunity to identify if a business has stopped or modified its operations. Territorial authorities administer renewals in different ways. Some manually send reminder emails and process renewals manually, which is also inefficient. The renewal cycle is either annual or two-yearly and often does not align with the time a business is verified. Efficiencies could be gained by either aligning the processes or folding the information update into the verification.

[73] Communication with MPI – overseas competent authorities use the public database to check whether businesses are registered.

Criterion	Assessment
Proportionality Is the registration regime proportionate to the level of risk posed by hospitality businesses?	✓ **Partially proportionate** Our view is that for most hospitality businesses, the current barrier to entry is likely proportionate to the level of risk. Hospitality businesses do not need to *demonstrate* compliance ahead of operating. As mentioned, our view is that the current registration process is functioning more like a notification system, as there is very limited assessment of information by the regulator. This means the current barrier to entry is relatively low.[74] For businesses that must operate under a custom Food Control Plan (e.g., manufacturers of foods that are potentially a higher risk to public health (such as dairy products), the process is slightly different. While these businesses are still required to be registered, their custom Food Control Plan must be assessed by an approved evaluator, before it is assessed by MPI through the registration process. The evaluator assesses the adequacy of the custom Food Control Plan and may conduct an on-site visit. This represents a higher barrier to entry for these business types, which we agree with given the risk they present, particularly to vulnerable consumers.[75] While out of scope for the Review, there may be other types of business, such as other types of manufacturers or operators of facilities that serve high-risk or vulnerable people, that are currently operating under a National Programme or template Food Control Plan but should have a higher barrier to entry.
Adaptability Are the registration and renewal processes able to respond to technological, market, societal changes, and information about the regulatory system's performance?	✓ **Partially adaptable** Our view is that territorial authorities are able to adapt within the current framework – i.e., registration authorities are able to set their own forms and processes as to how they process a registration and renewal. The criteria for registration of food businesses operating under a Food Control Plan or National Programme are set in primary legislation. If the criteria are met, then the registration authority must register the business. There are also provisions to increase the length of renewals (to lengths greater than one- or two-years)[76] which could be used by registration authorities to 'push out' the renewals for businesses. We are not aware of this practice being widely used. This may be because the renewal process represents a revenue stream for territorial authorities that can be used to offset any shortfall in other areas. We do not see adaptability as an issue for the registration and renewal processes for hospitality businesses.
Ease of compliance	✕ **Not easy to comply with**

[74] Those who would be registered under the template Food Control Plan or National Programme 1-3. Does not include those who register under a custom Food Control Plan, where the barrier to entry is higher.
[75] Ministry for Primary Industries, How evaluation and verification work for custom food control plans guidance document March 2026; https://www.mpi.govt.nz/dmsdocument/70601-Understanding-the-difference-between-evaluation-and-verification-processes-for-a-new-custom-food-control-plan
[76] Food Act 2014, s 61(1)(b) for registration of a Food Control Plan and Food Regulations 2015, r 44(b) for businesses that are subject to a National Programme.

Criterion	Assessment
	As described, the Scope of Operations form contains technical language which makes it hard to understand and challenging to complete. Below is a sample of some of the questions asked in a Scope of Operations form. *Figure 5: Screenshot of a section of questions in the Scope of Operations form*  *Source: MPI Scope of Operations - https://www.mpi.govt.nz/dmsdocument/26665-tfcp-scope-of-operations* Some territorial authorities offer a pre-application meeting to explain the registration process, provide information on how to comply, and support businesses to ensure they correctly self-identify which risk-based measure they belong to. In addition, at least one territorial authority includes a 'pre-opening' inspection as part of the registration process, with the aim of supporting businesses prior to opening. This includes checking the premise and providing advice on anything further they may still need to do to meet the requirements.[77] The upfront investment from this territorial authority supports businesses to understand their requirements and leads to a smoother registration process.
Impact on individual rights and liberties	✓ **Appropriate impact on individual rights and liberties** Reflecting the analysis in Table 4: Assessment of the risk-based measuresTable 4 above.
Otherwise aligned with the Ministry's view of good regulatory practice	*No further comment*

[77] Wellington City Council, Applying for a food registration certificate; https://wellington.govt.nz/certificates-and-licences/selling-food/applying-for-a-food-registration-certificate.

Problem identification and analysis

82. **Problem:** The initial registration process does not effectively contribute to reducing food safety risks and the administration associated with registration is unnecessarily burdensome and costly for all parties.

    Impacts of the problem: The administrative processes imposed by the current registration and renewal system results in unnecessary costs for businesses.

    Underlying causes the problem: Based on the assessment above, we think the underlying causes likely contributing to this problem include the:

    - process for registration for most food businesses does not incorporate an 'assessment' component and so is functioning more like a notification system
    - the purpose of renewals in this system has not been considered from a first principles perspective since the Act has come into force (i.e., what value is it adding to the regulatory system currently?).

Current verification practice

Context

83. Verification frequency is dependent on the risk-based measure the business is operating under and the outcome of the previous verification. Most hospitality businesses are operating under the template Food Control Plan and will be verified on a regular frequency. There are likely a proportion of coffee-carts operating under National Programme 1, which means they are only verified once, and not seen again unless complaints are made about their operation.[78]

84. For the purposes of this analysis, we consider the umbrella of 'current verification practice' to include:

    a. how verification is conducted

    b. who conducts verification

    c. when and how often it is conducted.

85. Our assessment of the current state of the risk-based measures and associated requirements is described below.

Table 7: Assessment of verification practice

Criterion	Assessment
Effectiveness Is the current verification practice effective at achieving the policy intent?	✓ **Partially effective** The policy intent of verification is to determine whether food businesses are managing food safety risks appropriately. Verification is an integral part of the regulatory system. It provides for an assurance mechanism for checking that food safety controls are operating effectively. Our view is that, at a high level, verification is effective at achieving the policy intent of ensuring the regulatory system manages food safety and suitability risks. This is evidenced by available data through foodborne disease monitoring. As described in the background section, we see the incidence of domestically acquired notifiable foodborne disease appears to be decreasing over time. However, our view is the current verification practice is not generally effective at achieving the intent of ensuring the regulatory requirements are applied consistently and fairly across sectors and groups, depending on factors such as risk. A strong theme from our engagement with hospitality businesses was the perception of inconsistent decision making amongst verifiers. Examples raised included where changes or corrective actions were required and implemented from one verifier, can be undone or ignored by another at the next verification. Businesses reported that some verifiers focus on areas of personal preference rather than those prescribed and issue corrective actions for them. For example, not having a nail brush available for use in a handwashing sink.[79] While some variation between verifiers is

[78] Retailers of hot beverages and shelf-stable manufactured packaged foods only
[79] To note – there is no requirement to have nail brushes in a sink, this in an anecdotal example. MPIs template Food Control Plan states that the hand-washing area must be kept clean, there must be soap and adequate hand drying facilities.

Criterion	Assessment
	expected, as verifiers need to use their professional judgment, the sentiment from businesses is the level of variation may be impacting the effectiveness of the process. Some businesses also feel like they are 'training' verifiers in how kitchens operate because verifiers had little to no 'real world commercial kitchen' experience. This perception reduces trust between parties, and therefore the effectiveness of the process. We understand the intended approach to verification combines observation, interview, and reviewing records to confirm food safety controls are operating as intended, supported by other documentation. What we found through engagement though was that many businesses felt there was a concentration on checking records and paperwork, more than observing actual kitchen operations (i.e., taking more of an 'audit' approach than an 'inspection' approach). This is reflected in the terminology used by businesses when referring to verification. In responses to the Review, businesses used the terms 'audit/auditor' 40% more than 'verifier/verification'.[80] Taken together, this means verification is not focussed on kitchen operations critical to food safety. This may be contributing to a loss of trust between some verifiers and regulated parties. Our view is that trust is integral to the effectiveness of the regulatory system. We also heard from both regulators and businesses that the verification process can be supportive, and many regulated parties use this process as a learning opportunity and a time to ask questions and seek clarification from their verifier. This constructive relationship works when there is a good level of trust between parties. Further to this, most site verifications are announced i.e., the regulator sets a time and date, giving businesses time to prepare before the visit. However, some poor operators are using this as an opportunity to 'game' the system e.g., falsifying records, ensuring the people who know 'how to pass a verification' are onsite, and / or undertaking extensive cleaning prior to a visit, making their operations appear more compliant than they are. This undermines the effectiveness of the regulatory system. In jurisdictions we compare ourselves to, food business inspections are usually unannounced (i.e., in Singapore,[81] New South Wales, Australia,[82] and the United Kingdom[83]). One of the outcomes of MPIs FAIP is to introduce national consistency in the application and advice provided by territorial authorities and verification agencies to food businesses. MPI states this will be achieved through activities such as developing a programme of work to ensure consistency across verifications and updating guidance and training for territorial authorities. This includes reviewing the 'Practice notes for territorial authorities, regulators, verifiers, and Food Safety Officers to identify gaps and strengthen guidance.'

[80] From the 79 businesses who submitted using our online survey during our initial engagement – the term 'audit' (when in relation to the food regulatory system) was used in 39 instances, versus the terms 'verify', 'verifiers', or 'verification' which was used 28 times.
[81] https://singaporelegaladvice.com/law-articles/restaurant-inspection-food-safety-rules-singapore/.
[82] New South Wales Food Authority, Food Safety Inspections Factsheet - What-to-expect-Inspections-fact-sheet.pdf.
[83] United Kingdom, Food Standards Agency – starting a food business - https://www.food.gov.uk/business-guidance/preparing-for-your-first-food-hygiene-inspection.

Criterion	Assessment
Efficiency Is the current verification practice achieving its benefits for the least cost?	× **Not efficient** Our view is that verification practice is not efficient. Territorial authorities are developing their own resources to assist verifiers during verifications. They have different verification report templates, in-house training practices, as well as hiring preferences.[84] This can lead to different levels of food business scrutiny during verification depending on the territorial authority, which is problematic for businesses that operate across multiple locations. Moreover, it undermines the integrity of the regulatory system and is inefficient. Out of 67 territorial authorities, 27 have a QMS in place. This potentially means councils with this system have a better level of consistency in their verifications because the aim in implementing a QMS, from a food verification perspective, is to make sure verification is consistent, fair, and effective. Our view is that verifiers across the country should have a baseline level of expertise and a similar structured approach to the verification process. This should not be contingent on a territorial authority being able to afford, obtain and retain a QMS. *The varying practices can be evident through the variability of average number of corrective actions issued per verification across territorial authorities (* Figure 6 below). From our information request to territorial authorities, the average number of corrective actions per verification is relatively stable *within each territorial authority* over the last three years, but this average varies quite significantly *across* territorial authorities.[85] Although there may be some other factors accounting for the spread, we would expect there to be a more consistent average if the way verification was conducted and the training provided across territorial authorities were more consistent. We note that those territorial authorities with higher consistent number of corrective actions per verification (3 +) are a mix of urban and rural, as well as a mix of those with a QMS and those without. The same is true for those on the lower end (0 -1.0) with a mix of urban and rural, and those with a QMS and those without, indicating the location of the territorial authority nor whether a territorial authority has a QMS, are not factors influencing the average number of corrective actions issued. Although National Programme businesses are classified as lower risk under the risk-based measures, verifying these businesses requires more discretion from the verifier (see Table 8 below). This is due to the different business types and operations under National Programmes.[86] To verify businesses operating under a National Programme, territorial authorities need to have a QMS in place. As noted above 40 out of 67 territorial authorities do not have a QMS, meaning food businesses operating under a National Programme either opt-up to a Food Control Plan, or need to pay more for a third-party verifier. This creates an inefficient system and does not

[84] Through our engagement with territorial authorities, we found that there are some territorial authorities that exclusively or predominantly hire Environmental Health Officers as verifiers.
[85] Data from two councils was removed as they included significant outliers. The data in Figure 6 is from 33 councils. Some councils who responded to our information request did not answer this question or did not provide the data.
[86] Different manufacturing processes, such as brewers and confectionary makers, will have different critical control points and risks to be managed versus, food service businesses where generally the critical hazards and control points are likely to be fairly similar.

<table>
<tr><th>Criterion</th><th>Assessment</th></tr>
<tr><td></td><td>necessarily follow the truly risk-based system that was intended under the Act i.e., lower costs applied for businesses that are lower risk.

Figure 6: Count of councils with average number of corrective actions per verification

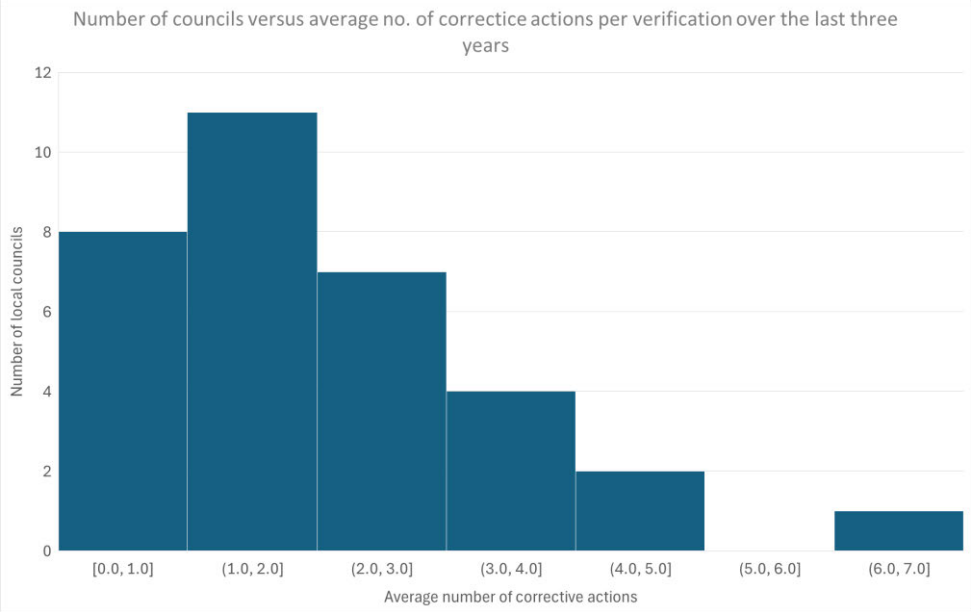


Table 8: Comparison between Food Control Plan and National Programme prescription and flexibility and how this relates to the expertise needed for verifiers
<table>
<tr><th>Risk based measure</th><th>Prescription and flexibility</th><th>Verifier expertise needed</th></tr>
<tr><td>Simply Safe and Suitable Template Food Control Plan</td><td>Highly prescriptive plan with specific requirements.
Less flexibility on how to operate.</td><td>Easier for the verifier to determine which processes are higher risk and whether the plan is being complied with (less discretion).</td></tr>
<tr><td>National Programme Level 3
National Programme Level 2
National Programme Level 1</td><td>General guidance material – applicable for a breadth of business types.
More flexibility on how the business undertake their processes.</td><td>More challenging for the verifier to determine what part of the processes are higher risk. Therefore, more experience required to enable higher discretion.</td></tr>
</table></td></tr>
<tr><td>Proportionality

Is current verification practice aligned to the level of</td><td>✓ Partially proportionate

Our view is that the current verification frequency framework is generally proportionate to risk. However, the variability in verifier quality, experience, and operational practices results in outcomes for businesses that are sometimes disproportionate to their risk.</td></tr>
</table>

Criterion	Assessment
risk being managed?	The Food Regulations prescribe the different verification frequency steps depending on the risk-based measure the business is registered under. For Food Control Plan's, the maximum verification frequency is 18 months, and for National Programme 1-3, the maximum frequencies are no further verification, 3 years, and 2 years respectively. Having differing steps was intended to ensure well performing businesses would be verified less often, resulting in lower costs to both regulated parties and regulators. Higher risk businesses i.e., those on a Food Control Plan, would be verified more frequently than lower risk businesses i.e., those under a National Programme, making verification frequency proportionate to the risk posed. We agree with this approach and think lower-risk and well-performing businesses should be verified at a lower frequency and incur lower costs. However, some businesses told us they were on a more frequent verification cycle, because of seemingly minor issues e.g., issues with transferring from paper records to a digital record-keeping platform. Due to the variability in verifiers, some businesses were concerned about not having a degree of certainty in a verification outcome because of a focus on more minor issues not directly related to ensuring food is safe. Regulated parties are required under the Act to notify the registration authority if there will be a significant change in circumstance[87]. We heard from some regulators that maximum verification frequencies were potentially too long, which can be problematic if a businesses' scope of operations shifts without letting the regulator know. This can mean that businesses are operating at a higher risk level than their current risk-based measure allows, potentially leaving food safety risks unchecked and unmanaged. While we do not have clear evidence that this occurs at a problematic scale, we note there is potential for this to happen. We have also been made aware of a specific issue regarding who can verify mobile food businesses (food trucks). Food trucks are generally smaller businesses, often preparing food in smaller batches and generally trading less (shorter hours and/or fewer days of the week) than a café or restaurant. They are also, in general but not always, operating lower risk food businesses.[88] If a mobile food business wishes to trade across territorial authority lines, they cannot be verified by section 137 verifiers (i.e., territorial authority verifiers who are not operating under a QMS). This means they need to be verified by a third-party verifier, which generally costs more than verifiers employed by territorial authorities. This costs mobile food businesses disproportionately more than mobile food businesses who operate solely within one territorial authority, or 'bricks-and-mortar' businesses who are of comparable or higher risk. We are of the view that food trucks should not be burdened with additional cost when the risk profile of the business does not change.

[87] Food Act 2014, s 51 and s 81.

[88] Erickson, A. Food Safety Risk of Food Trucks Compared with Restaurants (2015). Food Protection Trends, Vol 35, No. 5. https://www.foodprotection.org/publications/food-protection-trends/archive/2015-09food-safety-risk-of-food-trucks-compared-with-restaurants/.

Criterion	Assessment
Adaptability Does the intervention sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance?	✓ **Partially adaptable** Our view is the legislative design is sufficiently flexible for verifiers, but current regulatory practice has introduced rigidity, counteracting the intent of the regulatory system. Legislative design for verification allows for flexibility by allowing for: • unscheduled verifications to take place if warranted[89] • verifiers not to announce the verification (i.e., provide notice) if doing so would defeat the purpose.[90] These provisions give verifiers and registration authorities the tools to be flexible and support a risk-based approach to verification, which we support. However, current regulatory practice guidance has resulted in less flexibility for verifiers. MPIs practice notes for verifiers sets the expectation that 'announcing' verifications means providing an exact time and day, despite the Act not requiring this, and stating unscheduled verifications 'should be rare'.[91] Our view is a risk-based system needs to respond to risk, rather than be constrained by regulatory practice that sets expectations that limit the use of available tools.
Ease of compliance	*Not applicable*
Impact on individual rights and liberties	✓ **Appropriate impact on individual rights and liberties** Notwithstanding the areas for improvement we have identified in this analysis, our view is that verification practices are generally effective and proportional and therefore do not unduly reduce individual rights and liberties.
Otherwise aligned with the Ministry's view of good regulatory practice	*No further comment*

[89] Food Regulations 2015, Subpart 6 – Unscheduled verification.
[90] Food Act 2014, s 294(3).
[91] 63882-Practice-note-13-Unannounced-verifications.

Problem identification and analysis

86. **Problem:** Current verification practice can result in actions for businesses that are disproportionate to risk and mean the regulator may not see kitchen reality.

    Impacts of the problem: This leads to:

    - erosion of trust between regulators and regulated parties
    - the effectiveness of the regulatory system being undermined
    - potential food safety and public health issues.

    Underlying causes of the problem: Based on our assessment, we think the underlying causes likely contributing to this problem include:

    - high number of autonomous regulators, without strong system stewardship, has led to varying practice (67 territorial authorities and MPI)
    - each territorial authority having different training approaches and standards for hiring verifiers e.g., some hire only EHOs as verifiers, whereas others employ staff without EHO qualifications and train them on the job
    - prescriptiveness of the template Food Control Plan, which leads to verifiers focusing on paperwork and records – rather than practice
    - regulatory practice guidance on verifications issued by MPI creates inflexibility in verification practice, that reduces the opportunity to observe kitchen reality. Practice notes set the expectation that 'announcing' a verification means providing an exact time and day (whereas the Act does not require the exact time and day to be disclosed)
    - to serve a wider group of businesses some territorial authorities have chosen to implement a QMS, but not all territorial authorities can justify the cost of operating under a QMS as there is a significant financial barrier (around $6,000 per annum for audits).

Enforcement

Context

87. Food safety officers (FSO's) may be employed by MPI or territorial authorities. This is a statutory appointment performed by the CE of MPI.

88. The Act provides a range of tools for 'directed' enforcement that FSOs can use to manage minor non-compliance swiftly (rather through the long and costly pathway of prosecution). Those 'directed' enforcement tools include:

    a. Warnings

    b. Improvement Notices

    c. Notices of Direction.

89. Our assessment of the current state of the risk-based measures and associated requirements is described below.

Table 9: Assessment of enforcement

Criterion	Assessment
Effectiveness How well is the current enforcement regime supporting to achieve the policy objectives of the regulatory system?	✓ **Partially effective** Our view is the current enforcement regime is mostly effective at supporting the policy objectives of the regulatory system. As described earlier, a VADE model of interacting with food businesses is used in the food regulatory system. This model is a responsive model of regulation, designed to enable regulators to escalate their response in a proportionate manner.[92] During our direct engagement with territorial authorities, we asked whether the enforcement tools available to them were sufficient. Most agreed that in general the enforcement powers were good and were being used. Our view is that a graduated approach to enforcement is an effective model, if the tools available are used, and used appropriately. Through our information request to territorial authorities[93], we learned they were utilising the 'directed' enforcement tools available: • 38% have issued infringement notices in the last five years • 78% have issued improvement notices in the last five years • 65% have issued Notices of Direction[94] or used their powers to restrict the use of or close a business.[95]

[92] Ministry for Regulation – Quick Guides, Regulatory Approaches, Models and Tools Quick Guide; https://www.regulation.govt.nz/assets/Resource-Documents/RPE-Quick-Guide-Regulatory-Approaches-Models-and-Tools.pdf.
[93] As part of the Review, we made information requests to all 67 territorial authorities about the regulatory system. The request covered registration applications, requests for information, processing times, verification outcomes, and enforcement. We received 49 responses. The percentages represent those who responded.
[94] Food Act 2014, s 305.
[95] Food Act 2014, s 307.

Criterion	Assessment
	This data, coupled with the downward trend of number of notified foodborne illness, suggests the enforcement tools and current practice are effective and support the overall policy objective of the Act. The current infringement offences are only for registration matters i.e., for a business that is unregistered, registered under the incorrect risk-based measure, or for labelling matters. These infringement offences were consulted on during the 2015 proposals to create regulations under the Act. It was noted at the time that infringement offences relating to food safety and suitability requirements were potentially appropriate.[96] However, as the regulations for Food Control Plans and National Programmes were still being developed, proposals for these types of infringements were not put forward or agreed to. It was thought that once the Act's three-year transition period had ended, MPI would consider whether any further infringement offences would be required. To our knowledge, this has not occurred. Despite the analysis above, the Review considers that there are potential gaps in the status quo and opportunities for improvement - notably in the infringement offence regime as currently infringement offences are only for registration and labelling matters.
Efficiency Is the approach to enforcement achieving its benefits for the least cost?	✓ **Partially efficient** Our view is that the graduated approach to enforcement is efficient, allowing for enforcement action without the full cost of prosecution for small offences. However, there are opportunities to further improve the efficiency of the regulatory and enforcement regime. Current regulatory practice means FSOs employed by territorial authorities are unable to investigate or undertake enforcement action on businesses registered with MPI in their jurisdiction, despite better knowledge of potentially non-compliant businesses operating in their jurisdiction. MPI is responsible for enforcement of these businesses.[97] Territorial authorities noted that MPI-led investigations can take a long time, creating an unfair playing field for compliant local businesses, as well as potentially creating a reputational risk for councils and other businesses.
Proportionality Are the enforcement powers aligned to the level of risk?	✓ **Partially proportionate** Our view is that the current powers allow for the VADE model of enforcement allow proportionate responses to non-compliance, but improvements could be made. As stated, there are limited infringement offences allowed for under the Food Regulations. For persistent low-level non-compliance, there is currently no tool available between issuing an Improvement Notice or Notice of Direction and prosecution. This makes it difficult to enforce low level non-compliance, that does not reach a threshold sufficiently high enough to warrant the use of the power to restrict the use or close a business. As stated, FSOs employed by territorial authorities are unable to take enforcement action on hospitality businesses in their jurisdiction who are registered with MPI. This boundary issue

[96] Ministry for Primary Industries, Proposals for regulations under the Food Act 2014, January 2015; https://www.mpi.govt.nz/dmsdocument/52843-Proposals-for-regulations-under-the-Food-Act-2014.
[97] Ministry for Primary Industries, Working as a food safety officer – Enforcement roles; https://www.mpi.govt.nz/food-business/food-act-registration-authorities-verifiers-evaluators-and-food-safety-officers/food-safety-officers.

Criterion	Assessment
	results in a disproportionate approach to enforcement, despite all FSOs being appointed by the CE of MPI.
Adaptability	*Not applicable*
Ease of compliance	*Not applicable*
Impact on individual rights and liberties	✓ **Appropriate impact on individual rights and liberties** Notwithstanding the areas for improvement we have identified in this analysis, our view is that enforcement practices are generally effective and proportionate and therefore do not unduly reduce individual rights and liberties.
Otherwise aligned with the Ministry's view of good regulatory practice	*No further comment*

Problem identification and analysis

90. **Problem**: Overall, our assessment is that enforcement of the regulatory system can be unfair to businesses who are complying and is not as effective and efficient as it could be.

    Impacts of the problem: This means:

    - persistent low-level non-compliance is not remedied, potentially leading to future food safety issues
    - inconsistent enforcement can create an unfair playing field for compliant businesses and reputational risk for territorial authorities and other businesses.

    Underlying causes of the problem: Based on the assessment above, we think the underlying causes likely contributing to this problem include:

    - there has not been a review to determine whether current offences and penalties are the best tools available
    - current regulatory practice prevents FSOs from using their enforcement powers on non-compliant food businesses registered with MPI but operating in their jurisdiction.

Conclusion

91. Through our analysis we identified five specific problems with the current state:
    - the current risk-based measures classifications are not supporting an effective, efficient, or proportionate regulatory system for hospitality businesses
    - requirements are difficult for regulated parties to understand and disproportionate to the risk posed by some hospitality businesses
    - the initial registration process and associated administration is unnecessarily burdensome and costly
    - current verification practice can result in actions for businesses that are disproportionate to risk and mean the regulator may not see kitchen reality
    - enforcement of the regulatory system can be unfair and is not as effective and efficient as it could be.
92. Options for addressing these problems for hospitality businesses, and our recommendations for change are presented in Paper 3 - *Options and recommendations for improving how domestic food safety is regulated in hospitality settings.*
93. We acknowledge that MPIs FAIP has outputs that seek to address some of the problems that we have identified. As this work is ongoing, and the draft or final outputs have not been made fully available to the Review, we do not know if these problems will be effectively addressed by the FAIP.

Appendix 1 – FAIP outputs and associated work activities

Table 10: FAIP outputs and associated work activities

FAIP output which may be relevant to hospitality businesses	MPIs work activities[98]
Reduce compliance burden for businesses with low food safety risk and distribution	• Identify other low risk businesses that could benefit from a class exemption (like the recent exemption for home-based shelf-stable cakebakers).
Introduce a simplified Food Control Plan template that is adaptable, readily accessible, focused on key food safety risks, and easy to apply to food businesses	• Update and simplify templates so they are easier to understand and use – the Review also understands MPI are working on a template Food Control Plan specifically for the food service (hospitality) sector • Develop a base template and optional add-ons for different types of food businesses • Create specialist procedures for businesses with unique needs (such as frozen meals and sauces).
Simplify record-keeping requirements	• Review record-keeping requirements with a view to moving to exception reporting[99] • Develop user-friendly record blanks (paper or computer (work or excel) templates). Any reduction in record-keeping would be implemented alongside new and updated template Food Control Plans, as this is where the requirements sit.
People understand critical controls that relate to their products	• Highlight critical hazards in template Food Control Plans to make it easier for businesses to understand where the most important food safety hazards are • Review and update the Food Safety Hazards database.[100]
The regulatory controls that apply to food businesses are proportionate to their food safety risks	• Review Schedules 1 -3 of the Act (**Schedule Review**). Schedules 1 -3 prescribe which risk-based measure (Food Control Plan or National Programme) each food sector (which type of food business) must comply with. This review will include exemptions.

[98] Ministry for Primary Industries, Food Act Improvement Programme; https://www.mpi.govt.nz/food-business/running-a-food-business/food-act-2014/food-act-improvement-programme, and information provided to the Review from MPI.
[99] Exception recording keeping when processes or checks deviate from the norm.
[100] The Food Safety Hazards Database is a searchable database which provides information on food safety hazards that can occur in New Zealand foods, as well as actions a food business can take to control the hazard. For example, in the entry for 'berries' the primary hazard is Hepatitis A, which can spread through contamination by an infected food handler. The hazard can be managed through good hygiene practices by food handlers as well as making frozen berries safe to eat through heating. Food hazards database | NZ Government.

FAIP output which may be relevant to hospitality businesses	MPIs work activities[98]
Introduce national consistency in the application and advice provided by territorial authorities and verification agencies to food businesses	• Develop a programme of work to ensure consistency across verifications • Update guidance and training for territorial authorities • Review registration and renewal requirements • Review the current verification and registration fees and charges set by territorial authorities • Create multi-site verification guidance for territorial authorities • Develop and deliver additional resources and training for food safety officers.
Improve food safety understanding through free online food safety training	• Develop two free food safety modules for food businesses that are published on MPIs website.
Fairer application of levy	• Review to determine if there is a way to apply the levy to food businesses which reflects the size/value of the food traded.

Appendix 2 – Further detail on how the status quo operates

Most food businesses must be registered prior to selling food

94. Most hospitality businesses are either registered with their territorial authority, or with MPI. The appropriate registration authority depends on the risk-based measure that applies to that business and whether the business is operating across one or several territorial authorities or is required to be registered with MPI (i.e., because they need to be registered under a custom Food Control Plan).[101]

95. The registration process involves applying to the relevant registration authority and paying the associated fee. In addition to general administrative information about the business, applicants need to include:

    - their 'scope of operations', i.e., the type of trading operations they intend to conduct (e.g., importer, wholesaler, retail food operator, mobile operator, etc.), the type of food, and whether they undertake certain food preparation processes (e.g., reheating)
    - confirmation of the verifier or verification agency who will undertake the first verification.

96. The criteria for registration under a Food Control Plan or National Programme are straightforward. For a Food Control Plan, the registration authority must be satisfied that:[102]

    - the Food Control Plan complies with the applicable requirements of the Act
    - if implemented appropriately, the Food Control Plan will enable safe and suitable food to be traded
    - the operator of the food business(es) is a New Zealand tax resident.

97. For National Programme registration, the relevant registration authority must be satisfied that:[103]

    - the application for registration meets the form and content criteria of the form as described in the Act[104]
    - the operator of the food business(es) is a New Zealand tax resident.

98. Once registered, the details of the food business are placed on a public register managed by MPI.[105] Registrations have a set duration, after which they expire. Durations are:

    - Food Control Plans expire 12 months after registration[106]
    - National Programmes 1-3 expire 24 months after registration.[107]

[101] See *Food Act 2014 Decision Matrix*
[102] Food Act 2014, s 56 - specifies the criteria for registration of a food control plan
[103] Food Act 2014, s 86 - specifies the criteria for registration of a food businesses subject to a national programme
[104] Food Act 2014, s 83 – specifies the form and content an application for registration must have
[105] Public Register | MPI - Ministry for Primary Industries. A New Zealand Government Department.
[106] Food Act 2014, s 61.
[107] Food Regulations 2015, r 44.

99. To stay registered, food businesses must renew their registration and pay a fee.[108] To carry out renewals, the Act only requires the registration authority to ensure the business is still meeting the registration criteria. The Act does not specify any other requirements for the renewal process, other than a fee be paid for the renewal.[109]

100. There are also businesses that are exempt from registration, largely because they pose low risk to public health.[110] They are still required to make food that is safe and suitable,[111] which means enforcement action can still be taken by the regulator if they have evidence they are not doing so.[112]

Food businesses are checked (verified) that they are meeting their obligations

What is verification?

101. After registration, businesses are required to be verified. This is a process where a recognised verifier checks the business is selling safe food, is following good food safety practices, and is meeting the regulatory requirements.

102. There are five mandatory food safety 'topics' that must be checked at every verification for all food business types. [113] Additionally, for each different food business type, the verifier will check the topics under the 'top five' compulsory food safety factors. For hospitality businesses (food service businesses operating under a Food Control Plan) these topics are listed in footnote 114.

103. In practice verifiers spend time:

- speaking with certain staff and asking them to explain their processes and procedures
- reviewing certain records such as training and fridge temperature
- observing staff in the kitchen.

104. After visiting the business, the verifier will write a report, highlight any corrective actions that need to be remedied, and report the outcome of the verification to the business owner. Verification outcomes are either 'acceptable', or 'unacceptable'.

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[108] Food Act 2014, Schedule 4 Part 2.
[109] Ibid.
[110] Four categories of exemptions exist: fundraisers who sell food (for fundraising purposes) less than 20 times per year (Food Act 2014, s 31), individual businesses and operators who have been granted an individual exemption (As of 13 March 2026, there are 53 individual businesses exempt from the requirements, for example, individual cafés that operate seasonally. Food Act 2014 Section 33 List of Exempt Businesses), businesses belonging to food sectors listed under Schedule 3 of the Act (there are eleven food sectors under Schedule 3, for example, accommodation providers serving food for up to 10 guests), and home-based cake bakers and decorators (this is a recent class exemption issued under section 33 of the Food Act 2014 Food Notice: Class exemption from operating under a registered food control plan or national programme 2025). Other than the number of individual business exemptions, we do not have an accurate picture of how many exempt businesses are operating.
[111] Food Act 2014, s 12.
[112] Food Act 2014, Subpart 5 – Offences.
[113] Registration / scope of operations, improvements and corrective actions from the previous verification, complaints and recalls, non-compliance, and managing unsafe / unsuitable food. As per MPIs master doc verification topics (December 2025). https://www.mpi.govt.nz/dmsdocument/11680-Verification-topics
[114] Training, supervision and competency, cleaning and sanitising, time / temperature control, storage and stock rotation, cooking poultry, food allergen management, preventing cross contamination, and personal hygiene and behaviour. As per MPIs master doc verification topics (December 2025). https://www.mpi.govt.nz/dmsdocument/11680-Verification-topics

105. Depending on the risk-based measure (National Programme or Food Control Plan), and the current verification frequency the business is on, an 'acceptable' outcome may mean the business can have a longer gap between verifications (e.g., moving from a 12-month to an 18-month frequency, unless they are already at the maximum time (see Table 11 below)).

106. An 'unacceptable' outcome, (e.g., because of a non-compliance that is likely to result in unsafe food, or where the operator has failed to address problems that have the potential to cause food safety issues[115]) will result in a more frequent verification frequency. The frequency of verifications is dependent on whether the business is willing and able to comply with the issues identified.[116]

107. Food businesses can apply for reconsideration of a verification decision.[117]

Who conducts verifications?

108. Verifiers must be 'recognised' under the Act[118], and can either:

    a. work for a territorial authority, which are 'recognised verifiers', under the Act,[119] or

    b. work for an independent agency or be a sole trader and become 'recognised verifiers' through an application process to MPI.[120] Sole traders and those who work for an independent agency need to implement a Quality Management System (QMS) to be 'recognised'.

Quality Management System (QMS)

A QMS is a structured system of documented policies, processes, procedures, and responsibilities that set out how an agency will deliver their services.

For food verification agencies, implementing a QMS is intended to make sure verification is consistent and fair.

109. Territorial authorities' verifiers can only verify businesses operating under a template Food Control Plan that are based within their local district. They can also only verify businesses that primarily sell food directly to consumers (i.e., businesses that are not manufacturers of products). Given most hospitality businesses are operating under the template Food Control Plan, most verifications for hospitality businesses can be carried out by territorial authorities.

110. Territorial authorities wishing to verify businesses operating under National Programmes also need to implement a QMS and be assessed by MPI to be 'recognised'.[121] Twenty-seven (out of

[115] Refer to regulation 105 of the Food Regulations 2015.
[116] MPI Guidance document - Determining Verification Frequencies 26 July 2022.
[117] Refer to regulation 106 of the Food Regulations 2015.
[118] Food Act 2014, Part 4, subpart 1
[119] Food Act 2014, s 137
[120] Food Act 2014, s 135, and Food Regulations Part 4.
[121] This is because local authorities are 'automatically' recognised to carry out verification functions for businesses operating under a template FCP entirely within their district (Food Act 2014, s137), therefore if the local authority wishes to carry out verification functions outside of this provision, then they need to go through the process to be 'recognised'.

67) territorial authorities have gone through this process and can verify National Programme businesses.[122]

How often must verification occur?

111. The first verification following registration must occur within six weeks of registration for template Food Control Plans and National Programmes 1-3. Custom Food Control Plans must be verified withing three months of registration. [123]

112. Hospitality businesses operating under MPIs template Food Control Plan will be verified at least once every 18 months, and at most every 3 months. As described above (paragraphs 105 – 106), the frequency will depend on the outcome of the previous verifications. The minimum and maximum time between verifications for businesses under each type of risk-based measure are set out in Table 11, below.

113. For those hospitality businesses operating under a National Programme, the maximum time between verifications depends on what level of National Programme they are operating under (e.g. lower risk businesses operating under National Programme 1 can have less frequent verifications (or no further verifications) than higher risk businesses operating under National Programme 2, National Programme 3, or a Food Control Plan).

Table 11: Verification frequencies

Risk-based measure	***Minimum time between verifications***	***Maximum time between verifications***
Food Control Plan	3 months	18 months
National Programme 3		2 years
National Programme 2		3 years
National Programme 1		No further verifications required

[122] Refer MPIs public register of Recognised Agencies and Laboratories: https://mpi.my.site.com/PublicRegisterRecognitions/s/.
[123] Regulations 87 – 88 and Regulations 91 – 93 of the Food Regulations 2015.

Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Supplementary Paper 3

Options and recommendations for improving how domestic food safety is regulated in hospitality settings

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Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Purpose

1. This paper provides an analysis of options for improving how food safety is regulated in hospitality settings and the Ministry for Regulation's (the Ministry's) recommendations for change. This analysis is part of the Hospitality Review (the Review), which seeks to improve the regulation of New Zealand's hospitality sector.
2. As referenced in Paper 2: *An analysis of the current state and problems with how the domestic food safety regulatory system is regulated in hospitality settings*, MPI has a programme of work underway to improve the food safety regulatory system – the Food Act Improvement Programme (FAIP).
3. Throughout our options identification and analysis, we have taken into consideration the outputs the FAIP seeks and the activities proposed within. We considered whether this current work will fully address the problems we identified, or whether there is different or additional work that should be put forward to Ministers to consider.
4. This paper is the third and final in a series of three that underpins the Review's recommendations for improving food safety regulation in hospitality settings:
    - **Paper 1:** *An economic analysis of whether government should intervene in domestic food safety in New Zealand*
    - **Paper 2:** *An analysis if the current state and problems with how the domestic food safety regulatory system is regulated in hospitality settings*
    - *[This paper]* **Paper 3:** *Options and recommendations for improving how domestic food safety is regulated in hospitality settings.*
5. This paper lays out options to address the problems the Review identified in Paper 2, assesses whether these options are effective, efficient, and feasible, and subsequently identifies the Review's preferred options and recommendations.

Executive summary

6. At a high level, the Review considers the regulatory system is mostly effective at achieving its purpose of ensuring the safety and suitability of food for sale and maintaining confidence in New Zealand's food safety regime. However, in achieving this purpose the Review considers that balance is not always effectively achieved.

7. We identified five specific problems with the current state – detailed in Paper 2 - *An analysis if the current state and problems with how the domestic food safety regulatory system is regulated in hospitality settings*:

    - the current risk-based classifications for food businesses are not supporting an effective, efficient, or proportionate regulatory system for hospitality businesses
    - requirements are difficult for regulated parties to understand and disproportionate to the risk posed by some hospitality businesses
    - the initial registration process and associated administration is unnecessarily burdensome and costly
    - current verification practice can result in actions for businesses that are disproportionate to risk and mean the regulator may not see kitchen reality
    - enforcement of the regulatory system can be unfair and is not as effective and efficient as it could be.

8. While we acknowledged some of the FAIP outputs seek to address some of the problems that we have identified, and as this work is ongoing, we do not know if the problems we identified will be effectively addressed through the FAIP.

9. As such, to fully address the problems for the hospitality sector, we developed and assessed 19 options for change. These options span changes to legislative design, how regulatory practice could be improved, as well as additions to Food Act Improvement Programme (FAIP) activities. Throughout our analysis we considered the potential impact of our options on public health.

10. We make five recommendations, with feedback from regulators, regulated parties, and peak bodies, which informed our options analysis. These recommendations aim to improve the regulation of the food safety system as it applies to hospitality settings:

    - **Recommendation 1** – Retain the current risk-based measures but hospitality businesses should be redistributed, with some moving to risk-based measures with fewer requirements
    - **Recommendation 2** – Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements
    - **Recommendation 3** – Review and update the full suite of operational policies and guidance to regulators to be simpler and more user-friendly
    - **Recommendation 4** – Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form
    - **Recommendation 5** – Improve verification practice, including extending verifications to two years for high-performing businesses

11. While the Reviews focus is on the regulatory settings that affect the hospitality sector, through our analysis we identified broader issues with the design of the regulatory system and the relationship between the system steward and its regulators.
12. Although we think there are broader changes that could be made to improve the regulatory settings of the food safety system, we acknowledge this Review is not the appropriate vehicle to recommend those types of changes. We also conclude that the system steward should foster a more collaborative and trusting relationship with territorial authorities - for the food safety regulatory system to fully achieve the intended outcomes of the FAIP.
13. We highlight work to be considered later, once the above recommendations are implemented and system monitoring indicates there is a need. This includes consideration of a free online record keeping and template Food Control Plan and whether introducing new infringement offences is needed.
14. Overall, our recommendations aim make the regulatory system more proportionate, efficient, and easier to understand. These recommendations aim to reduce unnecessary compliance costs while still supporting a risk-based system, maintaining public health protections and preserving New Zealand's reputation as a trusted producer of safe food.

Structure of this paper

15. This paper has three sections:

    a. **Problems with how food safety is regulated in hospitality settings -** This section reiterates the problems that were identified through our analysis of the current state detailed in Paper 2, which the Review's recommendations will seek to address

    b. **Recommendations to improve how food safety is regulated in hospitality settings -** This section lays out the Review's recommendations and our additional comments, which are the either the Reviews views on the wider system (and sit outside the scope of hospitality) or work for consideration at a later date

    c. **Options identification and analysis** - This section details our methodology, the options we identified, the assessment of these options against our criteria, the identification of preferred options, and discussion of implementation considerations.

Problems with how the food safety system is regulated in hospitality settings

16. At a high level, the Review considers the regulatory system is mostly effective at achieving its purpose of ensuring the safety and suitability of food for sale and maintaining confidence in New Zealand's food safety regime. It seeks to put proportionate and risk-based measures in place that effectively balance risk with cost of compliance.

17. However, in achieving this purpose the Review considers that balance is not always effectively achieved. Sometimes the system places disproportionate requirements on some (lower-risk) regulated parties, contains a level of prescription that leads to inefficiencies for regulated parties and regulators, and is inefficient in its monitoring compliance and enforcement activity. In some areas, it is too hard for regulated parties to comply with.

18. Through our analysis, we have identified five specific problems with the current state:

    a. the current risk-based measures (food business classifications) do not support an effective, efficient, or proportionate regulatory system for hospitality businesses

    b. some requirements are disproportionate to the risk posed by some hospitality businesses, and are difficult for regulated parties to understand and therefore demonstrate compliance with

    c. the initial registration process does not effectively contribute to reducing food safety risks, and the administration associated with registration is unnecessarily burdensome and costly for all parties

    d. current verification practice can result in actions for businesses that are disproportionate to risk and means the regulator may not see kitchen reality

    e. enforcement of the regulatory system can be unfair to businesses who are complying and is not as effective and efficient as it could be.

Recommendations to improve how the food safety system is regulated in hospitality settings

19. We have five recommendations to improve the regulation of the food safety system as it applies to hospitality settings:

    - **Recommendation 1** – Retain the current risk-based measures but hospitality businesses should be redistributed, with some moving to risk-based measures with fewer requirements (we understand reviewing which activities should be in which risk-based measure is part of the FAIP. This recommendation provides specifics about how the FAIP output should be actioned, and when)
    - **Recommendation 2** – Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements (we understand this is part of the FAIP. This recommendation provides specifics about how the FAIP output should be actioned, and when)
    - **Recommendation 3** – Review and update the full suite of operational policies and guidance to regulators to be simpler and more user-friendly (we understand that parts of operational policy review are covered by the FAIP. This recommendation provides specifics about how the FAIP output should be actioned, and when)
    - **Recommendation 4** – Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form
    - **Recommendation 5** – Improve verification practice, including extending verifications to two years for high-performing businesses

20. We lay out the details of each recommendation below; a description, implementation considerations, the expected benefits and costs, and the impact (if any) the recommendation will have on other types of food businesses i.e., food manufacturers.

21. We have also made four comments on items that have come to our attention but are either outside of the scope of the Review or are directions for future reform.

22. Throughout our analysis we considered the potential impact of our options on public health. Our recommendations are intended to continue to support risk-based regulation, maintain public health protections and preserve New Zealand's reputation as a trusted producer of safe food, but reduce unnecessary compliance cost.

Comment on alternative recommendations considered

COMMENT

Changes to the food safety regulatory system may be needed in the future

As part of the Review, we considered whether changes to the underlying design of the food safety regulatory system would solve the problems we identified. We concluded that given the current system is effectively reducing food safety risks, we do not consider the costs of changing the underlying design would outweigh the benefit of a less complex system.

Additionally, we acknowledge we have primarily considered the regulatory system from the perspective of the hospitality sector and have not considered the impacts more fundamental changes may have to the broader food safety system – including on New Zealand's status as an internationally trusted exporter. Therefore, this Review is not the appropriate vehicle to recommend underlying changes to the food safety system.

We believe our recommendations, combined with work already underway by MPI, will reduce the cost and complexity of the system for hospitality businesses. Having said that, if Ministers wish to reduce the costs and complexity of the system further, our view is that fundamental design and practice change would be needed.

We consider any underlying change could include the following, and acknowledge that considerable detailed policy work would be required to pursue these ideas and analyse them against alternatives:

- replacing the current risk-based measures framework with one based on business activity. The activities would be food service, food retail, manufacturing and institutional food service. Within each activity there would be a graduated spectrum of risk that determined specific regulatory requirements
- introducing a different approach to monitoring compliance and enforcement, centred around a national food grading system.

We also considered recommending replacing the current co-regulatory model between MPI and territorial authorities with one central regulator. Theoretical benefits included economies of scale and scope, and reduced administrative burden, complexity, and inconsistency for both regulators and regulated parties. Again, we concluded the costs of change would be too high.

We encourage MPI, in their role as the system steward, to consider whether the benefits of more fundamental changes would outweigh the cost of change when considering the performance of the whole regulatory system, and the post implementation outcomes of the current work and recommendations implemented as a result of this Review.

Comment on system stewardship

COMMENT

To successfully implement the Food Act Improvement Programme, we think MPI should take a more collaborative approach with territorial authorities

MPI has a dual role in the system, both as a co-regulator (i.e., they are a registration authority responsible for registration and enforcement of individual businesses), as well as the system steward (responsible for oversight and management of the food safety system).

We recognise this can be a challenging position because they need to be both a challenger and facilitator of the practice of territorial authorities. They must work alongside individual territorial authorities as co-regulators, work to improve and challenge the practice of individual territorial authorities, and engage constructively about the improvement of the overall system.

The Review has concluded that for the food safety regulatory system to fully achieve the intended outcomes of the Food Act Improvement Programme 2025-2027, MPI should foster a more collaborative and trusting system steward – regulator relationship with territorial authorities.

Many territorial authorities told us they find it hard to engage with the system steward (MPI) and do not feel their feedback on how the system is working for them, or on proposed changes to the system, are being heard or taken into consideration.

By way of example, some territorial authorities have developed some of their own internal processes, practices, and guidance material that they either use instead of nationally provided guidance or that fills a gap in nationally provided guidance.

Recommendation 1 – Retain the current risk-based measures but hospitality businesses should be redistributed, with some moving to risk-based measures with fewer requirements	
Description	We recommend that the current risk-based measures (Food Control Plan and National Programmes 1-3) are retained, with the expectation that through the Food Act Improvement Programme (FAIP) Schedule Review a more granular approach for hospitality businesses is taken when allocating a risk measure. This more granular approach should consider the risk presented by the food produced, the methods used, and would place more emphasis on exposure (i.e., volume of customers) than the current framework. While the vast majority of hospitality businesses are currently registered under a Food Control Plan (most on the template not custom), we are of the view that if a more granular approach is taken through the Schedule Review, then lower risk cafes (i.e., those that handle food including reheating, but make their own shelf-stable baked goods for example) could be included in National Programme 3 and coffee-carts only making shelf-stable baked goods could be included in National Programme 1.
Expected benefits	*Overall:* Allocation of risk categories, and therefore requirements, are more proportionate to the potential risk posed.
	For hospitality businesses: A fairer more proportionate risk-based system resulting in reduced costs for lower-risk hospitality businesses, through having to comply with fewer, less arduous requirements and having less frequent verification.
	For regulators: Improved proportionality would likely see more hospitality businesses move down a risk-based measure, thereby improving the efficiency of the regulatory system as the regulators will have more time to spend on the higher-risk hospitality business.
Expected costs	We do not expect there to be additional costs. The Schedule Review is a significant component of the FAIP and work on review is currently underway.
Implementation	The Review understands MPI will deliver advice to the Minister for Food Safety in August 2026 with the results and associated recommendations of the Schedule Review. **Our recommendation is that this re-categorisation of hospitality businesses is reflected in that advice.** We anticipate continued engagement with hospitality business representatives during the Schedule Review process to ensure the description and granularity of these types of business is appropriate. MPI is aiming for implementation of the FAIP Schedule Review by July 2027.
Impact on other types of food businesses	While the FAIP Schedule Review is covering all types of food production and sale, this recommendation will not affect other types of food business.

Recommendation 1 – Retain the current risk-based measures but hospitality businesses should be redistributed, with some moving to risk-based measures with fewer requirements	
Key stakeholder views	Sector representative groups wanted more changes to the risk-based measures, while regulators preferred retaining the fundamentals of the system.

Recommendation 2 – Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements	
Description	We understand MPI is currently developing a food service business specific template Food Control Plan. We support this. **Our recommendation is that this template:** • **is significantly less prescriptive than the current one,** with flexibility for businesses to achieve food safety outcomes in the way they know works for their business • **has reduced record keeping requirements** that are tailored for food service businesses. For example, a flexible approach for fridge temperature checks where for small businesses with one fridge and no staff rotations during the day, fridge temperature only needs to be recorded (and then the issue remedied) if over 5 °C, for larger businesses with more than one fridge and a number of staff rotations during the day, daily temperature records are continued. Staff sickness records for sole traders could be removed. We would expect this to be developed in collaboration with hospitality representatives, co-regulators, and subject matter experts.
Expected benefits	*Overall:* Requirements are more proportionate to risk, easier for businesses to understand and comply with, which will improve the overall effectiveness of the regulatory system.
	For hospitality businesses: • requirements are more proportionate to the risk posed by the business's activities • greater level of flexibility to allow businesses to innovate and achieve safe and suitable food while still managing risk • reduced cost from removal or reduction of requirements that are not managing risk for that type of business.
	For regulators: • easier to understand and more fit-for-purpose requirements are easier to verify • flexibility in the plan also enables more discretion to be applied during the verification process where appropriate (which will be achieved if implemented effectively with **Recommendation 3** – Review the full suite of operational policies and guidance to regulators to be simpler and more user-friendly). • supports a healthy regulator-regulated party relationship if businesses can clearly understand what is expected of them.

Recommendation 2 – Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements	
Expected costs	We expect the cost to implement this recommendation to be relatively low. No legislative change is required and work to introduce a simplified template Food Control Plan, including reduced recording-keeping requirements, is currently underway through the FAIP. The FAIP is funded through the food business levy.
Implementation	As mentioned, simplification of the current template Food Control Plan is currently underway through the FAIP, led by MPI. We expect this recommendation be implemented as part of this work and early drafts are tested with key industry stakeholders and local authorities to test workability. This should be implemented as soon as practicable given no legislative change is required. However, our view is that this option will be most effective implemented alongside **Food Recommendation 3** - Review the full suite of operational policies and guidance to regulators to be simpler and more user-friendly.
Impact on other types of food businesses	There are unlikely to be any impacts on other types of food businesses that do not operate under a template Food Control Plan in the short-term. However, if the sector-specific template provides better outcomes for hospitality businesses, then a similar model could be applied and sector-specific guidance developed for businesses under National Programmes (e.g., extractors and packers of honey, manufacturers of non-alcoholic beverages, and manufacturers of confectionary, and other National Programme food sectors).
Key stakeholder views	There was broad support from both regulators and sector representative groups to introduce a hospitality specific Food Control Plan or requirements, instead of a one-size-fits-all approach. Some sector representative groups stated that the current system does not reflect the diversity of the hospitality sector and believed an activity-based system would be more effective.

Comment on Food Control Plan app

COMMENT

A free digital record keeping and template Food Control Plan system for hospitality businesses may be feasible after our other recommendations are implemented

This option received strong feedback during engagement with most submitters supporting it. However, we have chosen not to recommend this option because the costs to develop new IT infrastructure would not outweigh the benefits without improvement in the content of the template Food Control Plan itself to make requirements simpler, more flexible, and more proportionate for hospitality businesses (**Recommendation 2**).

However, after implementation of Food Safety Regulatory System Recommendation 2 and an assessment of the effect of these changes, the development of an IT solution to make requirements more accessible should be reviewed for feasibility.

Further work on how this IT solution would be funded is also required. While funds from the ongoing food levy could be used, care would need to be taken to ensure the levy is not increased to fund this change, creating significant additional costs for businesses. As there are already private IT solutions being utilised by some businesses, it would be unfair for these businesses to pay for the development and ongoing costs of a government-developed product they do not intend to use.

Recommendation 3 – Review and update the full suite of operational policies and guidance to regulators to be simpler and more user-friendly	
Description	**We recommend that operational policy and guidance for food safety regulators is improved and simplified.** This can be achieved through stronger stewardship of the system and a review of all operational policies and guidance to regulators. The intent being to simplify content and standardise and streamline verifier practice — with consideration of the regulated party experience. The regulated party experience of the system should be taken into consideration, from pre-registration through to verification (compliance monitoring) and enforcement. This may require the introduction of new operational policy or guidance. We expect the output to: • have clear alignment with the legislative framework (i.e., use the same language and not add new frameworks) • include clear guidance for verifiers about what they check and assess against at verification, and how they do it • be clear on the expectation that verifiers re-focus verifications on practice in the kitchen, and making a clearer more direct split between the 'inspection and observation of practices' component and 'audit' component of a verification • include specificity about how advice and support should be provided to regulated parties (pre-registration meetings, pre-opening visits, pre-verification visits, etc), while still balancing regulatory obligations • include simplified and standardised templates for verifiers to work off for their verification outcome reports • outline practices to improve consistency of verifications across the country, for example cross-territorial authority peer-review of verification outcomes and reports • be in plain English.
Expected benefits	*Overall:* long-term efficiency gains and likely increased effectiveness of the regulatory system.
	For hospitality businesses: • improved understanding and confidence in how to comply for some businesses • better verification outcomes and more consistent and predictable verifications over time (leading to lower costs in the long-term).

Recommendation 3 – Review and update the full suite of operational policies and guidance to regulators to be simpler and more user-friendly	
	For regulators: • improved relationships with regulated parties • improved regulatory practice • efficiency gains from better and more consistent verification and advice to businesses
Expected costs	We expect the costs to develop this guidance to be low. These changes can occur through the FAIP programme of work and be absorbed through the current funding allocated for it and being collected through the food business levy. There are likely to be increased costs to some territorial authorities in implementing any changes. It is expected that clearer guidance for regulators and improved support upfront for businesses will likely result in better outcomes for the regulatory system overall.
Implementation	This recommendation does not require primary or secondary legislative change – but requires further work from MPI through the FAIP. We expect this recommendation to be implemented as part of MPIs FAIP activity which aims to introduce national consistency in the application and advice provided by territorial authorities. The most significant cost will be for central government, but this should be offset by drawing on the current expertise, practice, templates, and internal guidance already produced by proactive and larger territorial authorities. We expect MPI to foster collaborative relationships with their co-regulators, implement the guidance and practices that work, and give them the confidence and tools they need to be good regulators. As indicated, the FAIP contains an output to ensure consistency across verifications and update guidance and training for territorial authorities. However, we do not know the detail behind this output, and therefore the degree to which the FAIP will address the issues we identified – including the extent to which existing operational policy and / or guidance is being reviewed.
Impact on other types of food businesses	We expect the benefits that are likely to be delivered from better overall regulatory practice to benefit all food businesses.
Key stakeholder views	We did not consult with regulated parties or other stakeholders on this option.

Recommendation 4 – Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form	
Description	**We recommend the registration process is retained but simplified (as opposed to moving to a notification system for hospitality businesses), and the registration renewal process is removed.** The would be achieved by: • introducing one standard simple, easier to understand initial registration form • removing registration renewal and relying on the verification process to ensure regulators have up-to-date information about businesses.
Expected benefits	*Overall:* A more efficient registration system for regulators and regulated parties.
	For hospitality businesses: Simpler initial registration process and reduced ongoing costs for businesses over time.
	For regulators: Administrative efficiencies; with a simpler form it will be easier for regulators to understand the business' intentions and be easier for regulators to process. The registration processes would continue to allow for a regulator-regulated party relationship to begin prior to operation of the business.
Expected costs	We expect the costs to make these changes, including the development and delivery of the simplified form and the legislative changes needed to remove renewals would be low. These changes can occur through the FAIP programme of work and be absorbed through the current funding allocated for it. While regulators would lose some revenue from stopping renewal fees, this would likely be offset by the efficiencies gained through a more streamlined initial registration and renewal process. There would be easier processing of initial registration applications, and regulators would no longer be processing renewal applications, removing this administrative process. The Review's recommendations about fees and levies will also support in this regard.

Recommendation 4 – Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form	
Implementation	The development of a simpler registration and Scope of Operations form can occur in conjunction with implementation of the outcomes from the FAIP Schedule Review. Primary legislative change would be required to remove the requirement for renewals. s 9(2)(f)(iv) [redacted] Limited further work may be required to mitigate the potential risk of business scope creep and ensuring business details remain up-to-date for those businesses on much longer verification cycles (3 years) or who no longer require further verification (some National Programme 1 businesses). This could be achieved through reminding businesses of their obligations to notify the regulator if there are significant changes in circumstance, or other interventions such as additional verifications where only businesses details and scope are checked.
Impact on other types of food businesses	We expect the benefits of this recommendation to apply across all food businesses (except those under a custom Food Control Plan, who go through a higher initial barrier to entry, which would remain the same under this option). We acknowledge that we are recommending removing renewals for hospitality businesses because that is the scope of the Review – we would expect MPI to consider whether removing renewals for other types of food businesses was useful.
Key stakeholder views	Regulators preferred retaining the registration process but introducing simpler initial forms for businesses to complete. Sector representative groups were split on the registration process. Some would prefer to have a notification system, while others said registration was not the issue, but more renewals and verification inconsistency.

Recommendation 5 – Improve verification practice, including extending verifications to two years for high-performing businesses	
Description	**We recommend verification practice is improved and that well performing businesses are rewarded** This can be achieved through: • decreasing verification frequency for consistently well-performing hospitality businesses This looks like the introduction of an additional 'two-year' verification step for hospitality businesses currently operating on MPI's template Food Control Plan. This would be attainable for hospitality businesses who are consistently high performing (i.e., no or low/minor corrective actions for the past two 18-month verifications). The criteria, along with the step change will be set through amendments to the Food Regulations 2015. • the introduction of more unannounced verifications to enable verifiers to see more kitchen reality This looks like the introduction of a proportionate and risk-based approach to identifying businesses whose verification will be unannounced in a given verification cycle. • allowing all territorial authority verifiers to verify food trucks (who operate in more than one jurisdiction) registered in their territory and other territorial authorities recognising that verification
Expected benefits	*Overall:* Increased efficiencies and greater confidence in the verification system for both regulators and regulated parties, while rewarding high-performing businesses.
	For hospitality businesses: • reduced financial cost and time cost for consistently high-performing businesses through reduced verification frequency • food truck businesses that have delayed expanding their customer base due to the cost of third-party verification or duplicative processes across different territorial authorities, will be able to do so
	For regulators: • a better understanding of kitchen reality through an appropriate increase in unannounced verifications • efficiency gains through decreased verification frequency in high performing businesses (i.e., regulators can divert their time to higher risk and / or lower performing food businesses).

Recommendation 5 – Improve verification practice, including extending verifications to two years for high-performing businesses	
Expected costs	The following costs are associated with this option: • legislative change is required for two of the recommendations. Secondary legislation change is required for introduction of a two-year verification frequency for consistently high-performing business. Primary legislation change is required to allow all territorial authority verifiers to verify food trucks (who operate in more than one jurisdiction) to registered in their home territory authority. • Operational policy development to support implementation of the recommendations will also be required
Implementation	Legislative change would be required for all recommendations, coupled with the development of associated guidance. Further operational policy work would be required to implement an increase in unannounced verifications. The method to choose which businesses would be subject to unannounced verifications would be developed by MPI. It could be based on a model similar to the recently published multi-site verification guidance, supporting a risk-based and proportionate approach. We expect this to be completed as part of **Recommendation 3** (Review the full suite of operational policies and guidance to regulators to be simpler and more user-friendly).
Impact on other types of food businesses	We expect the benefits that are likely to be delivered by improving verification practice will apply across all food businesses.
Key stakeholder views	Regulators strongly preferred more unannounced verification, or giving businesses less certainty about the exact date and time of the verification, as it would encourage ongoing compliance. Sector representative groups were evenly split between announced and unannounced inspections, mainly because of the disruption a fully unannounced verification can cause to a business, particularly during peak times. Both regulators and sector representative groups largely supported a two-year verification frequency step for consistently high performing hospitality businesses. There was also broad support by both regulators and sector representative groups for allowing all territorial authority verifiers to verify food trucks.

Comment on use of enforcement tools

COMMENT

We think MPI should consider whether additional enforcement tools are required

We think there is merit for MPI to consider introducing infringement offences for non-compliance with food safety requirements in the future (infringement offences currently exist in the Food Regulations 2015, but these relate to registration and labelling only). Infringement offences relating to food safety and suitability requirements were considered potentially appropriate during the 2015 consultation on the proposed Food Regulations. It was thought that once the Food Act's three-year transition period had ended, MPI would consider whether any further infringement offences would be required. To our knowledge, this has not occurred.

There is clearly strong appetite to increase the suite of infringement offences from territorial authorities, but not at the expense of the regulator — regulated party relationship. Food Safety Officers currently have a suite of tools available to them, and the enforcement regime appears to be working well. However, we are of the view there is merit in undertaking further work to determine whether additional infringement offences related to the safety and suitability of food are needed.

Outputs from this Review, coupled with the FAIP, should have the intended effect of more proportionate, flexible, and easier to understand requirements for hospitality businesses, and more consistent advice and verification practices across New Zealand. These outputs are likely to improve the overall effectiveness of the system. Therefore, following a monitoring period, the system steward should undertake a piece of work to consider if increasing offences is necessary.

Full range of options and options analysis

Methodology

23. To identify options, the Review considered:

- the nature of the underlying causes of the problems identified in Paper 2
- submissions from regulated parties, representative groups and regulators as part of the Review's engagement
- how other regulatory systems in New Zealand and in other jurisdictions address similar problems
- the full range of government and private instruments available to address the problems.

24. We have assessed the options identified against the Review's criteria. These are described in Table 1 below.

Table 1 - Criteria for the assessment of the current state

Criterion	High-level description
Effective	How well does the option address the problem / opportunity and produce the desired results?
Efficient	The option is likely to address the problem for the least cost.[1] The benefits of the option likely outweigh the costs (both the costs of change and the ongoing costs to government and regulated parities).
Feasible	Implementing the option is likely to be achievable, and any risks that may undermine the effectiveness or efficiency of the option are manageable.
Appropriate impact on individual rights and liberties[2]	The impact, if any, the option has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.

[1] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits or reduced regulatory outcomes (i.e., public health protection).

[2]This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.

25. The meanings of our assessments are described in Table 2 below.

Table 2 - Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.
××	In no way meets the criterion.

26. Our assessment across the criteria is then averaged[3] for the overall assessment. In this average, **the "Effective" criterion is weighted twice as high** as the other criteria.

27. Based on this assessment, we identify the Review's recommendations to address each of the identified problems.

Structure of this section

28. We identify options for each of the five problems separately. Each section is structured as follows:

- a brief reiteration of the problem(s) and likely underlying causes, drawn from Paper 2: *An analysis of the current state and problems with how the domestic food safety regulatory system is regulated in hospitality settings*
- descriptions of the choices and options we have identified to address the problem and underlying causes. These descriptions also include consideration of whether options are mutually exclusive or complementary
- table(s) that lay out our assessment of the options against our criteria
- identification of our preferred option(s)
- a discussion of any implementation considerations of these preferred options.

29. We have incorporated feedback on the targeted engagement on options within our option analysis tables.

[3] A ✓ represents +1 point and × represents -1 point. Any criterion assessed as not applicable does not contribute. The total points are calculated, then divided by the number of criteria that were relevant to find the average. To avoid a neutral rating, if the average is between 0 and -1, the floor is taken, and if the average is between 0 and 1, the ceiling is taken. Otherwise, the average is rounded to the nearest integer as normal.

Options to improve the current risk-based measure classifications to support an effective, efficient, and proportionate regulatory system

The problem and likely underlying causes

30. **Problem:** Overall, our assessment is that the current risk-based measures and food business classifications are not supporting an effective, efficient, or proportionate regulatory system for hospitality businesses. The Schedules are currently under review through MPI's FAIP, this presents an opportunity to take a deeper look at how hospitality businesses, especially small to medium sized businesses, are classified.

    Underlying causes the problem: We think the underlying causes likely contributing to this problem include:

    - Schedules in the Act, which prescribe which risk-based measure each food business type (food sector) fits into, have not been reviewed or updated since the Act came into force over 10 years ago
    - the Schedules are too rigid and limiting, making it hard for businesses to understand where they fit
    - 'food service sector', which is a food sector prescribed in the Schedules, captures a large very range of businesses. For example, fast-food chains, catering in prisons, hospitals, residential aged-care facilities, as well as cafés, and restaurants. This means the granularity of the different risk-profiles within the hospitality sector is lost as the same risk-based measure applies. The current settings do not differentiate between a small café, a large fast-food chain, and a boutique restaurant.

Options to address this problem

31. For making requirements more proportionate to risk there is a *choice* to be made on how to improve the current risk-based measure classifications. The choice is between (a) retaining the fundamentals of the current system or (b) making fundamental changes to the risk-based measure system.

32. We note the current domestic food safety regulatory system covers more than just hospitality businesses. There are approximately 39,000 domestic food businesses, and approximately 48% of them are hospitality businesses.[4]

33. This means that any changes to the existing risk-based measures system would be more efficient and effective if applied across all type of food businesses (e.g., manufacturers, supermarkets and other food retailers, food service and catering at large institutions, etc.). However, these businesses are outside the scope of the Review and therefore impacts on those business types have not been fully considered through our work.

34. The options to address this issue are described in Table 3 and assessed against our criteria in Table 4 below.

[4] We estimate there to be around 19,000 food hospitality businesses in New Zealand and there are approximately 39,000 domestic registered food businesses (across approximately 45,800 sites).

Table 3 – Description of options to improve the current risk-based measure classifications

#	Option	Description of the option
1.A	**Retain the current risk-based measures but hospitality businesses should be redistributed – includes the FAIP** *[Mutually exclusive with option 1.B]*	This option would see hospitality businesses categorised differently within the current risk-based measures (i.e., custom Food Control Plan, template Food Control Plan, National Programme 3, National Programme 2, National Programme 1). In recategorizing hospitality businesses, a more granular approach would be taken so that the different risk-profiles of businesses is better represented through the risk-based measures. This would occur through the Schedule Review under the FAIP.
1.B	**More fundamental changes to the risk-based measure system for hospitality businesses** *[Mutually exclusive with option 1.A]*	This option would see a change to the current risk-based measure framework to focus more clearly on the level of risk posed by an activity as well as account for the volume of customers (i.e., exposure). This would mean requirements would be more proportionate to actual risk posed. Instead of the current four discrete risk categories (those being National Programme 1-3 and Food Control Plan), the system would have more ingrained flexibility (i.e., hospitality businesses would fit within a spectrum based on risk under 'food service'). Risk assignment and associated mitigation measures would be much less prescriptive – meaning that lower-risk hospitality businesses would be subject to requirements that were more proportionate (rather than a one-size fits all approach). This approach would therefore require more discretion from regulators and regulated parties, in terms of the appropriateness of a risk-mitigation measure. For example for the 'food service' spectrum, the lowest level of requirement would be for hospitality businesses that make hot beverages, sell packaged goods, manufacture direct to consumer shelf-stable products, and have a low customer volume; the highest level of risk would be for restaurants that complete more complicated techniques (e.g., cooling and reheating, preparing and cooking meat, preparing and cooking food in batches etc.) This would be different from the current risk-based measures – where they are currently assigned the same risk-based measure. Having requirements more proportionate to actual risk will reduce costs (time and money) for lower-risk businesses while retaining appropriate measures for higher-risk businesses.

Table 4 – Options to improve the current risk-based measure classifications

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
1.A	**Retain the current risk-based measures but hospitality businesses should be redistributed – includes the FAIP** This option would see hospitality businesses categorised differently in the current risk-based measures (i.e., custom Food Control Plan, template Food Control Plan, National Programme 3, National Programme 2, National Programme 1) through the Schedule Review of the FAIP. *[Mutually exclusive with option 1.B]*	✓ Currently, most cafés, restaurants, and bars (92%) are operating under the template Food Control Plan. As assessed in Paper 2, our view is that the current the risk-based measures are not effectively reflecting actual risk for some, particularly lower risk, hospitality business. Our assessment of effectiveness is based on the intended output of the FAIP Schedule Review which "*seeks to ensure that the regulatory controls that apply to food businesses are proportionate to their food safety risks.*" Proposals and options for changes to the Schedule are planned for later in the year, so it is somewhat challenging to accurately assess whether the outcomes from the Schedule Review will fully address the proportionality issues faced by hospitality businesses. As the Schedule Review seeks to improve proportionality, we would expect to see a more granular separation of the type of business under 'food service sector' and certain lower risk cafes, for example, would be reclassified into a lower-level National Programme level. Through our options survey, most territorial authorities supported retention of the current risk-based measure framework (78%), whereas most organisations representing hospitality businesses sought more fundamental changes.	✓ The benefits of this option are likely to outweigh the costs - as the Schedule Review is currently planned and funded as part of the FAIP.	✓✓ This option will be achievable as the Schedule Review is currently planned and funded as part of the FAIP. There may be risks to the effectiveness of this option if, when undertaking the Schedule review, a granular enough approach is not taken. This can be mitigated by ensuring sufficient engagement with peak-bodies and territorial authorities to ensure categories and risk-profiles are accurately captured.	*Not applicable*	✓✓ **Preferred option**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
1.B	**More fundamental changes to the risk-based measure system for hospitality businesses** *[Mutually exclusive with option 1.A]*	✓✓ This option is intended to make sure the regulatory controls that apply to food businesses are more proportionate to their food safety risks and make it more intuitive to understand which risk-based measure a food business needs to comply with. By increasing flexibility and discretion for regulators and regulated parties in how risk is assigned and the appropriate risk-mitigation measures to be undertaken (i.e., in how requirements are met), regulatory controls are therefore more attuned to actual risk, and therefore more proportionate. As mentioned above, during engagement on options, most organisations representing hospitality businesses sought more fundamental changes to the current risk-based measures – as it would support more appropriate and proportionate scaling across hospitality businesses.	× This option requires fundamental changes to how other types of food businesses (e.g., manufacturing, food retail, food services for the vulnerable, etc.) are categorised, which requires structural change to the system. Given the scope of the Review, we did not engage with other food sectors. This means we don't know if the benefits for structural change from this option would outweigh the costs for the other sectors.	× To be a feasible option, this option would need to be implemented alongside fundamental changes across all food sectors. This option also requires greater discretion from regulators. The issues around verifier consistency and capability we identified would need to be resolved to avoid further inconsistencies and unintended consequences from moving to a system that requires more discretion. This is unlikely to be achieved in a short timeframe, as practice change is a longer-term investment. Costs would be incurred for the development and implementation of a new framework.	*Not applicable*	✓ **Discarded** as rated lower than Option 1.A.

Our preferred option to improve the current risk-based measure classifications

36. **Preferred option:** Based on our assessment, our preferred option is Option 1.A – retain the current risk-based measures. However, we expect that through the FAIP Schedule Review a more granular approach is taken when reviewing risk for the food service sector. This granular approach should consider the risk presented by the type of food produced, the methods used, as well as the volume of customers.

37. Refer to the Recommendation 1 table above for more details.

Implementation considerations of our preferred option

38. We do not see significant implementation challenges, as our preferred option builds on the status quo and the current work undertaken through FAIP. However, we do expect that throughout the Schedule Review process, MPI continues to engage with hospitality business representatives to ensure the description of the different hospitality businesses is appropriate and the level of granularity is sufficient.

Agency Feedback

39. MPI is supportive of retaining the current risk-based measures and believe the FAIP Schedule Review is the appropriate mechanism to assess whether some hospitality business activities are currently classified at the right level of regulatory control.

40. As noted in the comment entitled 'Changes to the food safety regulatory system may be needed in the future' we think more fundamental change to the risk-based measures would result in a more effective and proportionate system overall. If the regulatory steward (MPI) finds through ongoing monitoring that wider reform of the Food Act 2014 is necessary in the future, then we suggest a redesign of the current risk-based measures to make them more intuitive, user-friendly, and better suited to the different types of activities undertaken.

Options to make requirements more proportionate to risk and easier for regulated parties to understand

41. **Problem:** Overall, our assessment is that some requirements are disproportionate to the risk posed by some hospitality businesses, and difficult for regulated parties to understand and therefore demonstrate compliance with.

    Underlying causes the problem: We think the underlying causes that likely contribute to this problem include:

    - a disconnect between the regulators who write the plan (and include overly technical language) and those in business who need to use the plan on a day-to-day basis
    - the 'one-size-fits-all' approach to the template Food Control Plan creates issues when you try to apply it to a small café, large restaurant, and supermarket
    - the barrier to creating a custom Food Control Plan, and therefore creating flexibility and tailoring risk-proportionate requirements and methods, is too high for businesses[5]
    - prescriptive requirements within the template Food Control Plan lead to prescriptive record-keeping requirements for businesses, for example the requirement in the template Food Control Plan to only source food from trusted suppliers – and the associated record keeping requirements (trusted supplier list and assurances).

Options to address this problem

42. We expect through the Schedule Review and implementation of **Recommendation 1** (Retain the current risk-based measures but hospitality businesses should be redistributed, with some moving to risk-based measures with fewer requirements) that overall, more hospitality businesses would be under a risk-based measure more proportionate to their risk. There will still be many hospitality businesses who will operate under the template Food Control Plan, or those who may opt up to the template Food Control Plan.[6] Therefore, options to address the issues identified with the current Food Control Plan are analysed here.

43. There are a few complementary options that could contribute to address this problem, acknowledging that significant work is currently underway under the FAIP to improve proportionately and ease of understanding of the requirements for businesses.

[5] As described in Paper 2: *An analysis if the current state and problems with how the domestic food safety regulatory system is regulated in hospitality settings* – A custom Food Control Plan needs to be written by the business owner and evaluated by a third-party evaluator prior to being assessed by MPI for registration. This costs more in time and money to produce, and costs more to register. As these businesses are registered with MPI, they can only be verified by third-party verifiers, costing them even more in the long term.

[6] Because the territorial authority they operate in does not have a Quality Management System in place, and therefore cannot verify National Programme 1-3 businesses, so the alternative is to be verified by a third-party verifier which can be more costly than territorial authority verifiers.

Table 5 – Options to make requirements more proportion to risk and easier for regulated parties to understand

#	Option	Description of the option
2.A	**Introduce a simplified and specific template Food Control Plan specifically for hospitality businesses** *[complementary with other options in this table]*	This option builds on the current FAIP which aims to: • introduce a simplified Food Control Plan template that is adaptable, readily accessible, focused on key food safety risks, and easy to apply to food businesses, and • in the process, simplify record-keeping requirements. Under this option a specific template Food Control Plan would be developed for hospitality businesses, which would only include those controls relevant for hospitality businesses, and would include lowering record-keeping requirements. The hospitality specific template will be significantly less prescriptive than the current one, with flexibility for businesses to achieve food safety outcomes in the way they know works for their business. It would also have reduced record-keeping requirements that are tailored for food service businesses. This option requires collaboration and development alongside hospitality representatives, co-regulators, and subject matter experts.
2.B	**Regulators provide more support to businesses** *[complementary with other options in this table]*	This option would mean support for businesses was improved and standardised. This can be achieved through stronger stewardship of the system with clearer guidance to local authorities on how to support hospitality businesses. This option aims to provide clear guidance on how advice and support can be provided to regulated parties. It will be clearer to regulators how they can manage the boundary between facilitating compliance and maintaining regulatory independence. Pre-opening visits or pre-first verification visits will be encouraged but not required.
2.C	**Introduce a free online record keeping and template Food Control Plan app for hospitality businesses** *[complementary with other options in this table, but dependent on Option 2.A]*	Central government would develop, and make available for free, an online record-keeping and template Food Control Plan application.

Table 6 – Analysis of options to make requirements more proportion to risk and easier for regulated parties to understand

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
2.A	**Introduce a simplified and specific template Food Control Plan specifically for hospitality businesses** *[complementary with other options in this table]*	✓✓ This option builds on the status quo and the FAIP output of a simplified Food Control Plan template and simplified record keeping requirements. While we understand this work is underway, the Review does not have visibility on the specific changes to the template Food Control Plan that are intended under the FAIP. This option is intended to provide more flexibility for businesses to innovate within boundaries, while still providing enough prescription for less experienced operators. This means that businesses will have sufficient detail to manage food safety risks, and the information provided will be more accessible. This option requires collaboration and development alongside hospitality representatives, co-regulators, and subject matter experts to develop the hospitality specific template Food Control Plan. This would result in proportionate and easy to understand requirements for hospitality businesses as hospitality representatives would be involved in the process. Most territorial authorities (57%) that responded to our options survey supported this option. Those that were not in support noted that the current template is essentially geared toward hospitality businesses anyway. We note that the current template must still include risk-mitigation measures for much larger businesses or organisations (e.g., supermarkets and rest-homes) which ultimately leads to it not being fit-for-purpose. Hospitality businesses and organisations representing hospitality businesses strongly supported this option – reiterating that the template, in its current state, is not workable for many businesses.	✓✓ The benefits of this option are likely to outweigh the costs. A simplified template Food Control Plan that has been developed with hospitality businesses, for hospitality businesses – alongside co-regulators – will have long term benefits. As requirements would be easier to understand and fit-for-purpose, they are likely to be more effective and efficient therefore reducing costs for businesses (time spent on paperwork compliance). There are likely to be upfront costs to regulators (to draft and introduce the template) and businesses (to implement) – but as this option builds on the work currently underway under the FAIP, it is anticipated any additional costs are unlikely to be significant. The FAIP is funded through the food business levy.	✓✓ This option would require deliberate and specific collaboration with stakeholders to develop the hospitality template Food Control Plan. Stakeholders should include hospitality businesses to ensure their needs are understood, subject matter experts to indicate where flexibility can be incorporated without compromising food safety, and with territorial authorities to ensure enforceability of the new plan. There are unlikely to be any implementation risks, as this option builds on the current work programme. No primary legislative change is required.	*Not applicable*	✓✓✓ **Preferred option**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
2.B	**Regulators provide more support to businesses** *[complementary with other options in this table]*	✓✓ This option aims to provide a more structured approach to how advice and support can be provided to regulated parties resulting in improved understanding for businesses on how to comply with requirements. Some territorial authorities are already providing a level of advice and support to regulated parties through pre-application meetings, dissemination of guidance, pre-opening visits, or visits prior to the first verification – this option would standardise the approach ensuring more consistency across the country. Most territorial authorities (57%) and most organisations representing hospitality businesses (60%) that responded to our options survey, supported this option.	✓ It is expected that clearer guidance and more support upfront will likely result in better outcomes for businesses and therefore efficiency gains for regulators in the long term. This was reiterated during engagement with regulators on this option. We expect the benefits from this option will likely outweigh the costs.	✓✓ This option would not require any legislative change and can be implemented as part of the FAIP activity which aims to introduce national consistency in the application and advice provided by territorial authorities. There are potential risks to *efficiency* due to additional costs to central government from developing the guidance and support materials, as well as time costs to some territorial authorities delivering greater upfront support. However, this can be mitigated by utilising resources and practices that are already working well in other territorial authorities. It is anticipated that the time spent upfront by territorial authorities will be realised in greater time savings in the future due to greater understanding of requirements and potentially better verification results for businesses.	*Not applicable*	✓✓ **Preferred option**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
2.C	**Introduce a free online record keeping and template Food Control Plan app for hospitality businesses** *[complementary with other options in this table]*	✓ This option is intended to make it easier to understand and demonstrate compliance with the requirements. To be most effective, this option would need to be paired with other options that simplify the template Food Control Plan and the record keeping requirements (**Option 2.A**.). Most submitters that responded to our options survey, supported this option (54%). Organisations representing hospitality businesses particularly noted that a feature like this would improve efficiencies in the kitchen. However, we note that this option alone will not be effective at addressing the issues we found with the requirements within the template Food Control Plan itself not being proportionate to risk.	× This option would come with potentially high start-up costs,[7] and would compete with private IT solutions. The cost could be partially mitigated by making the app a "minimum viable product", which would reduce costs and retain businesses' choice to pay for more features. However, as stated this option alone will not be effective at addressing the issues with the requirements.	✓ This option would not require any legislative change and would be optional for hospitality businesses to use. However, would incur start-up costs, and would require on-going costs to maintain (e.g., data storage, updates etc.). An unintended consequence of this option is that start-up and ongoing costs for the app could be included as part of the Food Business Levy,[8] driving costs up for businesses who may not want to use the tool.	*Not applicable*	✓ [**Discarded** as does not directly address the issues identified with proportionality of the current requirements – see Comment above - 'A free digital record keeping and template Food Control Plan system for hospitality businesses may be feasible after our other recommendations are implemented']

[7] Complex apps may cost as little as $350,000 +, plus potential on-going costs; Mobile App Developers Auckland | Android, iPhone App Developers NZ | GCD – or into the millions. While more complex, for context the new Govt.nz App cost around $5 million NZD – RNZ interview with Hon Judith Collins KC on 11 December 2025; Government launches 'one-stop shop' app | RNZ News.

[8] Food Act 2014 fees, charges, and levies | NZ Government – refer to the Review's Fees and Levies Supplementary Paper for more details.

Our preferred options to make requirements more proportionate to risk and easier for regulated parties to understand

46. **Preferred options:** Based on the assessment above, our preferred options are:

    a. Option 2.A – Introduce a simplified and specific template Food Control Plan specifically for hospitality businesses, and

    b. Option 2.B – Regulators provide more support to businesses.

Implementation considerations of our preferred option

47. **For Option 2.A:** We do not see significant implementation challenges to introduce a simplified and specific template Food Control Plan specifically for hospitality businesses, as this option builds on the status quo and the current work undertaken through the FAIP – which is to create a simplified template Food Control Plan. However, we do expect that as part of this work, a dedicated cross-stakeholder working group is formed and early drafts are tested with key sector representatives and local authorities for workability.

48. **For Option 2.B:** We do not see significant implementation challenges with this option. We expect the costs to develop the support and guidance to be low, and changes can occur through the FAIP programme of work.

Agency Feedback

49. MPI is supportive of simplifying the template Food Control Plan, so it is easier to use and more accessible. However, they note reducing prescription should be approached carefully as some small businesses value clear, practical instructions. In their view, the revised template should balance flexibility with sufficient clarity.

50. We agree there should be a balance and anticipate the revised template will strike this balance through working closely with hospitality representatives, subject matter experts, and territorial authorities.

51. MPI is also supportive of improving and standardising support for businesses and agree this should be part of the FAIP. They are supportive of "*clarifying the boundary between regulatory guidance and consultancy-type advice"* through the provision of advice to territorial authorities.

Options to make the registration and renewal system more efficient

52. **Problem:** The initial registration process does not contribute to reducing food safety risks and the administration associated with registration is unnecessarily burdensome and costly for all parties.

    Underlying causes the problem: We think the underlying causes that likely contribute to this problem include:

    - the process for registration for most food businesses does not incorporate an 'assessment' component and so is functioning more like a notification system
    - the purpose of renewals in this system has not been considered from a first principles perspective since the Act has come into force (i.e., what value is it adding to the regulatory system currently?)

Options to address this problem

53. For making the registration and renewal system more efficient there is a *choice* to be made on how to do so. The choice is through retaining the registration system or moving to a notification system for hospitality businesses.

54. There are also complementary options to improve efficiency of the registration and renewal system. These options are described in Table 7 and assessed against our criteria in Table 8.

Table 7 – Description of options to make the registration and renewal system more efficient

#	Option	Description of the option
3.A.1	**Status quo – including FAIP** *[Mutually exclusive to Option 3.A.2]*	This option maintains the status-quo of the current registration system. Businesses need to be registered prior to operating and renew (and pay for) their registrations either every year or every two years. One of the activities under the FAIP is to review registration and renewal requirements.
3.A.2	**Move to a notification regime for hospitality businesses** *[Mutually exclusive to Option 3.A.1]*	All hospitality businesses would be required to notify MPI of their intent to operate as a food business. Regulators can use their discretion about whether they think the risk-based measure of a businesses should be confirmed through a 'pre-opening visit' or validated at the first verification. The 'renewal' step is removed as business details and scope (activity) changes would be checked during verification.
3.B	**Remove registration renewals** *[Mutually exclusive to Option 3.A.2, and complementary with other options in this table]*	This option removes the once or twice-yearly requirement to renew a business's registration and relies on the verification process to ensure regulators have up-to-date information about businesses, rather than through a separate renewal process.

#	Option	Description of the option
3.C	**Introduce a central administrator of applications** *[complementary with other options in this table]*	This option would establish a central administrator for the food safety regulatory system. All registration/notification applications would be received by this administrator, checked for completeness and accuracy, then passed to the relevant local regulator for assessment and action.
3.D	**Introduce simpler initial forms** *[complementary with other options in this table]*	This option assumes the FAIP Schedule Review will deliver improvements as described above under Option 1.A. In addition, simpler forms will mean businesses and regulators find it easier to work out where they fit. One form would be encouraged to be used by all territorial authorities.

Table 8 – Assessment of options to make the registration and renewal system more efficient

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.A.1	**Status quo – Includes the FAIP** One of the activities under the FAIP is to review registration and renewal requirements. *[Mutually exclusive to Option 3.A.2]*	✓ As described in Paper 2, our view is that the status quo, for registration of hospitality businesses is ineffective. Our view is that the current registration process is essentially operating as a notification system for hospitality businesses (those who are operating under a template Food Control Plan or National Programme). We understand the FAIP will not address the structure of the registration processes i.e., the requirements that prescribe the registration regime. Therefore, the registration process (which is effectively operating as a notification regime) and need to keep a registration active will still be required. Most territorial authorities that responded to our options survey supported retention of the status quo (97%). With key feedback acknowledging the importance of this registration step as part of developing the regulator-regulated party relationship.	*Not applicable as already occurring*	*Not applicable as already occurring*	*Not applicable*	**Not recommending change to the status quo despite issues** [Maintaining the status quo for registrations is more feasible than changing to a notification system – see below with Option 3.A.2. discarded].
3.A.2	**Move to a notification regime for hospitality businesses** *[Mutually exclusive to Option 3.A.1]*	✓ This option is intended to create a more efficient entry into the regulatory system for hospitality businesses, as well as calling the system for what it is primarily operating as. However, as described in Paper 2 – regulators felt that the registration processes was an important first step in the regulator-regulated party relationship at the local level, to build trust and ensure the regulated party was aware of their obligations. We agree with this sentiment but are of the view that this could be achieved through other mechanisms– either through current practices (such as initial meetings with the regulator) or pre-opening visits – however direct interaction with the regulator is not	✓ This option is intended to create a more efficient entry into the regulatory system for hospitality businesses, however the implementation costs would likely outweigh the benefits. Our preliminary analysis shows that the 10-year Net Present Value (NPV)[9] for moving hospitality businesses only to a notification regime is around -$108,000. This value is based on the implementation and transition costs, plus the monetised benefits from reduced council and business entry and administration time.	×× Legislative change would be required. However, there would be unintended consequences to the wider food regulatory system if the notification system was only implemented for hospitality businesses. Under the status quo other types of businesses on National Programme 1 (e.g., horticultural production and packing operations) would still be required to register – creating an even more disproportionate wider system. We note that this option would be more feasible if the fundamentals of the current risk-based measure system were changed [Option 1.B] – and think this option should	*Not applicable*	**Discarded** due to feasibility issues. This option could be reconsidered as part of wider system reform, where the fundamentals of the system change.

[9] Where Net Present Value means is the discounted sum of an option's welfare costs and benefits over the 10-year horizon, expressed in today's dollars

#	Option	Assessment criteria				Overall assessment
		Effective	**Efficient**	**Feasible**	**Appropriate impact on individual rights and liberties**	
		guaranteed, whereas it is under the status quo. Through our options survey, organisations representing hospitality businesses were split across the status quo and this option. The overall sentiment was in support for options that simplified administrative processes. As above, most territorial authorities did not support this option.		take place if fundamental change occurred.		
3.B	**Remove registration renewals** *[Mutually exclusive to Option 3.A.2, and complementary with the other options in this table]*	✓✓ This option is intended to remove an inefficient and ineffective process from the regulatory regime. Business registration details and operation scope will be confirmed during verification, rather than through a separate yearly or two-yearly process. As part of current verification practice – all verifications for all businesses have their registration details and scope checked.[10] The trade-off of this option is the regulator would have less oversight of businesses that are on longer (36 months or greater) verification cycles - potentially creating problems with data integrity if businesses do not notify the registration authority of business detail changes. While only some territorial authorities (16%) that responded to our options survey supported this option, most organisations representing hospitality businesses supported it, citing limited benefit to food safety outcomes from the renewal process.	✓ This option is intended to reduce ongoing costs for businesses, and reduce the administrative cost associated with managing renewals for territorial authorities. The option would likely reduce ongoing costs for businesses. Our preliminary analysis shows that the 10-year NPV is around $5 million if renewals were removed for hospitality businesses only, this is based on monetised benefits from avoided council and business renewal administration and associated costs. We do not think there will be an increase in foodborne illness due to the removal of renewals given renewals do not rely on previous compliance, and the information currently required to ensure database correctness is gathered during verification. Territorial authorities confirmed that renewal fees are an important revenue stream to support other functions within the regulatory regime. Removal may lead to costs increasing elsewhere. There is a risk that costs may redistributed, rather than presenting a saving for businesses and territorial authorities. However overall, we think that the benefits of this option likely outweigh the costs.	✓ This option requires legislative change to implement fully and may have implications on all registered food businesses. As part of current verification practice – all verifications for all businesses have their registration details and scope checked. The intent is to use this process to gather this information to update the MPI database, rather than the separate renewal process. There are potential risks to the *effectiveness* of the system from removal of renewals through the risk of scope creep and incorrect registration details for businesses that are on a longer verification cycle (or those who do not need on-going verification). We think that the risks could be mitigated through stronger reminders for businesses of their obligations to notify the regulator if there are significant changes in circumstance. Other interventions such as additional verifications where only businesses details and scope are checked could be implemented if deemed necessary.	*Not applicable*	✓✓ **Preferred option**

[10] "Registration and scope of operations" are one of the mandatory topics that are covered at every verification. MPI guidance document entitled 'Verification topics' - Verification topics

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
3.C	**Introduce a central administrator of applications** *[complementary with other options in this table]*	× This option was intended to create economies and efficiencies of scale and provide applicants with a single point of contact with government, potentially reducing administration for both regulators and regulated parties. However, feedback from regulators and regulated parties indicated that they expect it would introduce complexity and delays into the process. As noted above and in Paper 2, the initial contact between regulators and regulated parties can be critical in establishing regulatory relationships. This was echoed by territorial authorities in our engagement, where regulators noted that the local administrative process facilitates early relationships and assists in the dissemination of advice. While overall most submitters (89%) did not support this option, many organisations representing hospitality businesses were supportive. Those that were supportive wanted smoother, more nationally consistent administrative processes, which should be achieved through our other preferred options.	× The intent of this option would be to harness efficiencies of scale. We presented a similar option as part of the options to improve the alcohol regulatory system (at an estimated cost for the alcohol licencing regime of $5.8-$11.3 million per year, with the costs likely outweighing the benefits). We think this will likely be the case for the food regulatory system as well, with high costs to establish. While we did not estimate the monetary costs for establishing a central administrator, we note that the benefits from early contact with regulated parties would be significantly reduced at a local level. We therefore think that it is unlikely that the benefits of this option outweigh the costs.	*Not assessed as failed against the "Effective" and "Efficient" criteria.*	*Not applicable*	×× Discarded
3.D	**Introduce simpler initial forms** *[complementary with other options in this table]*	✓ The introduction of a single, simplified form, would improve businesses understanding of where they need to fit, and therefore would improve the efficiency of the current process. Most submitters (67%) that responded to our options survey supported this option. Regulators reiterated that the current forms are difficult for regulated parties to understand, taking time for both parties to correct if submitted with errors.	✓✓ Improved businesses understanding of where they need to fit, as well as improving efficiencies in the registration process – benefiting both regulators and regulated parties. There would be upfront costs for the central regulator to build the initial form, however this could occur post-FAIP Schedule Review (Option 1.A), to avoid designing and then re-designing the form. We anticipate there will be efficiency gains across the wider system as territorial authorities will not need to spend resource	✓✓ Updating forms would be an inevitable part of the FAIP Schedule Review. With this option the central regulator would be strongly encouraging territorial authorities to use the single form. There may be risks to *efficiency gains* where some territorial authorities continue to develop their own forms. This can be mitigated through engaging with co-regulators to ensure the new form is fit-for-purpose, has simple plain language, and is understandable by most.	*Not applicable*	✓✓ **Preferred option**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
		Organisations representing hospitality businesses were supportive of this option, wanting smoother and easier processes.	updating their own current forms post-FAIP Schedule Review implementation. The benefits from this option likely outweigh the costs.			

Our preferred options to make requirements more proportion to risk and easier for regulated parties to understand

59. **Preferred options:** Based on the assessment above, our preferred options are:

    a. Option 3.A.1 – Status quo, current registration process is retained

    b. Option 3.B – Removal registration renewals and rely on the verification process to ensure regulators have up-to-date information about businesses

    c. Option 3.D - Introduce simpler, easier to understand initial registration form

60. Together, this will streamline and simplify the current registration process and likely reduce overall costs for businesses by removing renewals for hospitality businesses.

Implementation considerations of our preferred options

61. Primary legislative change would be necessary to remove the requirement for renewals. To do this, limited policy work may be required to mitigate the potential risk of business scope creep and ensure business details remain current for businesses on longer verification cycles or who no longer require further verification (some National Programme 1 businesses). For example, through reminding businesses of their obligations to notify the regulator if there are significant changes in circumstances, or other interventions such as additional verifications where only businesses details and scope are checked.

62. With respect to the development of simpler forms, this can occur in conjunction with implementation of the outcomes from the FAIP Schedule Review. These changes can occur through the FAIP programme of work and be absorbed through the current funding allocated for it.

Agency Feedback

63. MPI is supportive of simplifying registration forms. However, while MPI agree that verification can play a greater role in confirming business details and scope, they caution against relying on verification alone to replace renewals, as this may increase verification costs and have cost-recovery implications for territorial authorities. Through the Review we identified that territorial authorities are not effectively recovering the costs of the regulatory activities.[11] This could mean by removing a revenue stream (renewal charges), territorial authorities may seek to recover those funds through other means. However, given these details are checked at every verification, and our wider proposals should streamline regulatory work, it is our view removing registration renewals will unlikely increase verification costs.

64. s 9(2)(f)(iv) [redacted]

65. We also acknowledge that limited further policy work may be required regarding how best to capture businesses on longer verification cycles or who no longer require further verification (as per paragraph 61).

[11] Refer Supplementary Paper – Fees and levies for hospitality business

Options to improve verification practices and the effectiveness of the verification process

66. **Problem:** Current verification practice can result in actions for businesses that are disproportionate to risk and mean the regulator may not see kitchen reality.

67. **Underlying causes of the problem:** We think the underlying causes that likely contribute to this problem include:

    - High number of autonomous regulators, without strong system stewardship, has led to varying practice (67 territorial authorities and MPI)
    - each territorial authority having different training approaches and standards for hiring verifiers e.g., some hire only Environmental Health Officers (EHOs) as verifiers, whereas others employ staff without EHO qualifications and train them on the job
    - prescriptiveness of the template Food Control Plan, which leads to verifiers focusing on paperwork and records – rather than practice
    - regulatory practice guidance on verifications issued by MPI creates inflexibility in verification practice, that reduces the opportunity to observe kitchen reality. Practice notes set the expectation that 'announcing' a verification means providing an exact time and day (whereas the Act does not require the exact time and day to be disclosed).
    - to serve a wider group of businesses some territorial authorities have chosen to implement a QMS, but not all territorial authorities can justify the cost of operating under a QMS as there is a significant financial barrier (around $6,000 per annum for audits)

Options to address this problem

68. We present a number of options to improve verification practices and the effectiveness of the verification system, acknowledging that under the FAIP there is a programme of work planned to ensure consistency of verifications and advice provided by territorial authorities.

69. Options to improve verification practices:

    a. Introduce national standards for verifiers
    b. refocus verification on observing behaviour and practice in the kitchen, rather than record-keeping
    c. allow food trucks who trade in different local authority regions to be verified by their 'home' local authority verifier
    d. enable all hospitality businesses who fall under National Programmes 1 – 3 to be verified by local authority verifiers.

70. There are also *choices* to be made to enable verifiers to better see kitchen reality. This can be achieved by either having:

    a. more unannounced verifications or less certainty given about exact date and time of verification, or
    b. all verifications be unannounced.

71. To improve certainty to well performing businesses, there is also a choice. This can be achieved by either:
    a. implementing annual verifications which vary by type based on risk and past performance, or
    b. decreasing the verification frequency for consistently high performing hospitality businesses
72. These options are described in Table 9 and assessed against our criteria in Table 10.

Table 9 – Description of options to improve verification practices and the effectiveness of the verification process

#	Option	Description of the option
4.A	**Introduce national standards for verifiers** *[complementary with other options in this table]*	This option is intended to increase the quality and consistency of verification across the country. These national standards would be outcome-based, and would cover verifier training, pre-verification, during verification, and post-verification (including the use of national templates). Verifier peer review, including peer review of reports across territorial authorities, would be introduced to improve consistency across the country, and to foster inter-territorial authority relationships. The standards would be generated through review of current practices by territorial authorities – taking what works well and using this as a base for the standards. National templates for verifier reports would also be published and expected to be used The intent is that businesses would see more consistent, proportionate, and predictable verifications over time.
4.B	**Focus verification on practice, rather than record-keeping** *[complementary with other options in this table]*	This option would see a refocus on observing behaviour and practice during verification, with a reduced focus on paperwork / record-keeping. This option is linked to the option discussed for improving requirements so that they are more proportion to risk, which would see the development of hospitality specific requirements (i.e., the hospitality specific template Food Control Plan with reduced record-keeping requirements). The intent is that there would be less focus in verification on practices and record-keeping that is not clearly tied to food safety risks. This could be achieved either as part of the introduction of national standards (Option 4.A), which would include a standard for focusing on behaviour and practice in the kitchen as one of the outcomes, or through improved operational policies and guidance to regulators.
4.C	**Allow food trucks who trade in different local authority regions to be verified by their 'home' local authority verifier** *[complementary with other options in this table]*	This option would mean mobile food businesses (who operate under a template Food Control Plan and trade in multiple territorial authorities) can be verified by the verifier of the territorial authority where they are based, and would not have to pay to be verified by a third-party verifier.

#	Option	Description of the option
4.D	**Enable all hospitality businesses who fall under National Programmes 1 – 3 to be verified by local authority verifiers** *[complementary with other options in this table]*	This option would enable all hospitality businesses that fall into one of the National Programme risk-based measures to be verified by their local authority verifier (currently this applies to 'retailers that handle food but do not prepare or manufacture food' and 'retailers of hot beverages and shelf-stable manufactured packaged foods only'). Some territorial authorities are not recognised to verify businesses registered under National Programmes. This means some impacted food businesses either choose to operate under a template Food Control Plan (higher risk-based measure) or pay more to be verified by third-party verifiers. It would enable these businesses to operate under their correct risk-based measure without additional cost.
4.E.i	**Having more inspections unannounced or less certainty given about exact date and time of verification** *[Mutually exclusive with option 4.E.ii, and complementary with other options in this table]*	This option would see more inspections unannounced than is current practice, and / or less certainty given about the exact date and time of verification. Businesses would still know around when they would be verified, but would not be given an exact time or date. This option would be part of a structured compliance monitoring programme – for example, a sample of verifications selected to be undertaken unannounced. For unannounced verifications, verifiers could conduct a two-stage verification where needed. Kitchen practices would be observed during an unannounced verification (first stage). Then a verifier returns (or conducts virtual interviews) at an organised time to talk to key personnel and check any necessary compliance records (second stage - if deemed necessary).
4.E.ii	**Making all inspections unannounced** *[Mutually exclusive with option 4.E.i, and complementary with other options in this table]*	This option would see all inspections unannounced, but as with the above the business would know around about when they would be inspected.

#	Option	Description of the option
4.F.i	**Annual verifications which vary by type based on risk and past performance** *[Mutually exclusive with option 4.F.ii, and complementary with other options in this table]*	This option would see the current risk-based verification steps removed for hospitality businesses and move them all to an annual verification instead. This would mean some businesses are verified more often than they are currently, and others less often. However, the time taken at verification would be based on risk and based on past performance, e.g., a 'low risk' business that has consistently performed well could have a short and succinct inspection visit only, whereas a 'higher-risk' businesses or one that has consistently under-performed could have a long visit and be asked to provide written records and other evidence of their compliance. The option of an unscheduled verification would remain in place so the regulator would continue to have discretion and powers to act and visit the business more frequently than annually - if they consider a business is potentially placing customers at risk.
4.F.ii	**Decreasing the verification frequency for consistently high performing hospitality businesses** *[Mutually exclusive with option 4.F.i, and complementary with other options in this table]*	This option would see an additional verification 'step' be introduced for hospitality businesses currently operating on MPI's template Food Control Plan. This new step would introduce a 'two-year' verification frequency and would be attainable for those hospitality businesses who are consistently high performing (i.e., no or low/minor corrective actions for the past two 18-month verifications).

Table 10 –Options to improve verification practices and the effectiveness of the verification process

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
4.A	**Introduce national standards for verifiers** *[complementary with other options in this table]*	✓✓ This option is intended to increase the quality and consistency of verification across the country through national standards – which all verifiers would need to adhere to. The intent is that businesses would see more consistent (and predictable) verifications over time. The FAIP aims to improve verifier consistency and therefore the quality of decisions made by verifiers – the intended outcome of the FAIP is likely to be positive and should help address the consistency and uncertainty issues faced by businesses. While we understand this work is underway, the Review does not have visibility on details of what the programme of work entails. Most submitters who engaged with us on options were supportive of this option. A few territorial authorities cautioned against overly prescriptive measures within standards or templates. Other options that were suggested during engagement to improve verifier practice included requiring all territorial authorities to adopt a QMS. This was not an option considered – our view is that verifiers across the country should have a baseline level of expertise and a similar structured approach to the verification process. This should not be contingent on a territorial authority being able to afford, obtain and retain a QMS.	✓ This option is also intended to reduce costs for individual territorial authorities which spend resources developing their own material. This option has shorter-term increased costs for central government – however as there is a programme of work already under way through the FAIP, costs from this option can be absorbed through there. Territorial authorities acknowledged that any change should recognise what is already working as well as existing capability. This option would take resources and processes from well performing councils and applies them nationally through national standards. National templates for verifier reports would be published and expected to be used. Verifier peer review, including cross-council peer review of reports, would be introduced as part of a national quality assurance programme. There would likely be a cost for territorial authorities associated with adjusting to new standards and practices. The benefits from this option, through greater consistency and better shared resources, will likely outweigh the cost to implement.	✓✓ This option builds on the work being undertaken with the FAIP but requires new secondary legislation. There are potential risks to *effectiveness* from this option, in that new standards become overly prescriptive – losing discretion from the overall practice of verification. We think this can be mitigated through early engagement on draft national standards, templates and approaches with territorial authorities, such that standards are developed with co-regulators.	*Not applicable*	✓✓ **Initial preferred option** – but did not pursue (see paragraphs 84 - 91 for rationale).
4.B	**Focus verification on practice, rather than record-keeping.** *[complementary with other options in this table]*	✓✓ This option is intended to make verification processes more proportionate to risk and more focussed on actions that are most likely to reduce food safety risks. Most submitters that responded to our options survey were supportive of this option. Territorial authorities and organisations representing hospitality	✓✓ This option would see a re-focus on verification on observing behaviour and practice with a reduced focus on paperwork/record keeping. Costs associated with this option include updating practice guidance for verifiers, however this can be implemented alongside the FAIP.	✓✓ Legislative change is not required. This option would see a re-focus on verification practice, which means risks to *effectiveness* are managed.	*Not applicable*	✓✓✓ **Preferred option**

#	Option	Assessment criteria				Overall assessment
		Effective	**Efficient**	**Feasible**	**Appropriate impact on individual rights and liberties**	
		businesses alike reiterated that verification needed to more clearly focus on operator practice and food safety behaviour, rather than paperwork. Verification would still consider records as part of the process but there would be much less focus on this. We acknowledge certain record-keeping requirements are an important part of good food safety practices as well as for tracing and investigation if things go wrong.	While there are no direct monetised benefits from this option, benefits are likely to be greater confidence in the verification system for both regulators and regulated parties. Corrective actions would likely be more targeted to food safety risks. Therefore, we are of the view that the benefits of this option outweigh the costs.			
4.C	**Allow food trucks who trade in different local authority regions to be verified by their 'home' local authority verifier** *[complementary with other options in this table]*	✓✓ This option directly addresses a specific problem we identified for mobile food businesses operating under a template Food Control Plan that trade across different territorial authorities, who are facing costs that are disproportionate to their turn-over and risk. This option would mean the cost for mobile food businesses who trade across different councils would be more proportionate to risk and turnover, reducing the cost burden for small mobile businesses. Mobile businesses will still be required to follow the template Food Control Plan and to be verified. The option to be verified by a third-party verifier would remain. Most submitters (65%) that responded to our options survey were supportive of this option.	✓ Our preliminary assessment is that the benefits of this option will likely outweigh the cost to implement. While the monetised benefits are small, with an estimated 10-year NPV of $250,000, this option reduces a barrier for mobile businesses to expand and grow. Territorial authority verifiers generally conduct verifications for hospitality businesses operating under a template Food Control Plan – there would be no change in how they undertake these verifications and therefore no additional cost to territorial authorities or verifiers for this change. It is likely that some third-party verifiers would lose some businesses, however food-trucks would still retain the ability to use third parties if they choose.	✓✓ Legislative change (and any relevant updates to practice notes) would be required. It is unlikely there would be any implementation risks.	*Not applicable*	✓✓ **Preferred option**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
4.D	**Enable all hospitality businesses who fall under National Programmes 1 – 3 to be verified by local authority verifiers** *[complementary with other options in this table]*	✓ This option would enable hospitality businesses who operate in territorial authorities who are unable to verify National Programme 1-3 businesses, to operate under their correct risk-based measure without the additional cost of 'opting-up' to a template Food Control Plan or additional cost of needing a third-party verifier. We are of the view that all hospitality businesses (i.e., those that are in the food service sector, currently captured as cafés, bars, restaurants, coffee-carts etc.) could be verified by local authority verifiers. The rationale is that territorial authority verifiers are already recognised to verify essentially the 'higher risk' businesses (those on a template Food Control Plan). Most submitters (58%) that responded to our options survey were supportive of this option.	× Implementation costs associated with this option are likely to be high. Twenty out of 67 territorial authorities (covering 70% of the population) have a QMS and therefore can verify businesses operating under National Programme 1-3. These include two territorial authorities that serve the largest populations in New Zealand (Auckland City Council and Wellington City Council). We estimate that the number of hospitality businesses this change would impact would be relatively low (i.e., the number of businesses registered under National Programmes 1-3 registered in a council that does not have a QMS). Outcomes from the current local government reforms may also mean that more businesses have access to registration authorities with a QMS. Therefore, the benefits of implementing this option are unlikely to outweigh the costs.	×× Legislative change would be required, and this option would be challenging to implement. It is unlikely to be feasible under the current framework. During engagement on options, a proportion of territorial authorities who did not support this option were concerned about the technical skills required to appropriately verify *all* National Programme 1-3 businesses (including some types of manufacturers). This would be mitigated through ensuring that hospitality businesses in those categories would need to be clearly highlighted and 'food service' would need to be the primary purpose of the business (rather than a National Programme 1-manufacturer who has a coffee cart onsite) this could be associated with high implementation costs. There are risks to *efficiency* of the wider system from this option that may not be able to be mitigated. Some territorial authorities that have implemented a QMS to verify National Programme 1–3 businesses may choose not to maintain this recognition. This could have unintended consequences, where other non-hospitality business types consequently would have to shift to third-party verification, thereby increasing their costs. This option also would also make the overall system more disproportionate and complex where non-hospitality businesses under a National Programme in a territorial authority that does not operate under a QMS, would be treated differently to hospitality businesses under the same risk-based measure, despite the same relative risk-profile. We think this option would be more feasible and appropriate if the	*Not applicable*	× **Discarded**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
				fundamentals of the current risk-based measure system were changed [Option 1.B].		
4.E.i	**Having more inspections unannounced or less certainty given about exact date and time of verification** *[Mutually exclusive with option 4.E.ii, and complementary with other options in this table]*	✓✓ This option is intended to allow verifiers to see a more realistic overview of kitchen operations during verification. There is less opportunity for poorer operators to 'game' the system, and it would improve overall compliance monitoring. This option would mean that food businesses would know around about when (as in within a certain month) they would be verified but they would not be given an exact time and day. Most territorial authorities (70%) that responded to our options survey were supportive of this option and reiterated that unannounced verifications enabled verifiers to observe kitchen reality and that the status quo of fully predictable verifications was undermining the purpose of verification. Organisations representing hospitality businesses were split between this option and retaining the status quo. Those that supported agreed that unannounced verifications would better reflect real operating conditions and that unannounced verifications should be targeted at higher risk operators or those with poorer compliance history.	✓ Our preliminary analysis shows that the 10-year NPV is around $-1.9 million, this represents the administrative costs to set up and run over the 10-year period, as well costs from smaller 'wasted' verifications, scheduling costs, as well as transition costs. While there are no direct monetised benefits from this option, we think the public-health benefits from verifiers having a truer picture of kitchen operations, allows verifiers the opportunity to educate and correct poor practices – ensuring the focus is ensuring consistent day-to-day good food safety practices. Overall, we think it is likely that the benefits of this option outweigh the costs. This approach is also much less costly than if all verifications were unannounced (see Option 4.E.ii below).	✓ Operational policy and guidance would need to be updated to reflect this change. There may be *efficiency* risks in terms of the resource required to determine which business verifications should be unannounced. It is anticipated that MPI develop guidance to support verifiers determine the number of unannounced verifications and how to prioritise – similar to the guidance recently published on multi-site verification.[12] There may risks to *effectiveness*, in that key personnel (managers, head chefs) may not be present at an unannounced verification, this was brought up by regulators and regulated parties during our engagement on options. However, this risk can be managed by allowing for a two-stage verification where needed, where kitchen practices are observed during an unannounced verification and a verifier returns (or conducts virtual interviews) at an organised time to talk to key personnel and check any necessary compliance records (if deemed necessary).	✓ We think that this option does not unduly reduce individual or business rights and liberties. Businesses are still provided with an approximate time when verification will take place (e.g., within a certain month).	✓✓ **Preferred option**
4.E.ii	**Making all inspections unannounced** *[Mutually exclusive with option 4.E.i, and complementary with other options in this table]*	× Like Option 4.E.i this option is intended to allow verifiers to see a more realistic overview of kitchen operations during verification. There is less opportunity for poorer operators to 'game' the system,	✓ Our preliminary analysis shows that the 10-year NPV is around $-4.2 million, and like option 4.E.i represents the administrative costs to set up and run over the 10-year period, as well costs from smaller 'wasted'	✓ As above for option 4.E.i.	✓ As above for Option 4.E.i	✓ **Discarded** as rated lower than 4.E.i

[12] Ministry for Primary Industries, Practice Note 16: Multi-site Business and Multi-business Food Control Plans. May 2026 – version 2 Practices Note 16: Multi-site Business and Multi-business Food Control Plan

#	Option	Assessment criteria				Overall assessment
		Effective	**Efficient**	**Feasible**	**Appropriate impact on individual rights and liberties**	
		and it would improve overall compliance monitoring. No hospitality businesses or organisations representing hospitality businesses who responded to our options survey supported this option, and only a few (8%) of territorial authorities were supportive. Organisations who represent hospitality businesses noted that many businesses found verifications stressful, even when they had a strong compliance history. This can have the unintended consequence of reducing the trust between regulated parties and regulators. Territorial authorities stated that this option also presents additional logistical challenges.	verifications, scheduling costs, as well as transition costs. While there are no direct monetised benefits from this option, we think the public-health benefits from verifiers having a truer picture of kitchen operations, allows verifiers the opportunity to educate and correct poor practices – ensuring the focus is ensuring consistent day-to-day good food safety practices. As above - we think it is likely that the benefits of this option outweigh the costs.			
4.F.i	**Annual verifications which vary by type based on risk and past performance** *[Mutually exclusive with option 4.F.ii, and complementary with other options in this table]*	×× This option would see annual verifications - with the verification itself being risk-based. The trade-off with this option is that this would mean some businesses are verified more often than they currently are and others less often. This option was not supported by any hospitality businesses or organisations representing hospitality business, with some territorial authorities (16%) in support. Annual verification was seen as potentially increasing burden for low risk / high performing businesses without a clear benefit, as well as introducing potential gaps for poor performing businesses who would usually be on a more frequent verification cycle. We agree and consider this option to be less proportionate than the status-quo.	×× Our preliminary analysis shows that the 10-year NPV is around $-105 million (across all food businesses), which includes a high transition and increase in capacity cost as well as costs due to the increase in volume of verifications per year.	*Not assessed as failed against the "Effective" and "Efficient" criteria.*	*Not applicable*	××× **Discarded**

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
4.F.ii	**Decrease the verification frequency for consistently high performing hospitality businesses** *[Mutually exclusive with option 4.F.i, and complementary with other options in this table]*	✓ This option would make the verification system more proportionate for low-risk and consistently high performing hospitality businesses who are registered under a template Food Control Plan by reducing the frequency they need to be verified to two years. It would be most effective paired with other options that improve verifier consistency [Option 4.B and outcomes from the FAIP]. This option was strongly supported by hospitality businesses and organisations representing hospitality business, noting that it gives a clear incentive for good compliance while reducing cost (by less frequent verification). This option was also supported by half of the territorial authorities, a number of whom noted that a two-year frequency would be appropriate for high-performing businesses. A few territorial authorities noted that two-years could be too long or that the additional 6-months would provide limited benefit. We disagree, given the strong support from hospitality businesses, an additional 6-months would benefit high-performing businesses (in terms of time and cost). Other options proposed included determining verification frequency using a more flexible scoring system which included compliance history, risk of processes undertaken, and the type of activities the business operates under (e.g., wholesale) or creating a national grading system.	✓ Well performing hospitality businesses currently on the template Food Control Plan would see savings from a longer verification cycle, and this would also provide an incentive to strive for. Our preliminary analysis shows that the monetised administration benefit from reduced time and administrative costs is around $2.6 million over 10 years. The key risk identified with this option is potentially worse outcomes from increased food borne illness, however given this option would only apply to consistently high performing businesses, and all enforcement and investigatory powers remain, we think this outcome is unlikely. We are of the view that the benefits of this option are likely to outweigh the costs.	✓ This option would require change to the Food Regulations 2015 to add an additional ‘step’ of ’24-months’ (Step 6), as well as the development of associated guidance material. The pathway to a ’24-month’ step increase would be similar to the current path for ’18-month’ verifications in that business need to have two-consecutive ‘acceptable’ outcomes prior to moving up a step. There would be an additional requirement to move to the ’24-month’ step in that the business must have received no or very minor corrective actions in the preceding two 18-month verification. There are unlikely any risks to *efficiency.* There may be risks to the *effectiveness* of the system (by way of increased food borne illness) – but as discussed we think this is unlikely.	*Not applicable*	✓ **Preferred option**

Our preferred options to improve verification practices and the effectiveness of the verification process based on the analysis above

80. **Preferred options:** Based on the assessment above, our preferred options are:
    a. Option 4.A – Introduce national standards for verifiers
    b. Option 4.B - Focus verification on practice, rather than record-keeping
    c. Option 4.D - Allow food trucks who trade in different regions to be verified by their 'home' territorial authority verifier
    d. Option 4.E.i – Have more inspections unannounced
    e. Option 4.F.ii – Decrease the verification frequency for consistently high performing hospitality businesses
81. Building on the FAIPs work programme to improve verifier consistency, these options will help standardise and reduce cost of verification for businesses.

Agency feedback

82. MPI support the objective of improving verification consistency and ensuring verification is proportionate, risk-based and focused on food safety practice, and agrees with the direction of work. They are supportive of exploring longer verification frequencies for consistently high-performing hospitality businesses.
83. MPI note that detailed policy work is required for the recommendation on the introduction of national standards for verifiers and note that any increased use in unannounced verification should be risk-based and proportionate. We agree.

Further consideration of how the options worked together

84. As we considered packaging our preferred options, we realised that the following preferred sub-options were interconnected and were parts of a solution to the wider problem of inconsistent regulatory practice, at least partially attributed to the dual role that MPI has played in the system as both co-regulator and system steward (see Comment entitled 'to successfully implement the Food Act Improvement Programme, we think MPI should take a more collaborative approach with territorial authorities').
85. These sub-options are:
    a. Option 4.A – Introduce national standards for verifiers
    b. Option 4.B - Focus verification on practice, rather than record-keeping
    c. Option 2.B – Regulators to provide more support to businesses
86. The outcomes these options seek to achieve are better overall regulator practice and improved regulated party experience – with a focus on supporting regulated parties in their understanding of the requirements, and ensuring regulators focused their time and resource on aspects of the regulatory regime that were directly impacting food safety outcomes.
87. We reasoned that a more holistic recommendation, that would encompass the outcomes sought by these sub-options, would be for the system steward – MPI – to review *all* operational policies and guidance to regulators, working with the regulators and fostering a more collaborative relationship in the process. This is described in detail as **Recommendation 3 –** Review the full suite of operational policies and guidance to regulators to be simpler and more user-friendly.

88. While we did not specifically engage on this as an option, it does encapsulate the intent of the three preferred sub-options (Option 4.A, 4.B, and 2.B) which we did engage with regulators and regulated parties on.

89. We are not specifically recommending introduction of national standards for verifiers through secondary legislation (Option 4.A). Given the complexity of the operational guidance currently available we subsequently came to the conclusion that introduction of another set of requirements for verifiers would create more difficulties for regulators. To be clear, the intent behind the introduction of national standards, that being to increase the quality and consistency of verification across the country, is retained in Recommendation 3 through simplified and streamlined operational policy and guidance.

90. Recommendation 3 will be effective, in that the suite of operational policies and guidance materials will be reviewed together ensuring a joined-up and consistent approach that is aligned with the legislative framework.

91. This option is also efficient and feasible and can be implemented as part of the FAIP. One of the outputs of the FAIP is to ensure consistency across verifications and update guidance and training for territorial authorities. We think Recommendation 3 can be implemented through the FAIP.

Implementation considerations

92. Legislative change would be required to implement the following preferred options:

    a. Option 4.D - Allow food trucks who trade in different regions to be verified by their 'home' territorial authority verifier

    b. Option 4.F.ii – Decrease the verification frequency for consistently high performing hospitality businesses

93. Associated operational policy and guidance would be required to support these changes, and implement Option 4.E.i – Have more inspections unannounced

94. For implementation of Recommendation 3, while we think this can happen through the FAIP, MPI will need to take a stronger stewardship role for this to be achieved and work together with territorial authorities, considering guidance and operational policies generated by territorial authorities - utilising what is working well.

Options to improve the effectiveness and efficiency of the use of enforcement powers in the food safety system

96. **Problem:** Overall, our assessment is that enforcement of the regulatory system can be unfair to businesses who are complying and is not as effective and efficient as it could be.

Underlying causes the problem: We think the underlying causes that likely contribute to this problem include:

- there has not been a review to determine whether current offences and penalties are the best tools available
- current regulatory practice prevents FSOs from using their enforcement powers on non-compliant food businesses registered with MPI but operating in their jurisdiction.

Options to address this problem

97. As described in Paper 2, our view is that the current enforcement regime is mostly effective at supporting the policy objectives of the regulatory system. However, there are two options we think can make the system fairer for complying businesses as well as to improve the effectiveness and efficiency of the enforcement regime. They are:

a. allowing local FSOs to take enforcement action on any food service business in their jurisdiction

b. enabling a wider range of infringement offences, specifically related to food safety and suitability requirements.

Table 11 – Description of options to improve the effectiveness and efficiency of enforcement of the food safety system

#	Option	Description of the option
5.A	**Status quo – including FAIP** *[complementary with other options in this table]*	As described in Paper 2 – Under the status quo, MPI and territorial authorities use the 'VADE' model of interacting with food businesses – which is a graduated approach to compliance and enforcement. There are a range of tools available for 'directed' enforcement that FSOs can, and do, use to manage minor non-compliance swiftly (rather through the long and costly pathway of prosecution). MPIs FAIP has planned for the development and delivery of additional resources and training for FSOs which feeds into the outcome of national consistency outcome sought.
5.B	**Allow FSOs to take enforcement action on any food service businesses in their jurisdiction** *[complementary with other options in this table]*	This option would allow local FSOs to investigate and take enforcement action on food service businesses in their jurisdiction that are registered with MPI (i.e., hospitality businesses that are operating under a custom Food Control Plan).

#	Option	Description of the option
5.C	**Enable a wider range of infringement offences** *[complementary with other options in this table]*	This option would expand infringement offences relating to food safety and suitability requirements (for example persistent lack of soap and appropriate hand drying amenities by the sink or persistent failure to store potentially hazardous food in the fridge).

Table 12 –Option to improve the effectiveness and efficiency of the enforcement of the food safety system

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
5.A	**Status quo – including FAIP** *[complementary with other options in this table]*	✓ As described in Paper 2. Our view is that the current enforcement regime is mostly effective at supporting the policy objectives of the regulatory system, but there are opportunities to improve the effectiveness and efficiency of enforcement. We note the intent of the FAIP is to develop and deliver additional resources and training for FSOs. While we understand this work is underway, the Review does not have visibility on details of what this entails.	*Not applicable – status quo*	*Not applicable – status quo*	*Not applicable*	✓✓ **Preferred option**
5.B	**Allow Food Safety Officers to take enforcement action on any food service businesses in their jurisdiction** *[complementary with other options in this table]*	✓ This option would allow local territorial authorities to undertake targeted enforcement on local hospitality businesses who are registered with MPI (i.e. those on a custom Food Control Plan). Most territorial authorities (68%) that responded to our options survey supported this option, noting this change could enable them to utilise their exiting local knowledge and respond more swifty to non-compliance. There were mixed responses from organisations representing hospitality businesses. Overall though, they were supportive of a fair and nationally consistent enforcement regime.	✓✓ This option would allow enforcement of all hospitality businesses at a local level to be more efficient and confirms the tools available for them to do. The intent is that local FSOs have the tools they needed to swifty respond to local concerns (i.e., issue warnings, Improvement Notices, and Notices of Direction). MPI would still hold primary responsibility, and if higher level enforcement is needed (e.g., prosecution) would take the lead. We are of the view that the benefits of this option would likely outweigh the costs to implement.	× Further legal analysis is required to confirm whether changes to primary legislation would be required. There may be *efficiency* risks associated with this option. Some territorial authorities raised concerns about the additional cost that could be imposed by this option by having to enforce additional businesses that they are not recuperating the costs for through registration or annual fees. This could be mitigated through an appropriate funding mechanism to compensate territorial authorities. There may also be risks to the *effectiveness* of this option. Territorial authorities who did not support this option raised concerns about the capability and expertise needed to properly enforce these types of businesses (i.e., those undertaking specialist procedures or manufacturers). This risk would be mitigated through ensuring that local FSOs had the ability to only enforce those hospitality businesses on Custom Food Control	✓ We think that this option does not unduly reduce individual or business rights and liberties, as who the enforcer is working under (MPI or territorial authority) should not matter provided enforcement action remains proportionate to the non-compliance.	✓ **Option not pursued** due to feasibility issues

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
				Plans (those with the primary activity of 'food service'). However, Agency feedback (further detail below) indicates that a fundamental shift is required in the co-regulatory model before this option could be taken further.		
5.C	**Enable a wider range of infringement offences** *[complementary with other options in this table]*	✓ This option would see an increase in the type of infringement offences available for FSOs. Expanding infringement offences provides an additional monetary incentive for persistently poor operators to improve their practices, increasing the effectiveness of the enforcement regime. Currently the only infringement offences available are related to registration and labelling matters. The objective of an infringement scheme is to change behaviours to reduce harm caused by relatively minor offending.[13] There is currently no financial deterrent for lower-level non-compliance (e.g., the ability for the regulator to issue a fine for non-compliance with the Food Control Plan). Other jurisdictions we compare ourselves to use infringements for safety and suitability issues where food businesses are non-compliant. In New South Wales, penalty notices for failure to comply with the Food Standards Code can be issued (e.g., failure to ensure food contact surfaces are in a clean and sanitary condition). These notices are also published on a public register.[14] In Ontario, Canada, fines can be issued for breaches of provisions in the Health Protection and Promotion Act, Ontario Regulation 493/17 Food premises (e.g.,	✓ Our preliminary analysis shows that the 10-year NPV is around $-1.7 million. These costs included administrative time for additional Notices as well as business time paying the infringement fee. The benefit from this option is a deterrent effect, which is not monetized. We think this is likely given the strong feedback we heard from territorial authorities that expanding infringements would result in behaviour change. Overall, we think it is likely that the benefits of this option outweigh the costs.	✓ Change to secondary legislation (the Food Regulations 2015) would be required, coupled with additional training and guidance for FSOs to support implementation of this option. There are risks to this option which could undermine the *effectiveness* of the regulatory system. As mentioned by territorial authorities who were not supportive of this option, there is a risk that further infringement offences may lead to distrust and reduced openness of regulated parties. We agree that a healthy regulated party – regulator relationship is an important part in ensuring an effective regulatory system. This risk can be mitigated by ensuring the infringement offences are appropriately specific (i.e., the non-compliance is a straightforward issue of fact) and that suitable operational guidance is in place.	✓ We think that this option does not unduly reduce individual or business rights and liberties, as any additional infringement offences would remain proportionate to the consequences of non-compliance.	✓ **Option not pursued** – see comment entitled 'We think there is merit in considering increasing infringement offences, but not now' above

[13] The Legislation Design and Advisory Committee – Chapter 25 Creating infringement offences
[14] Register of penalty notices | NSW Food Authority

#	Option	Assessment criteria				Overall assessment
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties	
		failure to protect against harbouring of pests).[15] Most territorial authorities (76%) that responded to our options survey supported this option as a credible deterrent. It also allows for action against persistent non-compliance that does not meet the threshold for the use of other enforcement tools (such as closure or prosecution). Those who did not support the option noted that the enforcement tools currently available were sufficient and that additional infringements could lead to distrust and a negative relationship between regulated parties and regulators.				

[15] https://www.ontariocourts.ca/ocj/provincial-offences/set-fines/changes-to-the-consolidated-set-fine-schedules/schedule-41-2018-07-01/

Our preferred options on the use of enforcement powers

99. **Preferred options:** our preferred options are:

    a. Option 5.A – Status quo is maintained

100. No further tools for enforcement are recommended as part of this Review. The options put forward above would have built on an already mostly effective, efficient, and proportionate enforcement regime, and therefore, change is unlikely to be warranted at this time.

101. Further, the FAIP has planned for the development and delivery of additional resources and training for FSOs to improve national consistency of enforcement.

Implementation considerations of our preferred option

102. No implementation considerations given we are not making recommendations in this area at this time.

Agency feedback

103. MPI were not supportive of Option 5.B – to allow local FSOs to undertake enforcement action on MPI registered food businesses in their jurisdiction. Their view is that this option would change the registration authority model and mandate, as well as introduce duplication and inefficiencies. MPI believes it raises several issues, including the statutory role of the registration authority, escalation pathways, information-sharing between territorial authorities and MPI, and accountability for enforcement decision.

104. We took their concerns into account as part of our options analysis, which subsequently lowered the feasibility score of this option. This is because a fundamental shift in the co-regulatory model is required before this option could be taken further.

105. Following discussions with MPI, we agreed not to progress broader infringement offences immediately. MPI is open to undertaking further work to assess whether additional infringement offences are necessary and proportionate after the FAIP improvements have been implemented and monitored.

Conclusion

106. We make five recommendations which aim to make the food safety regulatory system more proportionate, efficient, and easier to understand.

107. Three of our recommendations build on the work MPI has already planned through the FAIP, which means they can be implemented relatively quickly through that work programme:

- **Recommendation 1 –** Retain the current risk-based measures but hospitality businesses should be redistributed, with some moving to risk-based measures with fewer requirements
- **Recommendation 2 –** Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements
- **Recommendation 3 –** Review and update the full suite of operational policies and guidance to regulators to be simpler and more user-friendly

108. Full implementation of the final two recommendations requires legislative change, which means they will come into effect at a later date:

- **Recommendation 4** – Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form
- **Recommendation 5** – Improve verification practice, including extending verifications to two years for high-performing businesses

109. We think these recommendations, along with the work currently being undertaken by MPI, will reduce the cost and complexity of the system for hospitality businesses.

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Fees and levies for hospitality businesses

Executive summary

Regulatory systems require hospitality businesses to pay a range of charges

1. For the purposes of the Hospitality Review (the Review), hospitality businesses include restaurants, bars, cafes, food stalls at markets, food trucks, catering businesses, and hotels.[1]
2. We have identified nine regulatory systems that apply to the hospitality sector. Within these, the food safety and alcohol regulatory systems set out core requirements for hospitality businesses and are a key area of focus for the Review. Meeting the core regulatory requirements involves a range of fees and levies for hospitality businesses.
3. These fees and levies (referred to collectively as 'charges' throughout this paper) are based on the kinds of services and products that different hospitality businesses provide to consumers, including:
    a. alcohol licensing application, annual, and renewal fees
    b. food registration, verification, and renewal fees
    c. the Ministry for Primary Industries (MPI) Food Business Levy (food levy).
4. The charges above are set, administered, collected, and reviewed by local and central government as part of cost-recovery for the associated regulatory systems.

The Hospitality Review has heard from the sector about cross-system and specific issues with different charges

5. The hospitality sector, including businesses, peak bodies, and representatives of local government have raised a range of issues with the Ministry for Regulation's (the Ministry) through the Review. Issues focused on the charges for food safety and alcohol licensing that apply to many hospitality businesses.
6. For example, the sector raised cross-system issues with the current settings for foods safety and alcohol licensing charges, including the cumulative nature of costs and duplication between both the different systems and between local and central government. Businesses also reported poor or variable quality of regulatory services carried out by local and central government in return for charges.
7. The sector also raised specific issues with the charges for food safety, including inconsistent charging practices within and between regions, uncertainty about total costs (especially over time), and limited transparency regarding the drivers of increasing charges. Local government reported ineffective cost recovery for registrations and verifications, and significant costs from collecting payments on behalf of central government.
8. The sector also raised specific issues with the charges for the alcohol regulatory system, especially the fees for alcohol licensing. Issues raised by businesses centred around transparency, and the alignment between cost-risk ratings for businesses, and risk in

[1] Ministry for Regulation *Terms of Reference: Hospitality Review* (15 October 2025).

practice. Issues raised by local government related to sustained under-recovery of regulatory costs.

9. Businesses reported a range of impacts stemming from these issues. Concerns include increases to costs for businesses and associated non-monetary costs (i.e., time spent on paperwork and training) driving up prices, disincentivising growth for existing businesses, and discouraging new businesses from entering the market.

10. We also heard from businesses about increasing costs, and the cumulative impact of charges from both local and central government. However, we have consistently heard from territorial authorities that the existing framework of charges for each system is not sufficiently recovering the cost of regulatory activities.

11. Through the Review, businesses also raised concerns with charges for outdoor dining and the building and resource management regulatory systems. We have investigated regulatory issues with these systems separately, given work already underway to consolidate local government and reform the resource management system.

Part I: How we approached our analysis of the different charging frameworks

12. The first part of this paper sets out our approach to assessing the current settings for the different fees and charges paid by hospitality businesses under the food safety and alcohol licensing regulatory systems. It also sets out how we evaluated the options for change.

13. Cost recovery by central and local government for specified regulatory activities is required under the food safety and alcohol licensing regulatory systems. Additionally, it is appropriate for businesses to bear most (and in some cases, all) of the costs associated with the risk from and regulation of their activities. This is in line with public sector cost recovery guidance produced by the Treasury and the Audit Office.

14. Further, the range of views raised by industry and by regulators (summarised above) suggest that simply reducing or increasing fees is unlikely to meaningfully improve the way food safety and alcohol licensing charges work.

15. Instead, our analysis has considered whether charges for food safety and alcohol licensing are:

    a. sufficient to cover the cost of regulatory work – noting that full cost-recovery is not a universal objective where regulatory requirements deliver public benefit

    b. administered efficiently – ensuring that how charges are set and collected does not result in unnecessary marginal costs for regulators (i.e., central and local government) or regulated parties (i.e., businesses).

    c. proportionate to risk – and where relevant, the scale of different businesses

    d. transparent and targeted – rather than layered, opaque, or duplicative.

16. We have assessed the respective food safety and alcohol licensing charges against the design principles for public sector cost-recovery set out by the Treasury and the Audit Office, and our options for change have been assessed against the Review's assessment criteria (paragraphs 44–47). Where applicable, we have also considered the impact of potential changes for individual freedoms, liberties, and property in line with regulatory principles set out under the Regulatory Standards Act 2025.

Part II: Problems, options, and recommendations for changing the charges for food registration and verification

17. The second part of this paper sets out our analysis and recommendations for changing the charges hospitality businesses must pay for food registration and verification processes.

18. The Review identified four regulatory problems with charges for food registration and verification:

    a. *Problem 1:* Fees for food registration and verification are not effectively recovering the cost of regulatory compliance and non-compliance.

    b. *Problem 2:* The quality of regulatory services is variable, sometimes inadequate, and does not always correspond to cost.

    c. *Problem 3:* The drivers of cost are not transparent for businesses and decisions about cost-recovery lack visibility.

    d. *Problem 4:* Costs are not scaled to businesses' operations, and do not meaningfully differentiate between compliance and non-compliance.

19. To address these problems, we developed and assessed the 7 options below:

Option description	Problems addressed
Option 1: Require that all registration and verification activities are charged using the same principles.	**1, 2, 4**
Option 2: Adopt a default registration and verification fees framework.	**1, 2, 4**
Option 3: Require all registration and verification fees to adjust annually with changes to CPI.	**1**
Option 4: Introduce reporting requirements for territorial authorities.	**3**
Option 5: Remove renewal fees.	**2**
Option 6: Implement consistent invoicing practices across territorial authorities.	**3**
Option 7: Combine invoicing across (the food and alcohol) regulatory systems.	**3**

20. We recommend that a principle-based charging framework is adopted to making registration and verification fees more consistent and transparent, while allowing territorial authorities to retain flexibility to respond to regional cost pressures. We recommend that additional changes are made including introducing cost-recovery reporting requirements for local government to strengthen accountability. We also encourage local government to align their invoicing practices where possible to simplify and streamline payment for businesses. (**Options 1, 4, 6**).[2]

21. Benefits, costs, and implementation timeframes from these recommended changes are discussed further at paragraphs 100-109. We have noted where MPI and local government (in their capacity as food registration authorities) will need to consider how food sectors beyond the scope of this Review will be impacted.

[2] **Option 5** is recommended as part of wider changes to the renewals process.

Part III: Problems, options, and recommendations for changing the MPI Food Business Levy

22. The third part of this paper sets out our analysis and recommendations for changing the charging framework and collection mechanism for the Food Business Levy administered by the Ministry for Primary Industries (MPI).

23. The Review identified three regulatory problems with the Ministry for Primary Industries' (MPI) Food Business Levy:

    a. *Problem 1:* The levy objectives and key deliverables are unclear to the sector.

    b. *Problem 2:* Collecting the levy through local government contributes to hidden costs.

    c. *Problem 3:* The charging structure is oversimplified, and rates are not scaled to businesses' operations.

24. To address these problems, we developed and assessed the 5 options below:

Option description	Problems addressed
Option 1: Repeal the MPI Food Business Levy.	**1, 2**
Option 2: Introduce a revenue-based charging structure for businesses.	**3**
Option 3: Introduce a charging structure based on the number of FTE employed by businesses.	**3**
Option 4: Shift from local to central collection.	**2**
Option 5: Require annual reporting about the expenditure of the levy.	**1**

25. We recommend that work to implement a revenue-based charging framework is progressed to make the food levy relatively more proportionate to the risk posed by different domestic food businesses. We also recommend that the collection of the levy is centralised to minimise administrative and operational costs to local government and recommend that annual reporting is required from MPI to ensure that how the levy is spent remains visible to hospitality businesses and the wider food sector (**Options 2, 4, 5**).

26. Benefits, costs, and implementation timeframes from these recommended changes are discussed further at paragraphs 133-140. There will be complexities inherent in implementing significant changes to the existing framework, and we acknowledge the risks and considerations raised by MPI.

Part IV: Problems, options, and recommendations for changing alcohol licencing charges

27. The fourth part of this paper sets out our analysis and recommendations for changing the framework of charges hospitality businesses are required to pay for alcohol licensing.

28. The Review identified four regulatory problems with alcohol licensing fees:

    a. *Problem 1:* Fees for alcohol licensing are not effectively recovering the cost of regulatory activities.

    b. *Problem 2:* Alcohol licensing fees are out of step with both risk and regulatory effort.

    c. *Problem 3:* Insufficient cost recovery is negatively impacting the delivery and quality of regulatory services.

d. *Problem 4:* Information about local government cost recovery is not consistently available, making it challenging to estimate the system's performance.

29. To address these problems, we developed and assessed the 7 options below:

Option description	Problems addressed
Option 1: Remove the provision for territorial authorities to set their own fees through bylaws and increase the default licensing fees in line with recommendations from the 2022 review.	**1, 2, 3**
Option 2: Require that all alcohol licensing activities are charged using the same principles.	**1, 2, 3**
Option 3: Set statutory bands for licensing fees within which territorial authorities can determine the fees for businesses.	**1, 2, 3**
Option 4: Require the default licensing fees to adjust annually with changes to CPI.	**1**
Option 5: Remove annual fees and replace them with inspection fees.	**2**
Option 6: Reduce renewal fees.	**2**
Option 7: Set a statutory timeframe for cost-recovery reporting required from territorial authorities.	**4**

30. We recommend that charges for alcohol licencing are recalibrated as statutory bands, providing territorial authorities with more flexibility to respond to cost pressures, while providing businesses with reasonable certainty around compliance costs and recognition for proven compliance. We recommend that this framework is supported by a provision for automatic adjustments with CPI on an annual basis. We further recommend that annual charges are changed to inspection-based fees. A statutory timeframe for cost-recovery reporting should help to ensure that regulatory income and expenditure is transparent to businesses, and information is readily available to assess the system's performance in future (**Options 3, 4, 5, 7)**.[3]

31. Benefits, costs, and implementation timeframes from these recommended changes are discussed further at paragraphs 200-209. We have noted where MoJ and local government will need to consider how alcohol off-licences will be impacted, as these businesses sit outside the hospitality sector and are beyond the scope of this Review.

Combined benefits of change for the hospitality sector

32. Simplifying fees and levies and making costs more proportionate to risk may effectively encourage businesses to enter the hospitality sector and would help sustain the viability of existing businesses. Increasing the precision of charging frameworks will help to ensure that charges are justified by regulatory work to mitigate risks, and that businesses are paying for quality services that deliver benefits. Finally, recalibration of the charges across both regulatory systems may also support more effective cost-recovery for local government, reducing the need for cross subsidisation through rates income.

[3] We recommend Option 6 to reduce renewal fees where recommendations from our wider work are adopted to rescope the frequency and process for renewals.

33. The table below shows the benefits to hospitality businesses and regulators that would eventuate if the Review's package of recommendations were implemented.

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Scope of changes	Changes to **food safety charges**	Changes to **alcohol licensing charges**	Changes to the **MPI Food Business Levy**
Benefits for **hospitality businesses**	Increases transparency around the rationale for and components of the different food safety charges, improving their ability to understand and navigate the system and predict compliance costs year to year. Costs may be reduced for lower-risk businesses.	Reduces variability in compliance costs between regions, supports a recalibration of how the fee system captures risk, ensures costs are transparent and based on real services delivered, and may result in reduced charges for low-risk businesses. Continued compliance may also be recognised through lower fees.	Ensures that levy charges are tailored to the scale of different businesses, and that system improvements being funded are visible.
Benefits for **regulators**	Provides local government with the flexibility to set service prices that reflect their unique cost pressures while providing the sector and central government with assurance that costs are justified and proportionate to risk.	Provides local government with moderate flexibility to set service prices that reflect their unique cost pressures and the present value of services delivered within consistent limits. Additionally, this approach sets stronger accountability measures to support central government to effectively assess the performance of the fees system in future.	Reduces duplication and inefficiency inherent in the current localised collection model, removing cost pressures on local government and making MPI the single point of contact for the levy.

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Part I: Our approach to fees and levies

Background

34. Part I will define fees and levies and describe how public sector charges apply to the hospitality sector.

35. We will also describe the principles we are using to assess the status quo for different charges, and the Review's criteria that we are using to assess options for change.

36. Parts II and III of this paper are about charges from the food safety regulatory system that apply to hospitality businesses. This section presents the legislative framework and practical mechanisms for food safety registration and verification fees (Part II) and the MPI Food Business Levy (Part III), our analysis of the systems, and the options for change we are considering.

37. Part IV of this paper is about charges from the alcohol licensing system that apply to hospitality businesses. This section presents the legislative framework and practical mechanisms for alcohol licensing fees, our analysis of the system, and the options for change we are considering.

Fees and levies are cost-recovery mechanisms

38. Fees and levies enable both central and local government to collect revenue to cover the costs of their regulatory activities. These two mechanisms (we refer to these collectively as 'charges') are defined and described in the table below.

Term	Description
Fee	A defined payment from a specified party to another in return for the provision of a good or service.
Levy	A charge payable by a particular party, for a specified purpose, but not necessarily for a specific good or service.

39. Characteristics that distinguish levies from general taxation include a cap on the total amount of revenue collected each fiscal year, and ringfencing that dedicates the revenue to meeting a specific purpose.

Hospitality businesses are impacted by a range of regulatory charges

40. Hospitality businesses are responsible for paying levies to central government, and fees to both central and local government, relating to a range of goods, services, and activities. These include fees relating to the food safety and alcohol regulatory systems.

41. There are an estimated 25,200 hospitality businesses in New Zealand. The different kinds of hospitality businesses in scope of the Review, and the approximate number of each kind, are set out below.[4]

[4] This baseline sector data was sourced from the Stats NZ *Business Demography Statistics* (2024) and *Annual Enterprise Survey* (2024).

Business type	Number of businesses
Cafés and restaurants	9,159
Pubs, taverns, and bars	1,572
Clubs	504
Hotels / accommodation	6,354

42. Charges relating to the food and alcohol regulatory systems also apply to other businesses outside the scope of this Review, including importers, schools, food manufacturers, and rest homes / retirement villages.

43. There are a range of other fees and levies for businesses that are payable to central and local government (e.g., for building matters, for the resource management regulatory system, for outdoor dining, and trade waste). We have not assessed these within the scope of this paper; however, our wider work through the Review has considered issues raised with:

    a. Building consent requirements for marquees, including where conditions imposed may increase costs relative to the scale of events, and where costs vary significantly between territorial authorities. We made 2 recommendations regarding requirements for temporary marquees as part of the Review's Final Report.

    b. Outdoor dining permits, including the associated fees and rentals paid by hospitality businesses to territorial authorities. Our view is that the price (fees and rentals) of outdoor dining permits and the conditions put on those permits is not a regulatory problem that can be resolved in this Review.

Assessment objectives

44. Guidance from the Treasury sets out considerations for public sector cost-recovery. These principles are specific to the design and assessment of fees and levies[5], and are recommended by the Guidance issued under section 26 of the Regulatory Standards Act 2025. We will also refer to guidance on setting and administering fees and levies published by the Audit Office where relevant.[6]

45. It is important to note that cost recovery for the regulator and the economic efficiency of the charging framework are related but distinct objectives. Depending on the rationale for regulation, the risks being mitigated, and the public benefit from regulatory work, full cost recovery may not necessarily be desirable or efficient. Efficiency depends on the balance between private benefits (e.g., how businesses benefit from regulation and regulatory work / services), public benefits (e.g., improvements to the safety and health of the public), and mitigations to external harm (e.g., where regulation helps to ensure a business bears the cost of its activities).

[5] The Treasury *Guidelines for Setting Charges in the Public Sector* (guidance, April 2017) at 9-10.

[6] This is also recommended for reference by the Guidance issued under section 26 of the Regulatory Standards Act 2025; see the Audit Office *Setting and administering fees and levies for cost recovery: Good practice guide* (published under section 21 of the Public Audit Act 2001, August 2021).

46. The principles we considered in our analysis of the status quo are listed below.

Authority	Does the public entity have legal authority to charge a fee for the goods and services provided?
Effectiveness	Are resources targeting outcomes? Is the level of funding fit for purpose? Is there sufficient cost recovery?
Efficiency	Are decisions on volume and standards of services, and cost recovery, consistent with the efficient allocation of resources? Are there reasonable constraints on charging where fees are variable / unfixed?
Transparency	Is information about the activity and its costs available in an accessible way to all stakeholders? Is information about cost drivers and components available to stakeholders?
Consultation	Have stakeholders been engaged meaningfully, including being given opportunities to contribute to design?
Equity	Have the impacts of the proposed or existing cost recovery regime been identified, including over time? Will stakeholders be treated equitably?
Simplicity	Is the cost recovery regime straightforward and understandable to relevant stakeholders? Have the costs of participation been kept low and evasion opportunities mitigated to acceptable levels?
Accountability	Are the public entities held accountable via consultation, record-keeping, performance reporting, and reviews?

47. We assessed options for addressing the problems identified through our analysis of the status quo using the Review's assessment criteria (detailed below).

Effectiveness	How well does this option address the problem / opportunity and produce the desired results? *This criterion includes how well the option would resolve problems with the status quo that are captured by the Treasury criteria discussed above (e.g., where the current charging framework lacks accountability measures).*
Efficiency	How well are the costs and benefits of the option balanced? Is value for money maximised, to the extent possible? *This criterion includes how the costs of change (including implementation costs) are balanced with the benefits of change (e.g., resulting in a more straightforward and effective, charging framework that can be operated at minimum marginal cost to regulators and regulated parties).*
Feasibility	What would be required to implement the option, and how easy would it be? Are there any potential implementation risks that may undermine the effectiveness or efficiency of the option? *This criterion includes whether change is possible given work underway, resourcing available, and existing legislative mechanisms.*
Liberties	What, if any, impact is there on individual rights and liberties? Will it unduly dimmish liberties, personal security, freedoms, or property rights? Is it likely to introduce or increase taxes, levies, or takings.

	This criterion includes where regulatory change would have an impact on the rights of 'legal persons' (which can include businesses). The fees and levies discussed here are directly targeted to businesses rather than individuals, and changes will have a limited impact (if any) on freedoms.

48. The table below shows how we have indicated whether the regulatory system meets the criteria and describes the meaning of our assessment.

Assessment indicator	Description
✓✓	Fully meets the criterion.
✓	Partially meets the criterion, including meeting the criterion inconsistently across time and place.
X	Does not meet the criterion.
XX	In no way meets the criterion

49. We have not undertaken Te Tiriti o Waitangi analysis of options and recommendations for changing food safety fees, the food levy, and alcohol licensing fees. All charges in scope of this paper are payable by businesses, not individuals, and our view is that our recommendations will not have any direct population impacts.

Part II: Food registration and verification charges

Background and policy objectives

Food registration and verification charges recover the costs to central and local government from carrying out regulatory activities under the food safety system

50. The government regulates food businesses to ensure food safety for consumers, reduce public health risks from food-borne illnesses, and mitigate business risks from importing and exporting food products.[7] The Food Act 2014 requires food businesses (including hospitality businesses) to create plans for making and selling food in a safe and suitable way.

51. All food businesses are required to register with either a National Programme (for low- and medium-risk businesses) or a template Food Control Plan (FCP) (for high-risk businesses) depending on their scope of operations. MPI and territorial authorities (i.e., local and district councils) are registration authorities. The table below sets out the different registration options, and the relevant registration authority for each option.[8]

Risk-based registration option	Registration authority
Custom food control plan	Ministry for Primary Industries
Simply Safe & Suitable template food control plans[9] (*in a single territorial authority region*)	The relevant territorial authority
Simply Safe & Suitable template food control plans[10] (*in multiple territorial authority regions*)	Multi-site businesses can choose whether to register: • Each site separately with each relevant Territorial Authority • All sites together with MPI.
Industry-generated template food control plan approved by MPI[11] (*single or multiple territorial authority regions*)	Ministry for Primary Industries
National programmes (*in a single territorial authority region*)	The relevant territorial authority
National programmes (*in multiple territorial authority regions*)	Multi-site businesses can choose whether to register: • Each site separately with each relevant Territorial Authority

[7] See the Hospitality Review Supplementary Paper *An economic analysis of whether government should intervene in domestic food safety in New Zealand*.

[8] See Ministry for Primary Industries "Information for authorities that register food businesses" (n.d.) < https://www.mpi.govt.nz/food-business/food-act-registration-authorities-verifiers-evaluators-and-food-safety-officers/information-registration-authorities>.

[9] Produced under the Food Act 2014, s39.

[10] Produced under the Food Act 2014, s39.

[11] Produced under the Food Act 2014, s40.

Risk-based registration option	Registration authority
	• All sites together with MPI.

52. Both central and local government administer charges to food businesses to recover the costs of food safety compliance activities required under the Food Act 2014. This includes charges for:

    a. registration with a National Programme or FCP (template or custom)

    b. verifications (i.e., inspections / audits) by a TA, MPI, or third-party verifier

    c. renewing the registration at specified intervals.

Legislative instruments

Primary and secondary legislation allow fees for food registration to vary regionally

53. MPI administers the Food Act 2014, and other associated food safety legislation. This includes developing National Programmes and template Food Control Plans, and associated guidance for businesses. New Zealand Food Safety (NZFS) is the business unit within MPI that is responsible for operationalising the food safety system.

54. Charges for registration, verification, and renewals for food businesses are administered by both MPI and territorial authorities under the Food (Fees, Levies, and Charges) Regulations 2015. Most verification work is carried out by people or organisations, such as territorial authorities, formally recognised as having sufficient competence and independence. MPI verifies that premises processing meat, seafood and other animal products follow appropriate risk management and food safety programmes and investigates breaches of the Food Act 2014. [12]

55. The Food Act 2014 sets out principles of cost recovery for both MPI and territorial authorities in carrying out regulatory activities under the food safety system[13], including:

    a. equity – funding should generally be sourced from the relevant beneficiaries of a particular regulatory function, service or activity

    b. efficiency – costs should generally be allocated and recovered to ensure that maximum benefits are delivered at minimum cost

    c. justifiability – costs should be collected only to meet the actual and reasonable costs (including indirect costs) of carrying out a regulatory function, service or activity

    d. transparency – costs should be identified and allocated as closely as possible to correspond with services provided in a specific cost recovery period (typically each financial year[14]).

56. Fee-setting practices for territorial authorities are also guided by provisions in the Local Government Act 2002, and the fee-setting policies and Long-Term and Annual Plans of their respective Councils.

[12] See Ministry for Primary Industries "Introduction to food safety legislation" (n.d.) <https://www.mpi.govt.nz/legal/legislation-standards-and-reviews/food-safety-legislation/introduction-to-food-safety-legislation>.

[13] Food Act 2014 s 198 and s 205.

[14] Food Act 2014, s 201.

57. In 2020, NZFS provided territorial authorities with guidance regarding cost-recovery under the Food Act 2014.[15]

How food safety charges work in practice

Food registration categories, renewals, and verification frequencies are based businesses' scope of operations

58. The three National Programmes are based on the food safety risk of a given business's activities, and apply to a specified range of businesses[16]:

    a. National Programme 1 – lower risk

    b. National Programme 2 – medium risk

    c. National Programme 3 – higher risk.

59. Food control plans (FCPs) can be either template (developed by MPI or industry-developed) or custom and apply to a specific range of businesses with higher-risk operations.[17] FCPs set out the steps these businesses need to take to ensure they are making safe food. FCPs support businesses to identify risks and demonstrate how they are being managed. The table below sets out the total number of registrations under the different registration categories:[18]

Registration type	Number of registrations
National Programme 1	2,769
National Programme 2	2,792
National Programme 3	5,206
Template Food Control Plan	32,699
Custom Food Control Plan	2,325

60. Renewals take place on an annual basis for businesses registered with custom and template FCPs[19], and every 2 years for businesses registered with any National Programme.[20] The duration of a business's registration can be extended at the discretion of the registration authority.

61. For most new businesses registered under the Food Act 2014, an initial verification is conducted within six weeks of an application being approved.[21] However, food businesses that are registered under a custom FCP are required to be verified within 3 months of their registration being approved. Hospitality businesses operating under an FCP will be verified at minimum every 3 months, and at least once every 18 months.

[15] New Zealand Food Safety *Food Act 2014 – Cost Recovery Guidance for Territorial Authorities* (Practice Note 11, March 2020).

[16] Food Act 12014, sch 2.

[17] Food Act 2014, sch 1.

[18] Total number of active registration sites as of 12 March 2026; see Ministry for Primary Industries "Public Register of Businesses Operating Under Food Control Plans and National Programmes" (register, n.d.) <https://mpi.my.salesforce-sites.com/publicregister>. Note that these registration numbers include food businesses that are not hospitality businesses as defined by the Review, e.g., manufacturers.

[19] Food Act 2014, s61.

[20] Food Regulations 2015, reg 44.

[21] Food Regulations 2015, regs 87-88.

62. For National Programmes, verifications occur at least every 3 months, and at maximum either every 24 months for businesses registered under National Programme 3, and every 36 months for businesses registered under National Programme 2. For businesses registered under National Programme 1, no further verification is required.

63. The verification frequency for a particular business within these ranges described above depends on the outcome from previous verifications.

Food registration, verification, and renewal fees are set by central government, local government, and third parties

64. Territorial authorities can set their own fees for food businesses' registration, verification, and renewal. The table below sets out the range of registration renewal fees for template FCPs and National Programmes published by a range of territorial authorities (Appendix 1 sets out this information in more detail).[22]

Type of registration	Registration fee (incl. GST)	Renewal fee (incl. GST)	Additional hourly charges (incl. GST)
Template Food Control Plans	$250 - $396	$99 - $300	$120 / hr - $215 / hr
National Programmes, 1, 2, and 3	$195 - $394	$99 - $300	$120 / hr - $215 / hr

65. Under the Food (Fees, Charges, and Levies) Regulations 2025, territorial authorities are provided with some discretion to issue exemptions or waivers from fees, charges, and services they provide.[23]

66. Depending on their business structure, a food business may register with MPI rather than the local TA. For example, MPI registration is suitable for businesses that operate across different regions (and therefore multiple TA areas), or for businesses that require a custom FCP.

67. MPI publishes its registration fees, noting that there may be hourly assessment time fees added to the fixed application fees, depending on how long the process takes. The current application and renewal fees are set out in the table below.[24]

Type of registration	**Registration fee (incl. GST)**	**Renewal fee (incl. GST)**
Custom Food Control Plan	$349.31	$77.63
Template Food Control Plan	$194.06	$77.63
National Programmes 1, 2, and 3	$116.44	$77.63

68. MPI may additionally charge an 'assessment time' fee based on an hourly rate of $155.25 (incl.) GST per hour or $38.81 (incl. GST) per 15 minutes where applications are more complex than usual and take longer than expected to process.

[22] Including Wellington City Council, Auckland Council, Gisborne District Council. South Wairarapa District Council, Queenstown-Lakes District Council, Christchurch City Council, Nelson City Council, and Clutha District Council.

[23] Food (Fees, Charges, and Levies) Regulations 2015, reg 5.

[24] Food (Fees, Charges, and Levies) Regulations 2015, sch1 pt2.

69. The verification process is charged using a different framework, and at different rates, between different territorial authorities and between territorial authorities and MPI, and between National Programmes and template or custom FCPs. For example:

    a. For FCPs and National Programmes, Gisborne District Council charges for verification at an hourly rate of $127 for administrative processing, and an hourly rate of $190 for verification officers' time.[25] Similarly, Nelson City Council charges $211.50 per hour.[26]

    b. For FCPs, South Wairarapa District Council charges for verification at a flat rate of $442 per site.[27]

    c. For FCPs, Queenstown Lakes District Council charges for verifications at a flat rate of $896 for a maximum of six hours; additional hours are charged at an hourly rate of $150 per hour.[28]

    d. For National Programmes, Wellington City Council charges for verification at a flat rate of $393 per hour, with additional time charged at $197 per hour.[29]

70. Where verification is carried out by an MPI verifier, rather than a verifier employed or contracted by a TA, MPI provides businesses with guidance about the duration and likely cost of verification.[30] Where territorial authorities contract third-party verifiers to meet their resourcing needs for food safety regulatory work, these services are charged to businesses at the usual rates published by the TA.

71. Where a business is registered under a custom FCP or a National Programme, and cannot be verified by their local TA, they are often verified by a third-party verifier. In this instance, the fees for verification services are set independently, and may vary significantly case-by-case.

Themes from engagement

Engagement with the sector highlighted that food registration and verification charges are not predictable or proportionate

72. The table below shows the range of concerns raised by businesses and regulators as part of the Review's engagement from November 2025 through to March 2026.[31]

Issues raised	Overarching	Specific
Hospitality businesses	• Total costs are significant. • Increases to costs lack explanation. • Variable costs (costs that are not flat charges) are unpredictable.	• Registration fees are inconsistent regionally. • Fees do not reflect the risks associated with activities.

[25] See Gisborne District Council "Registering a food business" (n.d.) < https://www.gdc.govt.nz/services/alcohol-and-food/registering-a-business>.

[26] See Nelson City Council "Fees and Charges" (n.d.) <https://www.nelson.govt.nz/2services/1fees-and-charges#toc-link-23>.

[27] See South Wairarapa District Council "Registering a food business?" (11 July 2025) < https://swdc.govt.nz/services/food-premises-and-trading/>.

[28] See Queenstown Lakes District Council "Fee Schedule" (n.d.) <https://www.qldc.govt.nz/services/environmental-health/fee-schedule/>.

[29] See Wellington City Council "Food safety fees" (n.d.) <https://wellington.govt.nz/certificates-and-licences/selling-food/food-safety-fees#verification>.

[30] See Ministry for Primary Industries "How long does verification take?" (Verification guide, February 2020).

[31] Appendix D to the Review's Final Report includes three summaries of engagement from the Hospitality Review; these provide more detail about what we heard from the sector.

Issues raised	Overarching	Specific
	• Overlapping processes lead to duplicative costs. • Cost components are not transparent.	• Verification fees are unpredictable over time and regionally. • Invoices do not break down cost components.
Territorial authorities	• Cost-recovery is not meeting target levels. • Economic development objectives conflict with the need to raise charges.	• Flexibility to set their own fees is not supporting cost-recovery. • Territorial authorities take an inconsistent approach to charging for services.

Case studies highlight the unpredictability of food safety costs for hospitality businesses, and indicate variable quality of regulatory services delivered

73. We undertook four case studies for this Review, spanning both small / medium and large businesses, and across the North and South Island.[32] The key themes from stakeholders' feedback are listed below.

    a. Verification charges for food registration are unpredictable for hospitality businesses and the following factors contribute to this uncertainty:

        i. Verification cycles range from 3-18 months in length and can change after each verification depending on operator performance.

        ii. Charge practices regarding corrective actions are unpredictable (when charged, costs can depend on the time taken to resolve issues; for example, businesses reported corrective actions being charged at $120-$168 per hour by territorial authorities).

        iii. Some providers (territorial authorities, MPI, or third-parties) charge for verifications on an hourly basis.

    b. Businesses reported that the quality of verification services is variable within regions and across the country; businesses reported that the knowledge of verifiers is often limited, meaning verifications take longer and are more expensive for operators. In general, businesses reported they do not receive value for money with verifications.

    c. There are significant underlying compliance costs that support food registration and verification, including the cost of software for running Food Control Plans (estimated by businesses as between $1250-$4000 annually). If analogue methods were used instead to support compliance with Food Control Plans, this would be costed at the hourly rate for a head chef (~$45), resulting in similar compliance costs overall. [33] One operator reported that comprehensive food safety compliance requires a full FTE dedicated to record-keeping and administration.

[32] Contacts for case studies were provided by Hospitality New Zealand, a key industry group.

[33] The business quoted a ~$45 hourly rate for a head chef; industry figures indicate the average hourly rate for a head chef is $36.81, with some chefs earning up to $46.62 per hour; see Susan Edmunds "What are people being paid in hospo?"(Radio New Zealand, 24 July 2025) based on estimates from the 2025 Hospitality Industry remuneration Survey produced by the Restaurant Association.

Analysis for food registration and verification fees

74. We have assessed the system of food registration and verification fees against the principles outlined at paragraph 13, summarised in the table below:

Assessment of the status quo	
Authority	✓✓
Effectiveness	XX
Efficiency	XX
Transparency	X
Consultation	✓
Equity	X
Simplicity	XX
Accountability	XX

Regulators are authorised to recover the costs of food safety regulation from businesses under the legislative framework

75. Both central and local government have the statutory authority to cost recover for their regulatory work under the Food Act 2014.

76. It is appropriate for food businesses to bear the primary costs associated with regulating food safety, as they have a key role in determining risks, including public health outcomes.[34] According to a report published by MPI in 2023, commercial food operators (restaurant/café/bakery / takeaway) accounted for 20 of 35 common-source outbreaks and contributed to 34.7% of the total cases associated with an outbreak.[35] The rationale for charges relating to food safety regulatory activities is clear.

77. Food safety regulations benefit food businesses by ensuring safety for their customers. There are also benefits to the public, for example where regulations serve to limit the spread of foodborne illnesses. However, it is relatively more efficient for food businesses to bear the costs associated with regulation. This is because regulatory charges help to ensure that the potential costs of poor public health outcomes are internalised by the food sector. This is simpler and less expensive than businesses negotiating solutions with individuals who are adversely affected (e.g., where someone becomes ill due to improperly prepared food), and is more equitable than using Crown funding or rates income to fund the regulatory system.[36]

[34] See the Hospitality Review Supplementary Paper *An economic analysis of whether government should intervene in domestic food safety in New Zealand*..

[35] New Zealand Food Safety *Annual report concerning Foodborne Diseases in New Zealand 2023* (Ministry for Primary Industries, New Zealand Food Safety Technical Paper No: 2024/13, September 2024) at table 88.

[36] See the Audit Office *Setting and administering fees and levies for cost recovery: Good practice guide* (published under section 21 of the Public Audit Act 2001, August 2021) at 1.6.

There are opportunities for the sector to provide feedback on charging frameworks

78. Within the current regulatory system, there is a requirement for both MPI[37] and territorial authorities[38] to consult widely with affected parties (including the food sector) about setting fees for regulatory activities covered by the Act. We understand these requirements are broadly being met, e.g., where consultation has been undertaken for cost recovery proposals regarding the FAIP[39], and where territorial authorities consult on their fees and charges as part of annual planning.[40]

79. However, we have identified several problems through our assessment of the fees system against the Treasury criteria. These are discussed below.

Problem 1: Fees for food registration and verification are not effectively recovering the cost of regulatory activities

80. This problem relates to the effectiveness of the fees system for food registration and verification and discusses whether the current levels of and mechanisms for funding are fit for purpose.

81. Fees for food registration and verification are paid directly to local government in return for application processing and inspection services. There are exceptions to this approach – for example, where MPI manages the registration or verification process (i.e., for a business registered with a custom FCP or a National Programme), or where a third-party verifier is engaged by a territorial authority (27.5% of territorial authorities we heard from procured between 5-100% of their verification services from third parties).

82. The regulatory framework provides territorial authorities with the flexibility to set charges that recover the costs of their food safety regulatory activities.[41] Despite this provision, only 37.5% of territorial authorities who responded to the Review are cost-recovering their food registration activities either fully, or to the level specified in their annual financial plan (where this differs).[42] Only 22% are cost-recovering their verification-related costs[43], and 14.5% of territorial authorities either do not track their cost recovery, or do not know their level of cost-recovery.

83. There are no overarching cost-recovery reporting requirements for territorial authorities set through the Food Act 2014 or the Food (Fees, Charges, and Levies) 2015. This contrasts with the alcohol licensing fees framework, where territorial authorities are required to publish their income and expenditure regarding their alcohol licensing regulatory activities on an annual basis.[44] The lack of standardised cost recovery reporting for the system of food fees means that there is little consolidated information available to businesses, ratepayers or central government about whether regulatory activities are being cost recovered effectively, how any shortfall is being cross-subsidised, and where over-recovered funding (if any) is being spent.

84. The Review heard from territorial authorities that any shortfall in cost recovery is typically funded through rates income. Some subsidisation through rates is generally planned for,

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[37] Food Act 2014, s 198(2).

[38] Food Act 2014, s 205; Local Government Act 2002, s 83.

[39] See New Zealand Food Safety *Proposal to maintain and expand New Zealand Food Safety's regulatory services under the Food Act 2014* (Ministry for Primary Industries, February 2024).

[40] See Auckland Council *Annual Plan 2026/2027: Consultation Document* (February 2026).

[41] The Food Act 2014, s205.

[42] 47 Territorial authorities responded to the Review's information request questions about cost-recovery for food safety registration.

[43] 45 Territorial authorities responded to the Review's information request questions about cost-recovery for food safety verification.

[44] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 19.

given that food safety is a public good.[45] However, the information territorial authorities provided to us indicated a sustained shortfall in cost-recovery impacting their ability to invest in long-term system improvements. We also note that the Government has announced plans to introduce a rates capping system[46], which may reduce territorial authorities' ability to cross-subsidise a portion of their regulatory work. Considering this, the fees system should be designed to recover costs as fully as possible in anticipation of reduced budgetary flexibility.

85. In our view, there are two underlying causes for Problem 1:

    a. The system does not require collection and assessment of cost-recovery data for the food safety regulatory system, at both the individual and aggregate level. This reduces the information available to make cost-recovery decisions in practice.

    b. The current framework is broad-based and is not designed to account for and address cost pressures for territorial authorities in a consistent or practical way.

Problem 2: Service delivery standards variable, and costs are inconsistent and complex to calculate, reducing the efficiency of the system

86. This problem relates to the efficiency of the fees system, including the quality of services in relation to the costs to businesses and expenditure by government.

87. Businesses have reported that the quality of registration and verification activities undertaken is variable between and within territorial authorities, and between territorial authorities and MPI. Differences in verifiers' knowledge and experience can affect verification outcomes for businesses. For example, most verification fees are charged on an hourly basis and are uncapped. This means that where a verifier is inexperienced, businesses may be liable to pay for the extra time taken to complete an inspection.

88. In July 2025, New Zealand Food Safety (MPI) initiated the Food Act Improvement Programme (FAIP). The overarching objective of the FAIP is to improve the equity, efficiency, and responsivity of the food regulatory system under the Food Act 2014. This includes an explicit focus on the costs and requirements for food registration, renewal, and verification, with the aim of achieving a level of national consistency.[47]

89. Through the FAIP, MPI has begun work on improving the national consistency of fees charged under the Food Act 2014. We understand that MPI's preliminary findings[48] are consistent with what we have heard from the sector:

    a. Food businesses have raised concerns about variability in registration costs and lack of clarity on how fees are determined. In practice, variation in registration fees reflects individual territorial authorities' circumstances (e.g. fluctuating seasonal populations), local approaches to cost recovery and council funding models.

    b. Verification costs can vary significantly for both Food Control Plans and National Programmes, resulting in inconsistency and uncertainty for food businesses. The fee structure for verifications is either a fixed fee, an hourly rate or a base fee coupled with an hourly rate above a set number of hours. Where fixed fees apply, this can provide certainty for food businesses, but it can also translate into a higher hourly

[45] For example, Marlborough District Council indicated to the Review that their charges are based on a 60% user pay, 40% rate payer funding model in line with their finance and revenue strategy.

[46] Cabinet agreed to a proposal to design a rates capping system on 7 April 2025 [EXP-25-MIN-0038 refers]; a target range of rates will be in force from 1 July 2029. Rates caps will need to be considered in territorial authorities' long term plans from 2027 onwards.

[47] See New Zealand Food Safety "Food Act Improvement Programme" (n.d.) <https://www.mpi.govt.nz/food-business/running-a-food-business/food-act-2014/food-act-improvement-programme>.

[48] All information below has been provided to us by MPI officials.

rate depending on the complexity of an on-site verification (a quick verification implies a more expensive hourly rate for those businesses).

c. Where further fees for compliance and monitoring are specified, it is not always clear how these costs are structured and implemented, and whether or not they are recurring or incidental.

90. A core objective of the FAIP is standardisation of training for verifiers. As of March 2026, we understand the following activities have been completed by MPI towards providing training resources and programmes and harmonising requirements for verifiers:[49]

a. Updated training resources have been developed as of November 2025, with a plan to deliver training across territorial authorities from March through April 2026.

b. The programme of work to ensure consistency across verification procedures and reporting, as well as provide updated guidance for managing verifications has been delayed due to resourcing constraints.

91. In our view, there is one core underlying cause for Problem 2:

a. The current regulatory settings allow regulators to recover the cost of verifications but does not specify the process by which charges should be set to accommodate how verification plays out in practice.

92. Work underway by MPI will likely bring some consistency to verification costs for businesses, by making sure that verifiers are similarly qualified, and take a similar approach to assessing food businesses' operations. While this may address Problem 1 from a practice (i.e., bottom-up perspective), our view is that there is an opportunity to address this issue from a design (i.e., top-down) perspective to ensure that the solution is enduring.

Problem 3: Cost components are not transparent for businesses and there is limited visibility over cost-recovery and related decision-making

93. This problem relates to the transparency of the fees system and the accountability measures for central and local government.

94. Information about the costs of registration and verification is readily available from different territorial authorities – noting that the fees framework, total cost, and cost components also vary between territorial authorities (see Appendix 1 for a comparison across eight territorial authorities). However, information about drivers of the total cost, and a breakdown of cost components, is not always accessible to businesses. This means that total compliance costs are hard to predict, and it is challenging for businesses to understand where efficiencies could be maximised. Dunedin Council is one of the few territorial authorities that provide public information about the cost components of verification (e.g., documentation and on-site inspection).[50]

95. Renewals for food registrations are an example of compliance where there is a disconnect between regulatory activities and costs for businesses. The Review's wider work regarding the food safety regulatory system has found that renewals are an area of compliance where the rationale for regulatory work by local government, the processes being carried out, and the fees being paid by hospitality businesses do not directly correspond:

[49] Information provided to the Ministry for Regulation by the Ministry for Primary Industries. See 'Food Act Improvement Programme – Update on activities due for completion 2025/2026' (17 March 2026) at 3.

[50] See Dunedin City Council "Fees and Charges: Environmental Health" (27 June 2025) <https://www.dunedin.govt.nz/services/fees-and-charges/environmental-health>.

a. Currently, the legislation requires renewals as a mechanism for maintaining the registration system and prescribes that the renewals process is associated with a fee.[51] However, Food businesses are already required to notify their respective registration authorities (MPI or territorial authorities) where there is a notable change in their circumstances.[52]

b. We have heard from both regulators and hospitality businesses that the renewal process for food business registrations delivers limited value. The primary function of renewing business registrations is to ensure business details are up-to-date and to identify if a business has stopped operating. This means the primary function of this process is about record-keeping, rather than meeting core regulatory requirements. Local councils take different approaches to administering renewals, for example whether systems are automated or run on an email-based, relatively analogue basis.

c. Renewal fees are generally lower than the fee for initial registration, for example renewal fees for Food Control Plans across a sample of eight territorial authorities - Auckland Council, Clutha District Council, Christchurch City Council, Gisborne City Council, Nelson City Council, Queenstown-Lakes District Council, South Wairarapa District Council, Wellington City Council - were on average 57% lower than initial registration fees. However, one of these had set renewal fees the same as initial registration. The Review's view is that renewals may be representing a revenue stream for local councils to offset any shortfall in other areas, rather than directly representing the costs of an integral regulatory process.

d. Where renewals are charged primarily as a means of funding other components of the regulatory system, this means that businesses are being charged fees that are not related to services they receive. Our view is that this reduces the justifiability of charging for renewals.[53] There is an opportunity to recalibrate how regulatory activities are cost-recovered, reducing cross-subsidisation.

96. In our view, the underlying causes of Problem 3 relate to the causes of Problems 1 and 2:

a. At a design level, the current regulatory settings for food registration and verification charges do not set out in detail how charges are supposed to capture costs in a specific and consistent manner

b. Current regulatory practice does not always directly inform cost components, and therefore the process for translating regulatory work into fees for businesses differs between territorial authorities.

Problem 4: Costs are not scaled to business size and do not meaningfully differentiate between compliance and noncompliance

97. This problem relates to how the current fees system allocates resource in response to risk, and includes issues with the efficiency, equity, and simplicity of the system.

98. Proportionality of costs is a core concern for businesses. Similar processes for both National Programme Registration and registration with a (template) Food Control Plan involve largely similar fees, which does not represent the differing risk levels and kinds of businesses targeted by either regime. We have also heard from a range of businesses that costs from

[51] Food Act 2014, sch 4 pt 2.

[52] Food Act 2014, s 51 and s 81.

[53] This is consistent with guidance regarding justifiability of charges; see the Audit Office *Setting and administering fees and levies for cost recovery: Good practice guide* (published under section 21 of the Public Audit Act 2001, August 2021) at 2.19.

verifications, including for corrective actions, are similar for both low- and higher complexity operations.

99. While similar charges for similar processes may be reasonable from a resourcing perspective, the limited differentiation between registration and verification costs for higher and lower risk food businesses may be distorting incentives for new and existing businesses. We have heard from territorial authorities that the current system creates unintended incentives for some businesses, for example by encouraging multi-site rather than per site registration to present their scope of operations as low risk. We heard these opportunities for evasion and incorrect categorisation are exacerbated where the complexity of the food registration system encourages businesses to engage third parties, such as regulatory agents or consultants.

100. Practice in international jurisdictions indicates the prevalence of a scaled approach to setting fees. For example, some jurisdictions base the food registration fees on the type of food service or activity, such as:

a. In Toronto, Ontario, food businesses must have licences based on their service type – 'Take-out or Retail Food Establishment', 'Food Cart', 'Food Truck', or 'Eating or Drinking Establishment' licence. [54] A licence for an Eating or Drinking Establishment where food or beverages are prepared or served to patrons for immediate consumption on-site has a higher fee than a licence for a Take-Out or Retail Food Establishment where food or beverages are prepared and offered exclusively for consumption off-site does. [55]

b. Food retail licence fees in Singapore are based on premise type - food shop, stall, supermarket, or temporary fair food stall. The licence fee for supermarkets is scaled to the size of the store ($250 for a floor area of less than 200m^2 and $500 for a floor area of more than 200m^2). Licence fees for food shops and supermarkets are higher than those of food stalls and temporary fairs.

c. The size of the food operation (based on the number of employees, or the size of preparation areas) is one determinant of the food facility permit fees in California. [56] An annual permit for restaurants with 11-25 employees, costs approximately half of the permit fee for restaurants with 100 or more employees.[57]

d. In New South Wales, Australia, licensing fees depend on how many full-time equivalent (FTE) food handlers are employed at the business.[58] For example, a business with > 51 FTE food handlers has significantly higher fees ($5,170 AUD) than businesses with 0-5 FTE food handlers ($570 AUD).

101. There are a few outliers to the scaled approaches above. In Queensland, Australia, fees for a food business licence are based on administrative costs (for recording and issuing the licence, maintaining a register of licensed food businesses and recording details of mobile businesses into the state register) and professional costs (for assessing applications,

[54] Municipalities in Ontario have different requirements for opening a food business; see City of Toronto "Business Regulations, Licences, & Permits" (n.d.) <https://www.toronto.ca/business-economy/new-businesses-startups/business-regulations/>.

[55] See City of Toronto "Eating or Drinking Establishment" (n.d.) <https://www.toronto.ca/services-payments/permits-licences-bylaws/restaurants-cafes-grocery-variety-and-retail-stores-selling-food/eating-or-drinking-establishment/>; and City of Toronto "Take-out or Retail Food Establishment" (n.d.) <https://www.toronto.ca/services-payments/permits-licences-bylaws/restaurants-cafes-grocery-variety-and-retail-stores-selling-food/take-out-or-retail-food-establishment/>.

[56] Other factors are the type of operation (restaurant, low-risk and restricted food service facilities, school food processing facility) and location (single or multiple locations, temporary event or mobile business).

[57] See San Diego Country "Food Facility Permit Fees" (n.d.) <https://www.sandiegocounty.gov/content/sdc/deh/doing_business/Fees_Food_Facility.html>.

[58] See New South Wales 'Applying for a food licence" (n.d.) <https://www.foodauthority.nsw.gov.au/help/licensing/applying-food-licence>.

undertaking inspections and investigating complaints).[59] The United Kingdom has a simple food business notification system and there are no fees for food premise registration.[60]

102. The FAIP includes a review of the charging frameworks implemented by different territorial authorities, and work to reassess the proportionality of different costs and controls for small businesses.[61] We understand that as of 17 March 2026, MPI has completed a stocktake of the current fees and charges from territorial authorities and has used this to inform benchmarking analysis comparing 2018 and 2025 costs. Further analysis of the findings is currently being developed[62], but the initial issues observed confirms our observations above regarding limited consistency and transparency about costs for businesses.

103. In our view, the key underlying cause of Problem 4 is the fragmented relationship between risk in practice and regulatory design:

    a. The current charging framework accounts for a range of different food safety risks and connects those risks to specific operations and procedures. However, how these risks materialise across businesses that operate at different scales, is a secondary consideration.

104. Our understanding is that the FAIP is considering the current risk-based registration categories, their scope, the factors that differentiate these categories and the businesses that fit within or are excluded from them. It is our view that there is an opportunity to go further and consider how the risk-based categories inform compliance costs for businesses.

Options addressing issues with food registration and verification fees

105. We have considered several regulatory options for changing the current regulatory settings for fees for food registration, verification, and renewal. Options 1 through 3 relate to the charging framework for verification and registration. Options 4 addresses issues with reporting towards improving transparency. Option 5 relates to renewal fees.

106. We have also considered two non-regulatory options for changing current settings for the fees for food registration verification, and renewal. Options 6 and 7 relate to invoicing (i.e., billing) practices by territorial authorities.

107. The table below sets out the options outlined above, alongside their projected impacts for the sector and government, and the high-level advantages and disadvantages of each approach. We have engaged with territorial authorities on these options, and 29 territorial authorities responded through our survey. Local Government New Zealand officials also provided their views on the options in the survey. Their preferences and key reasons for agreement / disagreement are noted as part of our analysis.

The options below are assessed against the Review's assessment criteria (paragraphs 47-49) relative to the status quo.

[59] Queensland Government Fees charged by Local Government under the Food Act 2006 (Queensland Health, May 2022) at 4.

[60] Food Standards Agency *Food business registration* (Guidance, 31 August 2023) <https://www.gov.uk/guidance/food-business-registration>.

[61] See New Zealand Food Safety "Food Act Improvement Programme" (n.d.) <https://www.mpi.govt.nz/food-business/running-a-food-business/food-act-2014/food-act-improvement-programme>.

[62] Information provided to the Ministry for Regulation by the Ministry for Primary Industries. See 'Food Act Improvement Programme – Update on activities due for completion 2025/2026' (17 March 2026) at 3.

Option	Impact	Mechanism for change
Option 1: Require that all registration and verification activities are charged using the same principles. *This option is mutually exclusive to Option 2.*	This option would set principles in regulation for how territorial authorities and MPI recover the costs of registration and verification activities. This change would not impact where verification activities are carried out and charged by a third party, if MPI or the relevant territorial authority is not involved in procurement or invoicing. The principles could be modelled on the cost-recovery principles in the Sale and Supply of Alcohol Act 2012[63], or could more explicitly specify and set out: • whether fees for one registration category should be higher or lower than for another registration category • whether fees should be different based on the activities being undertaken by the different businesses registered under each category • whether fees should be increased periodically, and when increases should take effect (see Option 3, for example) • whether fees for verification should be fixed or hourly • whether fees for verification should be different (for example, higher or lower) for different risk-based registration categories. The specific fee amounts *would not* be prescribed as part of this framework.	• **Change to primary legislation** – amending the Food Act 2014 s205 to make principles for general application and put in place record-keeping requirements to help territorial authorities demonstrate their compliance with the statutory principles. Record-keeping requirements could include requirements to keep records of the principles being used to set fees for a defined period, and an audit function to enable central government to inspect these records. • **Change to secondary legislation** – amending the Food (Fees, Charges, and Levies) Regulations 2015 through Order in Council to introduce a framework of principles (for example, uniform metrics) to be used by territorial authorities for setting registration and verification fees. An Order in Council could also be used to specify any record-keeping requirements. • Territorial authorities would need to carry out internal consultation and external consultation with the relevant businesses and service providers (i.e., third party verifiers) as part of setting their respective fees.
Option 2: Adopt a default registration and verification fees framework. *This option is mutually exclusive to Option 1.*	This option would introduce a default framework for fees within and across regions, providing territorial authorities with limited flexibility in how they charge for services. Businesses would be able to predict their costs with more certainty over time, and multi-site businesses would have more certainty over their costs across regions. Tiers could be based on existing registration categories, with sub-categories based on the number of employees, the number / size of preparation areas, or revenue, consistent with international practice. Specific fees (or hourly / flat charges regarding verification processes) *would be* prescribed as part of this framework.	• **Change to primary legislation** – amending the Food Act 2014 s205 to remove provisions for territorial authorities to set charges for their food safety regulatory activities and add a provision extending the default registration and verification fees framework to third party verifiers. • **Change to secondary legislation** – amending the Food (Fees, Charges, and Levies) Regulations 2015 through Order in Council to introduce a schedule including default registration and verification fees.
Option 3: Require all registration and verification fees to adjust annually with changes to CPI. *This option is dependent on Option 2 and could provisionally be included under option 1.*	This option would require adjustments in line with CPI through the Regulations. This would help to ensure sustained cost recovery for regulatory work year to year, by retaining the real value of fees paid. This is especially important where a national default fees framework is implemented. For businesses, this would result in a predictable, planned increase to compliance costs each year.	• **Change to primary legislation** – amending Food Act 2014 to require that MPI upwardly adjust the default fees in line with changes to CPI (or another specified indicator) by a specified date each year (for example, on 1 July). This could include a provision for MPI to issue an annual notice of this adjustment under s 405 of the Food Act 2014, avoiding the need for an annual Order in Council. Notice would be required to be given via the New Zealand Gazette.
Option 4: Introduce reporting requirements for territorial authorities. *This option is independent and could be selected alongside any Option except for Option 1.*	This option would require local authorities to publish and provide central government with reporting about the extent to which they are successfully cost recovering. Requirements could be modelled on the corresponding cost recovery reporting requirements set out for the alcohol licensing fees system in the Sale and Supply of Alcohol (Fees) Regulations 2013.[64] MPI could provide territorial authorities with the guidance similar to the guidance provided by the Ministry of Justice for alcohol licensing cost recovery reporting.[65]	• **Change to secondary legislation** – amending the Food (Fees, Charges and Levies) Regulations 2015 to introduce a requirement for cost-recovery reporting. This could include a statutory timeframe (e.g., requiring reporting be published within 120 days from the end of each financial year, in line with existing annual reporting requirements). This could also include a backstop provision to restrict territorial authorities from implementing any CPI-based increase to fees until reporting has been published.

[63] Sale and Supply of Alcohol Act 2012, s 402(b).
[64] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 19.
[65] See Ministry of Justice *Calculating the costs and revenues of the alcohol licensing system* (Guidance for Territorial Authorities, October 2018).

Option	Impact	Mechanism for change
		• MPI would need to develop guidance for territorial authorities around calculating cost recovery and reporting expectations; the guidance could be similar to the guidance provided by the Ministry of Justice for alcohol licensing cost recovery reporting.[66]
Option 5: Remove renewal fees. *This option is independent of all other options here but is dependent on other options for changing the renewals process discussed in our work on the wider food regulatory system.*	This option would remove renewal fees through removing the requirement to renew registration. Substantive changes to a business's registration requiring significant administrative effort could be charged on an hourly basis for predictability. Updates to businesses' records would be completed through the verification process where the business has not proactively provided them already. *A full cost-benefit analysis of this option has been carried out as part of our wider work on the food regulatory system.*	• **Change to primary legislation** – would require amending the Food Act 2014 s61 to specify where renewals are no longer required for FCPs. • **Change to secondary legislation** – would require amending the Food Regulations 2015 to specify where renewals are no longer required for National programmes; would also require amending the Food (Fees, Charges, and Levies) Regulations 2015 to define a time-based benchmark for administrative processing and specify the hourly rate at which this could be charged to businesses. • MPI and Local Government New Zealand (LGNZ) would need to provide territorial authorities with guidance around implementation.
Option 6: Implement consistent invoicing practices across territorial authorities. *This option is independent.*	This option would require changes to invoicing practice by territorial authorities and would provide businesses with more visibility over how charges are calculated, and the cost components involved in the various registration and verification fees. Recommended practice could be modelled on existing practice by the Accident Compensation Corporation (ACC); businesses have reported invoicing by ACC is transparent, easy to understand, and allows payment by instalments.	• Non-regulatory – would require MPI or Local Government New Zealand (LGNZ) to direct territorial authorities regarding expectations for invoicing components. • This may involve further consultation with territorial authorities and with ACC. • This may require IT / systems changes by some territorial authorities where there is a decision to adopt payment by instalments if a mechanism is not already in place.
Option 7: Combine invoicing across regulatory systems. *This option is independent.*	This option would provide a unified payments system across the food and alcohol regulatory systems. This would mean that businesses could pay their charges across both systems at the same time, based on one standardised invoice from the relevant territorial authority.	• Non-regulatory – would require MPI, Local Government New Zealand (LGNZ), and / or MoJ to direct territorial authorities regarding expectations for combining invoicing. • This may require IT / systems changes by some territorial authorities for successful implementation of joint invoicing.

108. The table below sets out our assessment of Options 1 through 3, which seek to improve levels of cost-recovery for the fees system. Options 1 and 2 seek to address problems 1, 2, and 4. Option 3 seeks to address problem 1.

Option	**Status Quo** *The status quo was preferred by 48.3% (14) of territorial authorities that responded to our engagement on options for change.*	**Option 1**: Require that all registration and verification activities are charged using the same principles. *This option was preferred by 37.9% (11) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*	**Option 2:** Adopt a default registration and verification fees framework. *This option was preferred by 13.8% (4) of territorial authorities that responded to our engagement on options for change.*	**Option 3:** Require all registration and verification fees to adjust annually with changes to CPI. *This option was preferred by 69% (20) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*
Effectiveness	-	✓✓ • This option would provide food businesses with more certainty and transparency about how their compliance costs are calculated over time, improving their customer experience. • This option would provide territorial authorities with relative flexibility to adjust fees to suit their unique cost pressures (e.g., the cost of resourcing regulatory work may vary regionally).	✓ • This option would provide food businesses with more certainty and transparency about how their compliance costs are calculated over time, improving their customer experience. • This approach would ensure a consistent approach to charging for food safety regulatory activities between and within regions (this would particularly benefit multi-site and mobile businesses).	✓ • This option would preserve the real value of the fees over time, helping territorial authorities to sustain cost recovery and ultimately resource regulatory work more effectively to deliver quality, timely services for food businesses. • This option would result in increases to registration and verification fees for food businesses over time; however, increases would be planned and predictable year to year.

[66] See Ministry of Justice *Calculating the costs and revenues of the alcohol licensing system* (Guidance for Territorial Authorities, October 2018).

Option	**Status Quo** *The status quo was preferred by 48.3% (14) of territorial authorities that responded to our engagement on options for change.*	**Option 1**: Require that all registration and verification activities are charged using the same principles. *This option was preferred by 37.9% (11) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*	**Option 2:** Adopt a default registration and verification fees framework. *This option was preferred by 13.8% (4) of territorial authorities that responded to our engagement on options for change.*	**Option 3:** Require all registration and verification fees to adjust annually with changes to CPI. *This option was preferred by 69% (20) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*
		• Translating principles into consistent practice could be challenging; if implemented without sufficient guidance, this approach could result in more complexity than the status quo. Principles should seek to capture both risk and performance to be effective. • This approach supports and encourages a recalibration of the existing risk-based measures (i.e., registration categories); this is consistent with recommendations from our wider recommendations about ensuring the food safety registration system is proportionate.	• This approach would limit individual territorial authorities' flexibility for adapting the fees framework to suit their unique cost pressures (e.g., wages, overhead costs, range of regulatory activities); this could make cost recovery less effective for some territorial authorities. • Standardised national fees may result in increased costs for some businesses and may result in decreased cost recovery for some territorial authorities where standard fees do not reflect the exact cost of providing regulatory services in a specific region.	• CPI-based adjustments support a fair system for businesses by setting limits on upward adjustments to fees; however, increases with CPI may not accurately reflect regional factors that increase costs for territorial authorities (e.g., rent, cost of living, wages, etc.). • This option is only effective where changes are made to improve baseline cost-recovery; otherwise, the increase to funding for territorial authorities would be marginal.
Efficiency	-	✓ • It would be challenging to monitor where a territorial authorities fees deviate from these principles or identify the cause of any shortfall in cost-recovery under a continuation of the decentralised model. • There may be legal costs to territorial authorities where businesses challenge the application of the principles in setting the fees. • There will be costs to MPI for amending legislation to introduce principles, and some administrative costs from consultation with territorial authorities and developing guidance to support the legislation. These costs should be largely met through the plan to review verification costs as part of the FAIP.	✓ • Any criteria relating to the square meterage of the site or preparation area(s) would be simple to monitor and verify as part of the existing site inspection process. • A default fees framework would require active management and review by MPI to ensure it remains effective over time, but would ultimately reduce administrative effort for territorial authorities across the country. • It would be straightforward for MPI to monitor and identify where territorial authorities are using the framework improperly. • There will be costs to MPI for amending legislation to introduce a new framework, and some administrative costs from consultation with territorial authorities and developing guidance to support the legislation. These costs should be largely met through the plan to review verification costs as part of the FAIP.	✓ • This option would increase the administrative work for MPI on an annual basis where MPI would be required to advise on and action annual adjustments to the fees framework (this could be streamlined if adjustments are allowed to happen via notice rather than Order in Council). • This option would mean territorial authorities no longer have to review their fees individually and consult on adjustments on an annual basis, reducing administrative costs and process complexity for local government while still supporting cost-recovery.
Feasibility	-	X • Would require significant consultation with local government and the sector to ensure principles correctly differentiate between kinds of food businesses and the risks associate with their activities; depends on a comprehensive review of the existing risk measures (FCPs and National Programmes). • Implementation of an audit function to keep records of how fee-setting principles are used may increase resourcing requirements for local government and MPI where MPI is required to review this information.	X • This option would require significant consultation with local government and the sector to ensure the fees correctly differentiate between higher and lower-risk businesses, and that they enable both smaller and larger territorial authorities to cost-recover effectively and recruit and retain both administrative and operational staff.	**0** *No clear implementation risks identified; this option aligns with many territorial authorities' existing practice.*

Option	Status Quo *The status quo was preferred by 48.3% (14) of territorial authorities that responded to our engagement on options for change.*	**Option 1**: Require that all registration and verification activities are charged using the same principles. *This option was preferred by 37.9% (11) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*	**Option 2:** Adopt a default registration and verification fees framework. *This option was preferred by 13.8% (4) of territorial authorities that responded to our engagement on options for change.*	**Option 3:** Require all registration and verification fees to adjust annually with changes to CPI. *This option was preferred by 69% (20) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*
Impact on individual rights and liberties	-	✓ • This option may improve territorial authorities' ability to cost-recover; this could result in less subsidisation through rates income, reducing pressure on territorial authorities to raise rates and therefore costs for individuals owning property in each region.	✓ • This option may improve territorial authorities' ability to cost-recover; this could result in less subsidisation through rates income, reducing pressure on territorial authorities to raise rates and therefore costs for individuals owning property in each region.	✓ • This option may improve territorial authorities' ability to cost-recover; this could result in less subsidisation through rates income, reducing pressure on territorial authorities to raise rates and therefore costs for individuals owning property in each region.
Option score	-	**3**	**2**	**3**

109. While Option 2 is likely to achieve the most certainty for businesses regarding registration and verification fees, **Option 1 is preferable as it provides territorial authorities with flexibility to meet their unique cost pressures**; this is particularly important considering changes regarding rates caps and the consolidation of local government. Option 3 would be significant for ensuring that the value of funding collected is preserved over time but is not necessary where Option 1 is selected; increases in line with CPI could be provided for in the charging principles.

110. The table below sets out our assessment of Option 5, which addresses finding 2 regarding the association between regulatory activities and costs to businesses.

Option	Status Quo	**Option 5:** Remove renewal fees. *This option was preferred by 13.8% (4) of territorial authorities that responded to our engagement on options for change.*
Effectiveness	-	✓ • This would ensure costs remain targeted and proportionate to regulatory and administrative work by regulators. As noted in our wider work on the food safety regulatory system, our view is that the renewals process for food registrations is primarily an administrative exercise rather than a core regulatory function; the current process adds limited value to the regulatory system given the verification regime in place. • This is consistent with international practice (e.g., in the United Kingdom) where businesses are not charged for updates to / maintenance of the register by government.
Efficiency	-	**0** • This option would remove an aspect of compliance costs entirely for businesses, noting that some renewal costs may be transferred to businesses as increased verification costs (i.e., where updates to businesses' information such as changes in ownership are confirmed as part administrative processing for verifications). • This approach removes a source of funding previously available to territorial authorities for offsetting higher costs from carrying out other kinds of food safety regulatory work (e.g., monitoring complaints, educating businesses, and internal overheads such as system maintenance and invoicing); this option would impact territorial authorities' cashflow, and would only be cost-effective where changes to the underlying requirements for renewals and processing are also made.
Feasibility	-	✓ • Involves changes to primary and secondary legislation – change should be straightforward depending on underlying work to remove the requirement for renewals and to ensure that other parts of the regulatory system can continue to be resourced at an appropriate level. • This approach could require updates to individual territorial authorities' revenue and financing policies. Consultation with local government would help to ensure alignment with cost-recovery principles, avoid revenue shortfall that would require subsidisation through rates income, and manage administrative and operational changes to implement new arrangements.
Impact on individual rights and liberties	-	**0** *This option has no direct impact on individual rights and liberties*
Option score	-	**2**

111. Depending on changes to the underlying process and requirements for renewals in the Food Act 2014 through our wider work on the food regulatory system, **we recommend Option 5 as an effective way to reduce costs for businesses in line with simplified regulatory processes carried out by territorial authorities**.

112. The table below sets out our assessment of Options 4, 6, and 7 which seek to improve the transparency and accountability of the fees system by addressing problem 3.

Option	**Status Quo**	**Option 4:** Introduce reporting requirements for territorial authorities. *This option was preferred by 24.1% (7) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*	**Option 6:** Implement consistent invoicing practices across territorial authorities. *This option was preferred by 24.1% (7) of territorial authorities that responded to our engagement on options for change.*	**Option 7:** Combine invoicing across regulatory systems. *This option was preferred by 13.8% (4) of territorial authorities that responded to our engagement on options for change.*
Effectiveness	-	✓✓ • Provides businesses and ratepayers with more visibility over the cost components of regulatory work (including clarity about overhead costs), how shortfall is being subsidised, and where any expenditure is targeted. • Provides central government with a source of reliable and up to date information on the performance of the fees system. This would be helpful for identifying possible operational improvements by enabling comparisons across territorial authorities. • This requirement has not delivered additional transparency effectively for the alcohol licensing system, noting that MPI is more resourced for carrying out operational compliance than MoJ.	✓✓ • Provides most food businesses with better visibility over the cost components for food safety services and may ultimately help businesses to identify drivers of cost to maximise efficiencies. • Benefits may not extend to businesses that use independent verifiers with their own charging practices (noting independent verification services are often more expensive than those provided by territorial authorities).	✓ • Provides some hospitality businesses with better visibility over the full range of regulatory cost components, which may help them to identify drivers of cost and maximise efficiencies. • Limited benefits for food businesses (cafes, food trucks, or manufacturers) that do not hold an alcohol licence in addition to being registered food businesses. • Where combined invoicing results in a combined upfront payment, this may be more challenging for businesses to manage compared to a series of staggered regulatory costs.
Efficiency	-	✓ • This would require an increase in oversight and monitoring by MPI, including follow-up where requirements are not being met. • Would likely increase administrative work for territorial authorities, noting that territorial authorities already report to MPI regarding registration and verification data. • Increased administrative effort in the short term for territorial authorities would likely be outweighed by system efficiencies and increased transparency in the long term.	✓ • Increased administrative effort in the short term for territorial authorities would likely be outweighed by system efficiencies in the long term. • Improving the transparency of the underlying regulatory system would also help to achieve the intent of this change, without requiring potentially costly systems change.	X • It is unlikely that increased administrative effort in the short- to medium-term for territorial authorities would be outweighed by significant system efficiencies in the long term. This is particularly the case for smaller territorial authorities that service only a limited number of food and alcohol businesses. • Territorial authorities already have some flexibility to decide whether to display information about fees for food safety and alcohol licensing in an integrated way.
Feasibility	-	✓ • Territorial authorities already have a responsibility to hold information about cost-recovery as public entities. • However, reporting may increase administrative work for smaller territorial authorities with less resourcing in regions where it is more challenging to procure the capability needed.	✓ • There would likely be a short- to medium-term increase to administrative work for local government (for example, territorial authorities have different IT and billing systems; some territorial authorities run entirely email-based analogue systems). • Implementation would be challenging given the diverse range oof systems and processes in place across the country (e.g., requiring technology integration and standardised accounting programmes as well as invoicing practices). • Some territorial authorities already have measures in place to support businesses to understand compliance costs and ensure payments are manageable (e.g., invoices supported by timesheets).	X • Many of the charging cycles / timeframes for food safety and alcohol licensing are based on requirements in primary and secondary legislation. Aligning invoicing would therefore be complex to implement. • There would likely be a short-term increase to administrative work for local government (for example, territorial authorities have different IT and billing systems; some territorial authorities run entirely email-based analogue systems).

Option	Status Quo	**Option 4:** Introduce reporting requirements for territorial authorities. *This option was preferred by 24.1% (7) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*	**Option 6:** Implement consistent invoicing practices across territorial authorities. *This option was preferred by 24.1% (7) of territorial authorities that responded to our engagement on options for change.*	**Option 7:** Combine invoicing across regulatory systems. *This option was preferred by 13.8% (4) of territorial authorities that responded to our engagement on options for change.*
Impact on individual rights and liberties	-	**0** *This option has no direct impact on individual rights and liberties*	**0** *This option has no direct impact on individual rights and liberties*	**0** *This option has no direct impact on individual rights and liberties*
Option score	-	**4**	**4**	**-1**

113. Options 4, 6, and 7 trade off administrative effort for local government with additional transparency and accountability for businesses (and ultimately the public, in their capacity as ratepayers). The Ministry's view is that additional assurance measures are commensurate with the Treasury principles for setting charges in the public sector and outweigh the short-medium term risk of increased work for local government; **we therefore recommend Option 4**.

114. Both Options 6 and 7 offer efficiencies and would likely improve businesses' customer experience and their visibility over compliance costs, but the benefits of Option 7 are more limited, and are unlikely to outweigh the cost of changes to systems required for implementation. **We therefore recommend Option 6**.

Recommendations

115. We recommend the following set of options for reforming the current charging framework for food safety registration and verification.

Set more specific and comprehensive principles for setting fees for food safety regulatory activities [*Food Safety Recommendation 8, Fees and Levies Recommendation 2*]	
Description	We recommend adopting a principles-based approach to setting registration and verification fees in regulation, including specifying: i. whether fees for one registration category should be higher or lower than for another registration category ii. whether fees should be different based on the activities being undertaken by the different businesses registered under each category iii. whether fees for verification should be fixed or hourly iv. whether fees for verification should be different (for example, higher or lower) for different risk-based registration categories. v. the indexation measure and adjustment mechanism (e.g., notices) for increasing fees in line with changes to inflation vi. cost-recovery reporting requirements and timeframes for territorial authorities to publish their annual income and expenditure on food safety regulatory activities. As a means of providing businesses with specific visibility over cost components, and how charges are calculated, MPI and LGNZ should develop a directive for territorial authorities to support them to standardise invoicing practices.
Expected benefits	*Overall* – Provides a nationally consistent basis for charges that cost-recover food safety regulatory activities.
	For hospitality businesses – Increases transparency around the rationale for and components of the different food safety charges, improving their ability to understand and navigate the system and predict compliance costs year to year. Costs may be reduced for lower-risk businesses.
	For regulators – Provides local government with the flexibility to set service prices that reflect their unique cost pressures while providing the sector and central government with assurance that costs are justified and proportionate to risk.
Expected costs	We expect that design and implementation costs for central government could be largely covered through the existing FAIP funding provided by the food levy, although there may be some additional administrative costs to MPI, for which additional funding would need to be sourced. There would be moderate short- to medium-term costs to local government from consultation and implementation, for example where revenue and finance policies and published fees and charges need to be updated.
Implementation	MPI would be responsible for the policy design and development of the principles-based approach to fee setting, including by leading the requirement amendments to primary and secondary legislation. Individual territorial authorities would be

	responsible for carrying out reviews of their respective food safety charges as part of adopting the new principles-based approach, including consultation with local food businesses. We recommend that changes to primary and secondary legislation take place as soon as possible. The recommended changes align with issues identified through the review of charging frameworks underway through the FAIP, and consultation with territorial authorities to develop charging principles could be carried out under this programme of work, alongside changes to make verifications more consistent and predictable. territorial authorities could carry out consultation and implementation for their new fees and charges as part of their next annual planning process.
Impact on other food sectors	Principles around setting charges may include how charges for registration and verification differ for businesses registered under the risk-based measures. Registration and verification charges may change for food manufacturers etc., however the basis for these changes would be consistent, and these other sectors of the food industry would be consulted by MPI and the relevant local territorial authorities ahead of implementation.
Key stakeholder views	We only consulted with territorial authorities on this option, which they broadly supported.

116. We also recommend removing renewal fees (**Option 5**) as part of the shift to a principles-based approach, where wider changes are made to remove the renewals process and simplify administration for both territorial authorities and businesses. The costs and benefits of changes to the renewals process and charges are considered and set out as part of our wider recommendations for changing the food safety regulatory system.[67]

Comments

117. NZFS have provided comments on our recommended options for changing how registration and verification fees are set.

    a. Regarding a principles-based fees framework, NZFS have stated their support for improving transparency and consistency in how charges for good safety regulatory activities are set. This approach is consistent with their work to improved national consistency across verification processes and regulatory delivery. However, NZFS have cautioned that overly prescriptive principles could reduce territorial authorities' flexibility to set charges in a way that reflects regional cost pressures.

    b. NZFS has indicated their support for introducing cost recovery reporting requirements for territorial authorities as a way of providing better visibility over the system. NZFS have noted consideration should be given to how requirements can be implemented without unnecessary cost or complexity.

    c. Regarding invoicing practices, NZFS indicated their support for improving the consistency and clarity of food safety invoicing for businesses. However, NZFS do not support combined invoicing for food safety and alcohol licensing. Their view is that it is important to preserve clarity between the two regulatory systems, the respective cost recovery models, and the responsible regulators. This aligns with feedback the Review received from territorial authorities through targeted engagement on these options.

[67] See the Review's Food Safety Recommendation 4.

d. For removing renewal fees, NZFS has provided their comment in light of work underway through the FAIP to consider opportunities to reduce compliance and cost to businesses, including by extending registration periods for MPI registered businesses. Their views and key considerations for the Review are discussed further through our broader recommendations for improving the food safety regulatory system.[68]

[68] See the Hospitality Review Supplementary Paper *Options and recommendations for improving how domestic food safety is regulated in hospitality settings*.

Part III: The Food Business Levy

Background and policy objectives

Revenue provided by the Food Business Levy is intended to fund improvements and upgrades to the food safety regulatory

118. The Food Business Levy (the 'food levy') was introduced by MPI in 2024[69] and is intended to fund core services provided by New Zealand Food Safety that directly benefit or are used by domestic food businesses and importers[70], including:

    a. developing and improving food safety rules

    b. collating and analysing compliance data

    c. developing and delivering guidance and education for food businesses

    d. auditing and reviewing the overall food safety system.

119. The Food Business Levy was developed alongside other cost recovery measures, including a parallel Food Importer Levy targeting food import businesses. Both levies were proposed as part of a wider cost-recovery proposal in February 2024[71], and Cabinet approved both levies with the introduction of the Food (Fees, Charges, and Levies) Amendment Regulations 2024.

120. In July 2025 following the full implementation of the Food Business Levy, MPI initiated the Food Act Improvement Programme (FAIP).[72] The FAIP is a set of initiatives that aim to uplift the effectiveness and efficiency of the existing food safety regulatory system under the Food Act 2014 by standardising and improving the advice and services provided to businesses and reducing compliance effort where possible.

Legislative instruments

The MPI Food Business Levy is set through primary legislation

121. The Food Act 2014 sets out principles of cost recovery for both MPI and territorial authorities in carrying out regulatory activities under the food safety system[73], including:

    e. equity – funding should generally be sourced from the relevant beneficiaries of a particular regulatory function, service or activity

    f. efficiency – costs should generally be allocated and recovered to ensure that maximum benefits are delivered at minimum cost

    g. justifiability – costs should be collected only to meet the actual and reasonable costs (including indirect costs) of carrying out a regulatory function, service or activity

[69] Food (Fees, Charges, and Levies) Regulations 2015, sch 2.pt 2.

[70] EXP-24-MIN-0012 and LEG-24-SUB-0109 refer.

[71] See New Zealand Food Safety *Proposal to maintain and expand New Zealand Food Safety's regulatory services under the Food Act 2014* (Ministry for Primary Industries, February 2024).

[72] EXP-24-MIN-0012 and LEG-24-SUB-0109 refer.

[73] Food Act 2014 s 198 and s 205.

h. transparency – costs should be identified and allocated as closely as possible to correspond with services provided in a specific cost recovery period (typically each financial year[74]).

122. In June 2024, Cabinet approved the introduction of a new Food Business Levy under the Food Act 2014[75] through the Food (Fees, Charges, and Levies) Amendment Regulations 2024. MPI administers the food levy, which is payable annually by all businesses registered under a Food Control Plan or National Programme. The levy is a long-term cost-recovery mechanism that is currently intended to fund the Food Act Improvement Programme (FAIP) underway by MPI.

123. The Food Act 2014 requires that cost recovery mechanisms, including the food levy, be reviewed at least every 3 years.[76] As part of the FAIP, MPI is planning to explore alternative levy models based on business size and risk that are administratively cost-effective and minimise information requirements from businesses.[77]

How the Food Business Levy works in practice

The Food Business Levy is determined centrally and collected by local government

124. The Food Business Levy came into effect from 1 July 2025.[78] The food levy is collected both directly (by MPI) and indirectly (by territorial authorities). Where a business is registered with MPI, the levy is collected directly by MPI. Where a business is registered through a TA, the TA collects the levy on behalf of MPI. The TA may add a maximum collection fee of $11 plus GST (which amounts to $12.65) to the levy charge payable by businesses to cover their costs.[79]

125. For food businesses registered under a Food Control Plan (FCP), the flat food levy rate is set on a per-place/location/site basis. For food businesses registered under a National Programme, the flat food levy rate is set on a per business basis. The current and future levy rates (excluding collection charges) are as follows:[80]

Financial year	Rate (incl. GST) per year
2025 / 26[81]	$66.13
2026 / 27	$99.19
2027 / 28 onwards	$132.25

126. Under the Food (Fees, Charges, and Levies) Regulations 2015, MPI have discretion to issue exemptions or waivers from fees, charges, and services they provide, for example where they have made an administrative error, or where the amount of the fees, charges, or levies is less than the reasonable cost of recovering it.[82]

[74] Food Act 2014, s 201.

[75] EXP-24-MIN-0012 and LEG-24-SUB-0109 refer.

[76] Food Act 2014, s 202.

[77] See New Zealand Food Safety *Food Act Improvement Programme* (Ministry for Primary Industries, 22 January 2026) <https://www.mpi.govt.nz/food-business/running-a-food-business/food-act-2014/food-act-improvement-programme>.

[78] EXP-24-MIN-0012 and LEG-24-SUB-0109 refer.

[79] Food (Fees, Charges, and Levies) Regulations 2025, reg 3D.

[80] See Ministry for Primary Industries "Food Act 2014 fees, charges, and levies" (n.d.) <https://www.mpi.govt.nz/legal/legislation-standards-and-reviews/legislation-fees-and-charges/food-act-2014-fees-charges-and-levies>.

[81] Food (Fees, Charges, and Levies) Regulations 2015, sch 2.pt 2.

[82] Food (Fees, Charges, and Levies) Regulations 2015, reg 4.

127. A waiver for food businesses with mobile or market operations has been enabled to mitigate the risk that businesses are charged twice for pop-up (non-fixed) venues.[83] This waiver came into effect at the same time as the food levy.

128. MPI has provided food businesses with the following guidance for how the food levy applies to them:[84]

For food businesses who must register a Food Control Plan	If you are registered under a Food Control Plan, the food levy will be charged per registered place that trades in food. For example, if you have two places (sites) registered under one multi-site registration, you will be charged two levies each year.
For food businesses subject to a National Programme	If you are registered under a National Programme, the food levy will be charged per business. For example, if you have two places (sites) registered under one multi-site registration, you will be charged one levy annually.
For businesses subject to a National Programme who have opted up to a Food Control Plan	If your business is subject to a National Programme as per Schedule 2 of the Act but you have chosen to opt up to a Food Control Plan under section 26 of the Act, the food levy will be charged on a per business basis.

129. Territorial authorities provide varying information about these additional collection charges. For example:

a. Thames-Coromandel District Council and Wellington City Council provide the MPI flyer which sets out the collection charge excluding GST ($11).[85]

b. Auckland Council sets out the levy collection fee including GST ($12.65) on their information page for food registration and alcohol licence fees and charges.[86]

Themes from engagement

Engagement with the sector highlighted that food safety charges are not predictable or proportionate

130. The table below shows the range of overarching and specific concerns raised by businesses and regulators as part of the Review's engagement from November 2025 through to March 2026.[87]

[83] Ministry for Primary Industries *Exemption, Waiver, or Refund: Partial Waiver of Food Business Levy* (Issued under regulation 4 of the Food (Fees, Charges, and Levies) Regulations 2015, 28 April 2025).

[84] See Ministry for Primary Industries "Food Business Levy FAQs (Food Business Levy FAQs and key messages 2025, n.d.) <https://www.mpi.govt.nz/dmsdocument/69510-Food-Business-Levy-FAQs>.

[85] See Ministry for Primary Industries *The Food Business Levy* (business flyer, February 2025).

[86] See Auckland Council "Food registration and alcohol licence fees and charges" (n.d.) <https://www.aucklandcouncil.govt.nz/en/licences-regulations/business-licences/food-alcohol-fees-charges.html>.

[87] Appendix D to the Review's Final Report includes three summaries of engagement from the Hospitality Review; these provide more detail about what we heard from the sector.

Issues raised	Overarching	Specific
Hospitality businesses	• Total costs are significant. • Increases to costs lack explanation. • Variable costs (costs that are not flat charges) are unpredictable. • Overlapping processes lead to duplicative costs. • Cost components are not transparent.	• The intended benefits of the food levy are opaque. • Food businesses should not fund regulatory system improvement. • Food levy rates are not proportionate to business size.
Territorial authorities	• Cost-recovery is not meeting target levels. • Economic development objectives conflict with the need to raise charges.	• Territorial authorities have not been provided with enough information about the food levy and its outputs. • Some territorial authorities have incurred non-recoverable up-front costs from implementing the levy's collection system.

Analysis for the MPI Food Business Levy

131. We have assessed the MPI Food Business Levy (food levy) against the Treasury principles outlined at paragraph 13, summarised in the table below.

Assessment of the status quo	
Authority	✓✓
Effectiveness	*N/A – implementation in progress.*
Efficiency	**XX**
Transparency	**X**
Consultation	✓
Equity	**X**
Simplicity	✓✓
Accountability	**X**

The current legislative settings allow MPI to recover costs through levies

132. The food levy is intended to benefit food businesses by funding the FAIP, which seeks to make the food safety regulatory system more consistent, and compliance easier to navigate.[88] There are also benefits to the broader public from a safer food sector, however recognising these benefits by distributing charges across the wider public would be highly inefficient.

The levy proposal process included opportunities for the sector to comment on the levy framework and administration

133. MPI consulted with the food sector on cost-recovery proposals associated with the FAIP in 2024.[89] While the food levy was only introduced recently, with charges payable by domestic operators from 1 July 2025, it was a key area of concern raised by food businesses during the Review's initial and targeted engagement. Many concerns reported to the Ministry reflected those raised through the consultation carried out by MPI.

Problem 1: The levy objectives and key deliverables are unclear to the sector

134. This problem relates to the effectiveness of the levy in achieving the policy objectives, and the transparency and accountability of the structure and deliverables to businesses, local government, and the public.

135. During consultation on the food levy model undertaken by MPI, five territorial authorities expressed concerns that the proposals surrounding the structure of the levy and its intended purpose conflicted with the principles of the Food Act 2014, highlighting issues with legislative clarity.[90] Regarding the basis for recovering costs, MPI has responded to sector concerns as follows:[91]

    a. '*The Food Act allows the Government to select the most suitable source of revenue. The levy funded services provide non-rivalrous 'club good' benefits to businesses, and therefore MPI have recommend to Government that it is justifiable to recover the costs of these services from the businesses who benefit.*'

136. We have also heard from businesses through the Review that the costs to businesses for improving existing regulatory systems are not justified. This was on the basis that the concrete regulatory improvements that benefit businesses were unclear or were perceived as benefitting some businesses more than others. The sector has reported that existing information provided by MPI is insufficient for setting expectations about timeframes and outcomes.

137. However, the food levy has not yet been in place for domestic food operators for a full financial year. This means there is limited evidence that enables the Review to make an informed judgement on whether the food levy is effectively recovering the prescribed costs, or whether the target deliverables improve the food safety system.

138. In our view, there is a relatively straightforward underlying cause for Problem 1:

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[88] The Ministry for Primary Industries (MPI) is empowered to collect a levy under the Food Act 2014 and the Food (Fees, Charges, and Levies) Regulations 2025.

[89] New Zealand Food Safety *Summary of Submissions of the Cost Recovery proposal to maintain and expand New Zealand Food Safety's core regulatory services under the Food Act 2014* (Ministry for Primary Industries, 31 May 2024).

[90] New Zealand Food Safety *Summary of Submissions of the Cost Recovery proposal to maintain and expand New Zealand Food Safety's core regulatory services under the Food Act 2014* (Ministry for Primary Industries, 31 May 2024) at 1.

[91] New Zealand Food Safety *Summary of Submissions of the Cost Recovery proposal to maintain and expand New Zealand Food Safety's core regulatory services under the Food Act 2014* (Ministry for Primary Industries, 31 May 2024) at 1.

a. There has been a lack of clear communication with the sector about work underway, and the progress being made to deliver on the objectives of the FAIP. This has created a level of information asymmetry between central government and the sector, that makes it challenging for the sector to perceive the levy as providing value.

139. We understand (as noted at paragraph 121) that the levy is intended to be a long-term funding mechanism for central government. However, in contrast to comparable small-scale levies, such as the Pae Ora Levy administered by the Ministry of Health, there are no statutory reporting requirements for the levy.[92] Our view is that despite the levy's transitional status, there is a further opportunity to use legislative design to ensure more transparency and accountability for the levy.

a. In 2025, MPI produced a cost-recovery report for the portion of the levy payable by food importers.[93] This report includes revenue and expenditure for levy-funded activities, a summary of levy invoicing, and forecast levy revenue. We understand MPI intends to produce a similar report regarding the portion of the food levy payable by domestic food businesses; the format has been agreed with MPI's industry reference group. The report will be published towards the end of 2026 when financial information from this financial year has been audited.

b. Reporting about the use of food levy funds, and clear communication on services and guidance outputs for businesses, would build credibility with the sector and help clarify businesses and territorial authorities' expectations. [94] This is supported by sector feedback on the initial levy proposal.[95]

c. The Pae Ora Levy[96] is one example of mechanisms to increase transparency. In 2023, a review of the levy by Allen + Clarke and the New Zealand Institute of Economic Research (NZIER)[97] led to the creation of a levy investment framework.[98] The objectives of the new framework are to ensure consistent funding decisions, improve the impact of funded activities, and strengthen transparency and accountability. The investment framework is supported by an impact measurement framework, annual reporting by the Ministry of Health, and periodical reporting by subsidiary agencies.

Problem 2: Collecting the levy through local government creates inefficiencies

140. This problem relates to the efficiency of the levy collection mechanism, and impacts on local government.

141. Through consultation undertaken by MPI, 17 territorial authorities raised concerns about the food levy collection mechanism, including potential financial and administrative burdens.[99] Concerns were raised regarding:

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[92] See New Zealand Food Safety *Proposal to maintain and expand New Zealand Food Safety's regulatory services under the Food Act 2014* (Ministry for Primary Industries, February 2024).

[93] New Zealand Food Safety *Imported Food for Sale – Report for the year to 30 June 2025 for Imported Food activities* (Ministry for Primary Industries, September 2025).

[94] Reporting is an increasingly used measure to ensure accountability; see the Audit Office *Setting and administering fees and levies for cost recovery: Good practice guide* (published under section 21 of the Public Audit Act 2001, August 2021) at 2.24-2.26 and 4.2-4.6.

[95] New Zealand Food Safety *Summary of Submissions of the Cost Recovery proposal to maintain and expand New Zealand Food Safety's core regulatory services under the Food Act 2014* (Ministry for Primary Industries, 31 May 2024) at 1-2.

[96] Pae Ora (Healthy Futures) Act 2022, s101.

[97] See Allen + Clarke *Independent Review of the Alcohol Levy – Stage 2* (Ministry of Health, 1 March 2024).

[98] See Ministry of Health *Alcohol Levy Investment Framework: A framework to strengthen consistency, transparency, and accountability over the Alcohol Levy* (1 March 2025).

[99] New Zealand Food Safety *Summary of Submissions of the Cost Recovery proposal to maintain and expand New Zealand Food Safety's core regulatory services under the Food Act 2014* (Ministry for Primary Industries, 31 May 2024) at 1.

a. the impact on councils' reputations and relationships with stakeholders (raised by 14 territorial authorities)

b. the need for clear communication and to avoid additional costs for ratepayers from administrative costs associated with levy collection (raised by six territorial authorities)

c. the proposed maximum $11 charge for collection costs (raised by seven territorial authorities)

d. the proposed 5-minute levy collection time, with suggestions to extend this (raised by six territorial authorities).

142. In response to these concerns, MPI noted that the extended lead-in time for implementing the domestic Food Business Levy should allow territorial authorities to integrate any systems modifications needed to collect the levy. [100]

143. Our engagement with the sector indicates that some territorial authorities have experienced a material increase to their costs from implementing the levy collection mechanism. For example, Auckland City Council was required to invest upwards of $143,000 on changes to their systems infrastructure to collect the levy.[101] Some overhead / systems infrastructure costs for territorial authorities may be ongoing, for example where the levy collection mechanism must be built into future system upgrades.

144. Where infrastructure costs have been incurred to implement the food levy, these may only be recovered through the capped $11 collection charge permitted for territorial authorities. The shortfall in funding will likely be cross subsidised by ratepayers, as previously noted in submissions on the food levy model through consultation undertaken by MPI.[102]

145. In our view, there is one core underlying cause for Problem 2:

a. The design of current collection mechanism did not consider the full upfront and potentially ongoing implementation costs for territorial authorities.

146. The issues identified here suggest that the current collection mechanism for the levy is out of step with guidance from the Audit Office, which states that the transaction costs from administering a charging regime should not be disproportionate to the amounts involved.[103] Our view is that there may be an opportunity to ensure that the levy collection process is more efficient, given the scale of the levy itself is relatively small.

Problem 3: The charging structure is oversimplified, and rates are not scaled to businesses' operations

147. This problem relates to the efficiency and equity of the levy structure for the range of eligible businesses.

148. While the current structure favours simplicity, there is a trade-off between how easily the framework can be understood and used, and how effectively the framework captures the risk from and benefit to various kinds of food business.

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[100] New Zealand Food Safety *Summary of Submissions of the Cost Recovery proposal to maintain and expand New Zealand Food Safety's core regulatory services under the Food Act 2014* (Ministry for Primary Industries, 31 May 2024) at 1.

[101] This information was provided to the Ministry for Regulation by Auckland City Council officials.

[102] New Zealand Food Safety *Summary of Submissions of the Cost Recovery proposal to maintain and expand New Zealand Food Safety's core regulatory services under the Food Act 2014* (Ministry for Primary Industries, 31 May 2024) at 1-2.

[103] See the Audit Office *Setting and administering fees and levies for cost recovery: Good practice guide* (published under section 21 of the Public Audit Act 2001, August 2021) at 3.40.

149. Levy rates for the domestic Food Business Levy are flat annual charges based on either a per business or per site basis. There is a waiver for mobile or market operators that is intended to mitigate impacts on temporary / transient small businesses. While the current structure favours simplicity, there is a trade-off between how easily the framework can be understood and used, and how effectively the framework captures the risk from and benefit to various kinds of food business.

150. For example, most hospitality businesses are registered under a template FCP, with very few businesses registered under a National Programme despite their relatively small scope of operations.[104] This means that under the current levy framework, some hospitality businesses will be subject to marginally higher levy rates regardless of the risks they pose, as they must pay the levy per site, rather than per business (which is the case for National Programmes). This also means that, similar to issues we have identified with the risk-based registration categories, the levy framework does not effectively target the varying scale, risk from, and benefit to, different hospitality businesses.

151. MPI considered a site-based charging structure as the most proportionate way to target the range of businesses across the sector, but noted this decision was made based on limited information about the risk and scope of businesses' activities and about territorial authorities' internal processes.[105] Businesses and local government disagreed with this charging structure in the consultation undertaken by MPI, and our Review heard about proportionality concerns from several businesses through our initial and direct engagement.

152. A formal complaint about the equity and transparency of the food levy have also been submitted to the Regulations Review Committee.[106] Concerns raised are regarding:[107]

    a. the approach to and scope of consultation and engagement with food businesses on the initial levy proposal

    b. the equity of the current levy charging framework, for small businesses, with a suggestion made to set charges for micro, small, medium, and large businesses to distribute the costs of regulatory work more fairly

    c. transparency and regulator accountability regarding the basis for charging the levy, and the use of levy funding to benefit food businesses.

153. MPI's response to the complaints acknowledged these concerns, setting out:[108]

    a. the consultation process that was undertaken, including the opportunities provided to businesses for engagement

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[104] See the Hospitality Review Supplementary Paper *An analysis of the current state and problems with how domestic food safety is regulated in hospitality settings* at 37-38.

[105] See New Zealand Food Safety *Proposal to maintain and expand New Zealand Food Safety's regulatory services under the Food Act 2014* (Ministry for Primary Industries, February 2024).

[106] The complaint was brought forward by an individual, and their petition was signed by 1900 people.

[107] See Regulations Review Committee *Complaint about the Food (Fees, Charges, and Levies) Regulations 2015 - Ben Plows-Kolff Supp 1* (published 25 May 2026) <https://www3.parliament.nz/en/pb/sc/submissions-and-advice/document/54SCREGR_EVI_e864617f-ffb1-4340-8c06-08ddf4d6ac3c_REGR1999/ben-plows-kolff-supp-1>; and also, Regulations Review Committee *Complaint about the Food (Fees, Charges, and Levies) Regulations 2015 - Ben Plows-Kolff Supp 2* (published 25 May 2026) <https://www3.parliament.nz/en/pb/sc/submissions-and-advice/document/54SCREGR_EVI_e864617f-ffb1-4340-8c06-08ddf4d6ac3c_REGR1969/ben-plows-kolff-supp-2>; and also, Regulations Review Committee *Complaint about the Food (Fees, Charges, and Levies) Regulations 2015 - Ben Plows-Kolff Supp 3* (published 14 May 2026) <https://www3.parliament.nz/en/pb/sc/submissions-and-advice/document/54SCREGR_EVI_e864617f-ffb1-4340-8c06-08ddf4d6ac3c_REGR2327/ben-plows-kolff-supp-3>.

[108] See Regulations Reviews Committee *Complaint about the Food (Fees, Charges, and Levies) Regulations 2015 - Ministry for Primary Industries Supp 1* (published 14 May 2026) <https://www3.parliament.nz/en/pb/sc/submissions-and-advice/document/54SCREGR_EVI_e864617f-ffb1-4340-8c06-08ddf4d6ac3c_REGR2328/ministry-for-primary-industries-supp-1>.

b. the justification for setting the levy based on MPI's cost recovery approach under the Food Act 2014

c. where MPI considered alternative options for setting levy rates raised through consultation on the levy proposal, including where an exemptions process has been developed.

154. We understand that no Committee report has yet been released. The fact that this complaint was raised is another indicator that people consider that there are problems with the current levy framework.

155. International approaches to regulatory charges for food (see paragraphs 96-97) provide a range of examples for how charges for food businesses can be structured. Options include seeking verifiable data about businesses as a proxy for the scope of their operations (e.g., revenue, FTE, square meterage of a site).

156. In our view, there are two underlying causes for Problem 3:

a. Limited information about the scale and risk of different hospitality businesses, including a lack of reliable information sources and measures. This has contributed to the levy's current design, which, like the current risk-based registration categories, does not always effectively differentiate between hospitality businesses and other food businesses, and between different kinds and scales of hospitality businesses

b. Second, an information symmetry, where hospitality businesses do not have a clear understanding of how they might benefit from work funded by the levy. Clearer communication about the FAIP and specific benefits for different businesses may support hospitality businesses to understand where the levy provides them with value for money. This relates to the underlying causes of Problem 1.

157. Given the food levy is intended to be a long-term cost-recovery mechanism, our view is that there is an opportunity to look more closely at the levy design. For example, recalibrating the charging structure may help to ensure that businesses that fall under more regulatory requirements (for example, higher-risk businesses) and therefore stand to benefit more from improvements to the regulatory system, are subject to proportionately higher levy costs. We also acknowledge there is a balance to be struck between increasing the precision of the levy framework, and ensuring the levy is practical and efficient to administer.[109]

158. As part of the FAIP, MPI is undertaking a review of charging frameworks, including the Food Business Levy. We understand that the first year of the FAIP has included an analysis of levy implementation and early operational performance, including how the levy is applied across different business types and sectors. We understand that this work has identified known and emerging issues with the food levy, as well as data limitations that need to be addressed. We have not been provided with this work and cannot comment on it.

Options for addressing issues with the Food Business Levy

159. We have considered several regulatory options for changing the food levy. Option 1 addresses the existence and form of the food levy, and Options 2 through 5 address ways that the levy model could be improved if the food levy is retained.

160. We have not analysed any non-regulatory options for changing the MPI Food Business Levy. The justification for and collection of the levy were key issues confirmed by our analysis;

[109] See the Audit Office *Setting and administering fees and levies for cost recovery: Good practice guide* (published under section 21 of the Public Audit Act 2001, August 2021) at 3.30.

there are no non-regulatory mechanisms for achieving material change regarding these issues.

161. The table below sets out the impacts of Options 1-5 above, including the key mechanisms for change. We have engaged with territorial authorities on these options, and 29 territorial authorities responded through our survey. Local Government New Zealand officials also provided their views on the options in the survey. Their preferences and key reasons for agreement / disagreement are noted as part of our analysis.

162. The options below are assessed against the Review's assessment criteria (paragraphs 47-49) relative to the status quo.

<table>
<tr><th>Option</th><th>Impact</th><th>Mechanism for change</th></tr>
<tr><td>Option 1: Repeal the MPI Food Business Levy.</td><td>This option would remove the ability for MPI to collect the food levy, reducing administrative work for MPI and territorial authorities, and reducing compliance costs for businesses.

If MPI were to continue the FAIP, they would need to fund further work through baseline funding or submit a budget bid to secure additional funding for this work as part of their departmental appropriation going forward. This would shift the cost of improving the regulatory system onto taxpayers, rather than onto industry (noting that costs to industry would ultimately be passed through to consumers, to some extent).</td><td>• Change to secondary legislation – amendment to the Food (Fees, Charges, and Levies) Regulations 2015 through Order in Council to remove the levy, including collection provisions for territorial authorities.[110]</td></tr>
<tr><td>Option 2: Retain the levy but introduce a revenue-based charging structure for businesses.

This option is mutually exclusive to Options 1 and 3.</td><td>This option would preserve the existence of the levy, while introducing a different charging structure to more closely match the scale of different businesses, noting that revenue is not a direct proxy for risk associated with a business's activities. The amount of the levy payable by different businesses would be based on businesses' annual revenue. Revenue tiers could be determined based on aggregate information published by Statistics New Zealand, peak bodies, the Ministry for Business, Innovation and Employment (MBIE) or Inland Revenue. Where aggregate data sources prove ineffective (our view is that this is unlikely) information could be sourced from Inland Revenue (IR), which may require MPI to develop a Memorandum of Understanding with IR.

Businesses would then self-select their revenue tier, with an obligation to confirm this one year after their registration, and in future where their revenue changes over time.

A provision could be added to the Food Act 2014 to enable MPI to request business' financial statements at periodic intervals either based on non-compliance, or for the purposes of auditing the charging framework.</td><td>• Change to primary legislation – amendment to the Food Act 2014 to allow MPI to request revenue information for the purposes of developing a levy charging framework, or for the purposes of verifying a business's self-selected levy rate.
• Change to secondary legislation – amendment to the Food (Fees, Charges, and Levies) Regulations 2015 through Order in Council to adjust the framework of levy charges.
• MPI would need to source aggregate revenue information (through Inland Revenue, MBIE, or industry bodies).
• MPI would need to consult with territorial authorities to determine revenue tiers (i.e., the number / distribution of different food businesses), and with food businesses, especially food manufacturers and importers, regarding the new charging framework.</td></tr>
<tr><td>Option 3: Retain the levy but introduce charging structure based on the number of FTE employed by the business.

This option is mutually exclusive to Options 1 and 2.</td><td>This option would have a similar impact to Option 2, using FTE as a proxy for business size. Tiers would be based on employment information provided to territorial authorities and to MPI by food businesses. For new businesses, information would need to be requested at registration and confirmed as part of the first verification. For existing businesses, information provided would need to be confirmed as part of their next verification.

A provision could be added to the Food Act 2014 to enable MPI to request business' employment information at periodic intervals either based on non-compliance, or for the purposes of auditing the charging framework.

An example charging framework based on business size was suggested by Restaurants Association in a submission to the Regulations Review Committee.[111] While this model includes a provision for recovering a proportion of the levy amount from territorial authorities, this amount could be distributed across businesses (by raising each levy rate in the original model by 82.5%), for example:
<table>
<tr><th>Business category</th><th>Levy charge</th></tr>
<tr><td>Micro business (45,215 sites)</td><td>$110</td></tr>
<tr><td>Small business (3,516 sites)</td><td>$137</td></tr>
<tr><td>Medium business (1005 sites)</td><td>$183</td></tr>
</table></td><td>• Change to primary legislation – amendment to the Food Act 2014 to allow MPI to request revenue information for the purposes of developing / reviewing / auditing a levy charging framework, or for the purposes of verifying a business's self-selected levy rate.
• Change to secondary legislation – amendment to the Food (Fees, Charges, and Levies) Regulations 2015 through Order in Council to adjust the framework of levy charges.
• This would also require collation using information requests from territorial authorities to food businesses in their respective region to gather self-reported employment information; IRD or MBIE may hold some information for cross-checking.
• MPI would need to consult with territorial authorities to determine FTE bands (i.e., the number / distribution of different food businesses), and with food businesses, especially food manufacturers and importers, regarding the new charging framework.</td></tr>
</table>

[110] MPI should retain levy-setting abilities under s198 to allow future reinstatement of cost-recovery mechanisms.

[111] See Regulations Review Committee *Complaint about the Food (Fees, Charges, and Levies) Regulations 2015 - Ben Plows-Kolff Supp 3* (published 14 May 2026) <https://www3.parliament.nz/en/pb/sc/submissions-and-advice/document/54SCREGR_EVI_e864617f-ffb1-4340-8c06-08ddf4d6ac3c_REGR2327/ben-plows-kolff-supp-3>.

	Large business (503 sites)	$228	
Option 4: Shift from local to central collection. *This option is mutually exclusive to Option 1.*	This option would streamline the levy collection process by removing the intermediary role of territorial authorities from the levy collection process. This includes where businesses are registered with territorial authorities.		• **Change to primary legislation** – amendment to the Food Act 2014 s 207(4)(c) **or** • **Change to secondary legislation** – amendment to (Fees, Charges, and Levies) Regulations 2015[112] through Order in Council to remove the role of territorial authorities regarding collecting the levy. • MPI and territorial authorities would need to inform businesses regarding the changes to payment mechanisms.
Option 5: Require annual reporting about the expenditure of the levy. *This option is mutually exclusive to Option 1.*	This option would require MPI to undertake reporting on levy income and expenditure, and to publish this reporting. This reporting could be modelled on the Ministry of Health (MoH) investment framework for the Pae Ora levy (alcohol levy) set under the Pae Ora (Healthy Futures) Act 2022.[113] This would provide territorial authorities, central government, businesses, and the public with more visibility over how funds are spent.		• **Change to primary legislation** – amendment to the Food Act 2014[114] to require MPI to undertake annual reporting on income, investment decisions, and expenditure for the food levy.

163. The table below sets out an assessment of Options 1, 4, and 5, which seek to address problems 1 and 2 regarding the rationale / basis for the levy, and inefficiencies for local government inherent to the collection mechanism.

Option	**Status Quo**	**Option 1:** Repeal the MPI Food Business Levy. *This option was not included in targeted consultation.*	**Option 4:** Shift from local to central collection. *This option was preferred by 89.7% (26) of territorial authorities that responded to our engagement on options for change.*	**Option 5:** Require annual reporting about the expenditure of the levy. *This option was preferred by 41.4% (12) of territorial authorities that responded to our engagement on options for change.*
Effectiveness	-	X • This option would reduce total food compliance costs for food businesses. • This option removes a key source of funding for improving the Food Act 2014 and associated regulatory activities. • The implementation of the levy is still in the transitional period; there is limited evidence of failure (in terms of policy objectives) that might support its removal.	✓✓ • This option would remove a small proportion of compliance costs for businesses ($12.75 per year for eligible food businesses) • This option would remove administrative work associated with levy collection (and associated overhead costs) from territorial authorities (noting that some systems / IT infrastructure changes have been completed already and are sunk costs). • This option would mitigate the risk of further increases to overhead or implementation costs where territorial authorities change or upgrade their systems. • This option would support role clarity between regulatory functions carried out by territorial authorities and those carried out by MPI. Maintaining the separation of levy invoicing from broader registration charges is important as there are distinct consequences for non-payment in each case. • Adds an additional administrative point of contact (MPI) for businesses that currently engage only with their local territorial authority regarding food safety. Businesses may perceive this as increasing the complexity of the regulatory system.	✓✓ • This option would provide an accountability mechanism to ensure territorial authorities, businesses, and the public have visibility over levy revenue and how it is being spent. • This option would also provide clarity regarding the policy objectives of the FAIP and the concrete regulatory improvements that are funded for businesses through the levy (i.e., it will be clear to businesses what they are paying for).
Efficiency	-	✓ • This approach would reduce administrative work for MPI regarding levy collection and allocation.	✓ • This option would increase administrative work and overhead costs for MPI relative to the quantum of levy funding available; but these trade-offs are outweighed by how centralisation would	✓ • This option would increase administrative work for MPI; potentially increasing administrative costs for the levy in comparison to revenue collected. Additional effort and cost would

[112] At regulation 3D.
[113] Public Health Agency *Alcohol Levy Investment Framework – A framework to strengthen consistency, transparency and accountability over the Alcohol Levy* (Ministry of Health, 13 March 2025).
[114] At section 202, or by introducing an entirely new provision.

Option	Status Quo	**Option 1:** Repeal the MPI Food Business Levy. *This option was not included in targeted consultation.*	**Option 4:** Shift from local to central collection. *This option was preferred by 89.7% (26) of territorial authorities that responded to our engagement on options for change.*	**Option 5:** Require annual reporting about the expenditure of the levy. *This option was preferred by 41.4% (12) of territorial authorities that responded to our engagement on options for change.*
		• This approach would reduce administrative work and overhead systems costs for territorial authorities. • To continue regulatory work, MPI would be required to find an alternative funding mechanism – this would likely be through seeking additional Crown funding (via a budget bid or reprioritisation within baseline), and there is a risk that the levy would be replaced by another fee or levy.	mitigate inefficiencies for local government by reducing duplication in processing and administration. • This option also ensures that businesses are not paying twice for overheads / collection costs. Currently, collection costs for MPI are accounted for through the base levy rates. This means that businesses registered with their local territorial authority (where the territorial authority charges the allowable collection fee) are helping to cover the administrative costs for both collection mechanisms.	likely be small, given MPI already report to Ministers on other matters regarding food safety work.
Feasibility	-	X • There is no significant implementation barrier to removing the levy, noting that significant investment has already been made in collection mechanisms etc.; however, seeking alternative funding to continue the FAIP may be challenging, e.g., where a budget bid is required.	✓ • MPI would need to review the quality and accuracy of information held in the national register – ensuring this is fit for purpose to inform centralised levy collection and reduce opportunities for evasion. • MPI already carries out debt collection functions for the levy at a central level; this should support a simpler transition to a centralised collection function.	✓✓ • MPI is planning to undertake annual reporting on the levy. The first report on the food levy for domestic food businesses should be published later in 2026. Reporting functions are already being funded from levy revenue.
Impact on individual rights and liberties	-	**0** *This option has no direct impact on individual rights and liberties.*	**0** *This option has no direct impact on individual rights and liberties.*	**0** *This option has no direct impact on individual rights and liberties.*
Option score	-	**-1**	**4**	**5**

164. Option 1 jeopardises MPI's ability to progress work underway to improve the food regulatory system for the benefit of food businesses, and ultimately for the benefit of the general public (in terms of food safety and risks to public health). While we have considered it as part of conducting a rigorous analysis of options for change, our view is that repealing the levy would likely mean MPIs' work to improve the food safety regulatory system unsustainable. However**, we do recommend substantive changes through Options 4 and 5 for improving the efficiency and accountability / transparency of the levy**.

165. The table below sets out an assessment of Options 2 and 3, which seek to address problem 3 regarding the proportionality of the levy in terms of the risk posed by businesses' activities and in terms of businesses' scope of operations / size.

Option	**Status Quo** *This option was preferred by 44.8% (13) of territorial authorities that responded to our engagement on options for change.*	**Option 2:** Introduce a revenue-based charging structure for businesses. *This option was preferred by 17.2% (5) of territorial authorities that responded to our engagement on options for change.*	**Option 3:** Introduce a charging structure based on the number of FTE employed by businesses. *This option was preferred by 3.5% (1) of territorial authorities that responded to our engagement on options for change.*
Effectiveness	-	✓ • Provides a revenue structure that is more directly tailored to the scale of different businesses. This may be a more precise and proportionate basis for charging where small (e.g., hobby / home-based) or seasonal businesses stand to benefit less from regulatory system improvements being carried out through the FAIP. • The charging structure would be more nuanced regarding the registration categories and therefore avoid associated issues with how these categories conceptualise and capture risk.	**0** • Provides a charging structure that is more directly tailored to the scale of different businesses. • Charging structure would be more independent of registration categories and therefore avoid associated issues with how these categories conceptualise and capture risk. • FTE as a proxy for scale is not directly proportionate to the risk incurred by food-related activities; this may result in higher charges to businesses that employ more people to carry out their operations, but that are not inherently riskier. The reliability of

Option	**Status Quo** *This option was preferred by 44.8% (13) of territorial authorities that responded to our engagement on options for change.*	**Option 2:** Introduce a revenue-based charging structure for businesses. *This option was preferred by 17.2% (5) of territorial authorities that responded to our engagement on options for change.*	**Option 3:** Introduce a charging structure based on the number of FTE employed by businesses. *This option was preferred by 3.5% (1) of territorial authorities that responded to our engagement on options for change.*
		• Revenue as a proxy for scale is not directly proportional to the risk incurred by food-related activities; this may result in higher charges to businesses that are structurally larger or more profitable, but that are not inherently riskier. • There may be unintended implications for food manufacturers and importers where businesses are structurally larger with a different risk base (i.e., export). • Where businesses provide overly conservative information about revenue, this could compromise the fairness of the charging framework. • This structure would reduce certainty for government around total levy revenue each year, as the amount collected from businesses would depend on their revenue and the underlying growth, profitability, and sustainability of the food sector over time. This could limit the government's ability to make long-term decisions about how levy revenue is invested in regulatory work.	employment data may also be impacted by the high rates of turnover in the hospitality sector. • There may be unintended implications for food manufacturers and importers, where the balance of FTE across operations is different (i.e., there are no front of house staffing requirements) but different risks are involved (i.e., around export quality). • There may also be unintended implications for food businesses where employment is seasonal – i.e., for businesses in more tourism-oriented regions, where activities are associated with similar levels of risk to other businesses when they are operational, but where staff are not employed year-round. • This structure would reduce certainty for government around total levy revenue each year, as the amount collected from businesses would depend on employment levels and the underlying sustainability of the food sector over time. This could limit the government's ability to make long-term decisions about how levy revenue is invested in regulatory work.
Efficiency	-	✓ • Where businesses provide overly conservative information about revenue, this could compromise the fairness of the charging framework. • This option may create increased opportunities for evasion (e.g. about verifying annual revenue / where revenue changes) that would be challenging to detect, as MPI does not currently hold any data against which information could be cross-checked; monitoring would be challenging. • Creating a legislative backstop (for example a provision that allows MPI / the territorial authority to request financial statements where non-compliance is suspected) would require change to primary legislation and may be operationally complex to use. • Implementation could result in further costs to NZFS that would exceed funding available through the FAIP, for example costs from policy development, legislative amendments, any processes used to verify information provided by businesses, and any transition planning / communications activities. • Verifying revenue information may be administratively burdensome for territorial authorities where they are required to gather this information. This could be mitigated by fully centralising collection processes (see Option 4).	**0** • Where businesses provide overly conservative employment information, this could compromise the fairness of the charging framework. • This option may create increased opportunities for evasion (e.g., where employment is seasonal or largely casual / part time) that would be challenging to detect, as MPI does not hold any data against which information could be cross-checked; monitoring would be challenging. • Creating a legislative backstop (for example a provision that allows MPI / the territorial authority to request employment information where non-compliance is suspected) would require change to primary legislation and may be operationally complex to use. Where there is no legislative provision to request employment information (i.e., the system relies on self-report and observation by verifiers) there is a risk that non-compliance could be undetected, affecting the total levy amount collected. • Implementation could result in further costs to NZFS that would exceed funding available through the FAIP, for example costs from policy development, legislative amendments, any processes used to verify information provided by businesses, and any transition planning / communications activities. • There may be some scope for territorial authorities to broadly verify compliance as part of verification, but this would require ongoing involvement (and operational cost) for territorial authorities, even where the levy collection is otherwise administered by MPI.
Feasibility	-	✓ • It is likely that broad-based Revenue tiers could be developed without the need to seek confidential company information held by Inland Revenue. Information could be sought from Statistics New Zealand, from MBIE (from work on Hospitality Sales), or from peak bodies such as Hospitality New Zealand or Restaurants Association. • MPI and territorial authorities would need to consult with other food sectors to	✓✓ • Restaurants Association have developed and proposed an FTE-based charging framework for the food levy, with tiers for micro, small, medium, and large businesses (below). If needed, MPI could explore alternative sources of FTE information including work on Hospitality Sales at MBIE and Statistics New Zealand. • MPI and territorial authorities would need to consult with other food sectors to ascertain

Option	**Status Quo** *This option was preferred by 44.8% (13) of territorial authorities that responded to our engagement on options for change.*	**Option 2:** Introduce a revenue-based charging structure for businesses. *This option was preferred by 17.2% (5) of territorial authorities that responded to our engagement on options for change.*	**Option 3:** Introduce a charging structure based on the number of FTE employed by businesses. *This option was preferred by 3.5% (1) of territorial authorities that responded to our engagement on options for change.*
		ascertain how a new charging framework would affect them (e.g., food manufacturers). • If MPI needs to source information from IR (note our view is that this is not necessary) – s 9(2)(h) [redacted]	how a new charging framework would affect them (e.g., food manufacturers). • s 9(2)(h) [redacted]
Impact on individual rights and liberties	-	**0** *This option has no direct impact on individual rights and liberties.*	**0** *This option has no direct impact on individual rights and liberties.*
Option score	-	**3**	**2**

166. Both a revenue and FTE-base charging framework would be complex to implement relative to the status quo; there is a trade-off between accuracy and simplicity. Through consultation, a few territorial authorities suggested incorporating the food levy into GST for food businesses, transferring the collection mechanism to Inland Revenue; however, our view is that this would likely be more complex to implement and administer than the existing regime or any charging framework discussed above. Given the levy is intended to be a long-term funding mechanism, our view is that an alternative funding mechanism should be explored, despite costs to redevelop the framework and collection mechanism. Our view is that a revenue-based model would be more precise and would allow total centralisation of the levy administration in comparison to an FTE-based model, although an FTE-based model may be marginally faster to implement. **We therefore recommend Option 2**, noting the risks set out above.

s 9(2)(h) [redacted]

Recommendations

167. We recommend the following set of options for reforming the current charging framework for the food levy, including how the levy is collected.

Scale the food levy by business revenue, and centralise collection [*Food Recommendation 7, Fees and Levies Recommendation 1*]	
Description	We recommend: i. using aggregate revenue data to develop tiered levy rates for domestic food businesses in regulation, so that higher-revenue food businesses are subject to higher levy rates, and lower-revenue food businesses are subject to lower levy rates a. revenue-based tiers could be set out for micro businesses, small businesses, medium businesses, and large businesses using estimates of business revenue based on data held by central government and in consultation with local government b. businesses could self-select their revenue tier at point of registration, with a requirement in secondary legislation to update this information where revenue changes (supported by documentation if necessary). Registration information for businesses registered with their local territorial authority is already shared with MPI to inform the central register. This makes the point of registration a feasible mechanism for allocating businesses to food levy tiers c. a provision in the Food Act 2014 could be used to enable MPI to request financial statements from a business (or a subset of food businesses) on a periodic basis for the purposes of verifying their revenue and therefore their allocated levy rate. This provision should also apply where non-compliance is suspected. ii. centralising the levy collection mechanism that is currently carried out by territorial authorities iii. setting out statutory requirements for annual reporting about MPI's levy income, expenditure, and key outcomes (e.g., achievements through the FAIP).
Expected benefits	*Overall* – Provides a more precise, proportionate charging framework and a more efficient collection mechanism for the food levy.
	For hospitality businesses – Ensures that levy charges are tailored to the scale of different businesses, and that system improvements being funded are visible.
	For regulators – Reduces duplication and inefficiency inherent in the current localised collection model, removing cost pressures on local government and making MPI the single point of contact for the levy.

Expected costs	We expect that design and implementation costs for central government for recalibrating the charging framework could be largely covered through the existing levy funding. There may be an increase to administrative and operational costs for MPI as part of the day-to-day administration of the new centralised collection mechanism; these would need to be included as part of the levy charges or met through other means. A review of the charging framework is already planned for as part of the FAIP. There would be moderate short-term costs to local government from contributing to the development of a revenue-based charging framework.
Implementation	MPI would be responsible for legislative amendments to primary and secondary legislation, and for designing and developing the revenue-based framework, including consultation with the sector. We recommend that work to change the levy collection mechanism is initiated as soon as possible to ensure that centralised collection is in force prior to the introduction of a new charging framework. This minimises the sunk costs from updates to IT systems and administrative overheads for local government, with consideration of local government amalgamation underway. We recommend the development of a revenue-based charging framework is undertaken alongside the centralisation of the levy collection, with changes coming into force subsequently. We recognise that developing a revenue-based framework presents complexities that may require a longer lead-in time. The centralised collection mechanism should be implemented by 1 July 2027, with the revenue-based charging framework planned to come into force by the end of 2027.
Impact on other food sectors	A revenue-based model would ultimately lead to changes in the levy rates applied to manufacturers. The scale of manufacturing businesses would ultimately determine whether their individual liability would increase or decrease. MPI would need to consult with all affected food sectors (e.g., manufacturers, importers) as part of the design and development of the new charging framework for the food levy.
Key stakeholder views	The fees and levies options were only consulted on with territorial authorities. 93 percent of territorial authorities supported centralising the levy collection mechanism. However, most submitters favoured retaining the status quo i.e., a flat food business levy regardless of the size of the business.

Comments

168. NZFS have provided comments on our recommended options for changing the food levy rates and collection mechanism.

    a. Regarding annual reporting on the food levy, NZFS supports consideration of reporting requirement to ensure enduring transparency for businesses about how the levy funding is used to deliver improvements to the food safety regulatory system.

b. Regarding changes to the charging framework, NZFS did not support the shift to a revenue-based charging framework. This was due to concerns around the feasibility of using revenue data to develop tiered levy rates, and the precision of revenue as a measure for capturing risk, and the administrative and operational costs associated with change. NZFS view an FTE-based model as more feasible.

c. Regarding a centralised collection mechanism, NZFS supports exploring options to centralise collection processes and reduce administrative burden. However, they do not support centralising the levy collection mechanism due to the risk of further implementation costs (noting that local government have already invested in implementation) and risk of reduced role clarity between the role of NZFS and territorial authorities. Our view is that the risks to role clarity are low, and the risk of further implementation costs are mitigated by the medium- to long-term efficiencies for local government.

Part IV: Alcohol licensing charges

Background and policy objectives

169. The Government regulates the sale and supply of alcohol because alcohol consumption causes significant, preventable harm that affects not just individuals, but families / whānau, communities, the burden on public services including the health and justice systems. The New Zealand Institute of Economic Research (NZIER) estimates the total societal cost of alcohol-related harms in 2023 as $9.1 billion, including costs to the health system estimated at $766 million.[118]

170. It is challenging to evaluate the true cost of alcohol-related harm, because it is not directly related to the amount of alcohol being consumed.[119] However, the weight of evidence indicates that alcohol-related harm exceeds harm from other drugs and illicit substances[120], with drug harm criteria including but not limited to:

    a. Drug-specific and drug-related mortality
    b. Drug-specific and drug-related damage to physical health
    c. Dependence (i.e., the extent to which a drug creates a propensity to continue use regardless of adverse consequences)
    d. Drug-specific and drug-related impairment of mental functioning
    e. Loss of tangible things (e.g., income, housing, job or employment position, education or training opportunities, imprisonment, etc.)
    f. Loss of relationships (e.g., with family / whānau, friends, social or community groups)
    g. Non-physical / spiritual damage (e.g., impacts on reputation, identity, and ability to fulfil cultural obligations)
    h. Harm to others
    i. Injury (both direct and indirect)
    j. Crime
    k. Family adversities
    l. Intergenerational harms (e.g., through transmission of addictive behaviours)

[118] 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. New Zealand Institute of Economic Research *Cost of alcohol harms in New Zealand: Updating the evidence with recent research* (NZIER report to the Manatū Hauora | Ministry of Health, March 2024) at i and v.
[119] 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 6.
[120] Rose Crossin, Lana Cleland, Chris Wilkins, Marta Rychert, Simon Adamson, Tuari Potiki, Adam C Pomerleau, Blair MacDonald, Dwaine Faletanoai, Fiona Hutton, Geoff Noller, Ian Lambie, Jane L Sheridan, Jason George, Kali Mercier, Kristen Maynard, Louise Leonard, Patricia Walsh, Rhys Ponton, Sue Bagshaw, Suresh Mathukumaraswamy, Tracey McIntosh, Edward Poot, Paul Gordon, Patrick Sharry, David Nutt, and Joseph Boden "The New Zealand drug harms ranking study: A multi-criteria decision analysis" (2023) 37 J Psychopharmacol 891 at Figure 2.

m. Community (e.g., the extent to which the use of a drug creates a decline in social cohesion, a decline in the productiveness and well-being of the community, etc.)

n. Environmental damage, international damage, and economic cost.

171. The rules in place aim to improve New Zealand's drinking culture and reduce the harm caused by excessive drinking. This includes mitigate the occurrence of alcohol-related harm to those drinking and those around them (i.e., negative internalities and externalities[121]) and recovering costs to the Government from alcohol regulation and alcohol-related harm.

172. Regulatory requirements set out under the Sale and Supply of Alcohol Act 2012, the Sale and Supply of Alcohol (Fees) Regulations 2013, the Customs and Excise Act 2018, and the Pae Ora (Healthy Futures) Act 2022 provide a means for the government to meet these objectives. Charging mechanisms include:

a. Alcohol licencing fees for businesses selling alcohol, which cover the costs to local government from processing applications, issuing licences, and carrying out periodic inspections of licensed venues.

b. The Pae Ora Levy (or 'alcohol levy;' previously known as the Health Promotion Agency Levy), which provides the government with funding for prevention initiatives that target the public health effects of alcohol consumption.

c. Taxation levers including Goods and Services Tax (GST) and alcohol excise duties. Excise tax and excise-equivalent duties are primarily intended to reduce alcohol consumption through a tiered user-pays system.[122] These taxation levers are also intended to provide the Crown with a sustainable revenue stream.

173. These charges target distinct levels of the supply chain, as explained below.

a. Businesses that manufacture alcohol are required to pay excise tax and the alcohol levy. These costs are intended to be passed through to consumers as higher prices, which incentivise reduced consumption.

b. Any business that retails or distributes alcohol directly to consumers (including where a manufacturer such as a brewery carries out retail activities) must have an alcohol licence and pay licensing fees.

c. Every person who consumes and/or purchases alcohol in New Zealand is liable to pay GST through the price of each drink they purchase.

Legislative instruments

Fees for alcohol licensing are set through primary legislation, secondary legislation, and Council bylaws

174. The Sale and Supply of Alcohol Act 2012 is administered by the Ministry of Justice (MoJ). It requires businesses selling alcohol to be licensed and sets out the main categories of

[121] An internality is a cost or benefit resulting from one party's activities, where the impacts (either costs or benefits) are primarily limited to that party (i.e., negative internalities might include the effects of smoking only on the person who smokes), and the party fails to rationally consider those costs or benefits in their decision-making. An externality is a cost or benefit resulting from one party's activities that falls on an uninvolved third party. This cost or benefit is not incorporated (or 'internalised') in the decision-making of the original party. As a result, activities with negative externalities (spillover costs) occur more than is socially optimal, and activities with positive externalities (spillover benefits) occur less than is socially optimal, both of which lead to outcomes that fail to maximise social welfare. Examples of negative externalities include air and water pollution, health effects of passive smoking, and traffic congestion.
[122] See the Hospitality Review Supplementary Paper *Alcohol excise tax for kegged beer*.

licences: on-licences, off-licences, special licences, and club licences.[123] The Act intends that industry rather than ratepayers is responsible for meeting the costs of licensing.

175. Fees that recover licensing costs are set through the Sale and Supply of Alcohol (Fees) Regulations 2013 (administered by MoJ). These regulations assign the cost / risk ratings that determine the respective licensing fees for different applicants. The cost-recovery policy objectives of the Sale and Supply of Alcohol (Fees) Regulations 2013 are to[124]:

    a. recover the total reasonable costs incurred from administering the alcohol licensing system

    b. ensure that parties who require more regulatory effort bear more costs

    c. allow local circumstances to be reflected in the fees for businesses and income for territorial authorities (territorial authorities)

    d. minimise alcohol-related harm.

176. Under the Sale and Supply of Alcohol Act 2012, fees set through the Sale and Supply of Alcohol (Fees) Regulations 2013 are required to be reviewed at least every five years.[125] Following each review, the Ministry of Justice is required to report to the Minister about whether the fees regulations should be amended or replaced.

177. The Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013 provides territorial authorities with the authority to change the default fees for their geographic area but requires them to use the risk framework set out in the Sale and Supply of Alcohol (Fees) Regulations 2013.[126]

How charges for alcohol licensing work in practice

Alcohol licensing fees are set centrally with some regional variation through bylaws

178. The number of active alcohol licences (including renewals) recorded by MoJ for the period 2023-2026 are set out in the table below.[127] Note that the recorded number of special licences and other licences (e.g., temporary authorities) is variable as these are discrete, time-limited, or events-based.

Licence type	Number recorded
On-licences	6,659
Club licences	1,672

179. For on-licences, off-licences, and special licences, the Sale and Supply of Alcohol (Fees) Regulations 2013 set out a fee-setting framework based on a cost / risk rating of different premises. A TA (i.e., a Council) must assign a cost / risk rating to the premise for which a licence is sought, based on:

[123] Sale and Supply of Alcohol Act 2012, s13.

[124] Sale and Supply of Alcohol Act 2012, s 402.

[125] Sale and Supply of Alcohol Act 2012, s 404.

[126] Territorial authorities include City and District Councils.

[127] Data gathered from the national register of licences and certificates; see Ministry of Justice "Alcohol Regulatory & Licensing Authority" Register of licences and certificates" (27 February 2026).

a. the type of premise, e.g., restaurant, night club, tavern, adult premise, hotel, winery, etc. Regulation 5 also introduces a class system for clubs and restaurants (Class 1, 2, or 3, with 1 based on the highest risk and 3 with the lowest)

b. the latest time alcohol can be sold at the premise

c. the number of enforcement actions taken in the past 18 months.[128]

180. Criteria (a) and (b) are assessed for both new licences, renewals, and changes in ownership (which essentially involves a new licensing application). We understand that (c) is applied inconsistently – for example where a new business assumes ownership of an existing premise, previous enforcements at that premise are sometimes considered.

181. The higher the cost / risk rating, the higher the fees category assigned to the licence in the fee-setting framework. Territorial authorities have the discretion[129] to charge a fee one category lower than the category in the fee-setting framework, set out below:[130]

Fees category	Application fee	Annual fee
Very low	$320	$140
Low	$530	$340
Medium	$710	$550
High	$890	$900
Very high	$1,050	$1,250

182. Territorial authorities are permitted to set their own fees using the same framework (i.e., determine the fees for each category) under the Sale and Supply of Alcohol (Fee-setting bylaws) Order 2013.[131] In order to do this, the territorial authority must create a local bylaw. Currently, 11 territorial authorities have enacted local bylaws that allow them to deviate from the default fees above. The range of application and annual fees set through these bylaws is provided in the table below:

Fees category	Application fees (range)	Annual fees (range)
Very low	$418 - $977.60	$189 - $427.70
Low	$676.17 - $1619.20	$459 - $1038.70
Medium	$958.50 - $2172	$742.50 - $1682
High	$1201.50 - $2916	$1215 - $2949
Very high	$1417.50 - $4399	$1687.50 - $4771

[128] This criterion is more relevant for renewal and annual fees after the initial application.

[129] Territorial authorities can reduce the fee category of an applicant by one level (for example, from high to medium) where it considers this appropriate in the circumstances. For example, a reduction may be appropriate to recognise licensees who demonstrate exemplary behaviour and systems, lower fees for premises with multiple licences where the costs to the TA are significantly lower than typical for each licence of that type, or recognise local knowledge or circumstances that mean that a lower fees category better reflects the TA's costs in respect of a particular premises.

[130] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 7.

[131] All fees prescribed by the Sale and Supply of Alcohol (Fees) Regulations 2013 are GST exclusive.

183. Appendix 2 to this paper sets out a comparison table of alcohol licensing fees across eight territorial authorities, for reference.

184. Some councils provide pre-application meetings for alcohol licensing and food registration (e.g., Waipa District Council). Sometimes these are charged as part of the cost of a licensing application or are charged based on actual staff time.[132]

185. Under the Sale and Supply of Alcohol (Fees) Regulations 2013, territorial authorities have discretion to discount the licensing fee for businesses[133] by assigning a fees category to premises that is 1 level lower than the fees category determined using the cost / risk framework[134]; but no premises may be assigned a category lower than very low.

186. The Sale and Supply of Alcohol (Fees) Regulations 2013 also specify amounts from application and annual licensing fees that are payable by territorial authorities to the Alcohol Regulatory and Licensing Authority (ARLA)[135], set out below.[136] This contribution cannot be changed through bylaw:

Fee category for premises	Portion of application and annual fee payable to ARLA
Very low	$15
Low	$30
Medium	$45
High	$75
Very high	$150

187. The categorisation framework and fees for special licence Class 1, 2, and 3 are also set in the Sale and Supply of Alcohol (Fees) Regulations 2013.[137] The categories are based on the scale and number of events undertaken, and the fees are set out in the table below:

Special licence class	Fee
Class 1 *(for events that are of a 'large size', 13 or more events that are of 'small size', or four or more events that are of 'medium size')*[138]	$500
Class 2 *(for three to 12 events that are of a 'small size', or one to three events that are of a 'medium size')*	$180
Class 3 *(for one or two events that are of a 'small size')*	$55

[132] See Waipā District Council "Alcohol licensing" (n.d.) <https://www.waipadc.govt.nz/our-services/licensing/alcohol-licensing#toc-link-6>.

[133] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 6(4).

[134] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 5.

[135] ARLA is an independent Tribunal established by the Sale and Supply of Alcohol Act 2012. ARLA considers and determines a) appeals against decisions made by District Licensing Committees, and b) applications made by licensing inspectors and New Zealand Police for the variation, suspension, or cancellation of licences and manager's certificates.

[136] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 8.

[137] Sale and Supply of Alcohol (Fees) Regulations 2013, regs 9-10.

[138] A 'large size' event is an event that will have more than 400 attendees. A 'medium size' event is an event that will have between 100 and 400 attendees. A 'small size' event is an event that will have less than 100 attendees.

188. Territorial authorities are empowered to charge a special licence fee that is a class below the class of the licence being issued, as long as it is not less than the Class 3 fee.[139]

189. The Sale and Supply of Alcohol (Fees) Regulations 2013 have been reviewed twice since their implementation – in 2017 and 2022. Overall, the 2017 review of licensing fees found significant variability in territorial authorities' cost-recovery across the country, while the 2022 review found a notable overall shortfall in territorial authorities' recovery of the costs of alcohol licensing.[140]

190. Under the Sale and Supply of Alcohol (Fees) Regulations 2013, territorial authorities are provided with the ability to charge a range of other fees regarding licensing – temporary authority fees, temporary licence fees, permanent club charter fees, and extract from register fees.

191. Fees for managers' certificates are also set through the Sale and Supply of Alcohol (Fees) Regulations 2013. The Regulations require these fees to be consistent across all territorial authorities. [141]

Themes from engagement

Engagement with the sector highlighted that alcohol licensing fees are out of step with risk and limit cost-recovery

192. The table below shows the range of overarching and system-specific concerns raised by businesses and regulators as part of the Review's engagement from November 2025 through to March 2026.[142]

Issues raised	Overarching	Specific
Hospitality businesses	• Total compliance costs are significant. • Overlapping processes create duplicative costs. • Outputs from funding are not transparent.	• Where councils have increased fees, for example through bylaws, the rationale is unclear. • The default fees are not proportionate to real risk. • Transparency about cost components is limited.
Territorial authorities	• Full cost-recovery is not being achieved. • Two reviews have not delivered substantive change.	• The default fees are not proportionate to regulatory effort and risk. • The complexity of making a bylaw discourages territorial authorities from recalibrating fees. • Discounts are used, but not regularly or consistently.

[139] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 10(2).

[140] See Ministry of Justice *Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (report, December 2017); and Allen + Clarke *2022 Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (Final report, 1 December 2022).

[141] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 11.

[142] Appendix D to the Review's Final Report includes three summaries of engagement from the Hospitality Review; these provide more detail about what we heard from the sector.

Case studies highlighted the scale and inconsistency of alcohol licensing costs for hospitality businesses

193. The four case studies completed as part of our engagement have provided a range of insights regarding fees for alcohol licensing. Key insights are listed below.

a. Some businesses hold multiple alcohol licences to capture the range of their activities (for example, a pub and restaurant may hold both an on- and off-licence). This means that a business is then liable to pay annual and renewal fees for both licences on an ongoing basis.

b. Annual fees are significant and are payable even where inspections do not take place (for example, where a business is known to be a 'good' operator).

c. Consultants are a 'hidden' compliance cost; where an operator uses a third party to navigate complex licencing requirements, this can add upwards of $2000 to licensing costs.

d. Businesses in some parts of the country (for example, Wellington) are subject to significantly higher alcohol licensing fees (by more than 100%) than similar businesses elsewhere (for example, Auckland). Similar operational scope and performance do not guarantee similar licensing costs across the country.

Analysis for alcohol licensing fees

194. We have assessed the fees framework for alcohol licensing in consideration of the principles for cost-recovery described at paragraph 13, summarised in the table below.

Assessment of the status quo	
Authority	✓✓
Effectiveness	XX
Efficiency	X
Transparency	X
Consultation	✓
Equity	XX
Simplicity	✓
Accountability	XX

Territorial authorities have a statutory and policy rationale for charging licensing costs to businesses

195. Licensing fees target businesses that sell and supply alcohol as the chief exacerbators of alcohol-related harm. While on-premise drinking is considered lower-risk than off-premise drinking, on-premise drinking is not "safe," and the licensing system is oriented towards

harm minimisation.[143] Licensing charges do not target the social costs of alcohol consumption (unlike alcohol excise tax or the Pae Ora levy, see paragraph 133). However, these charges ensure that businesses that sell or supply alcohol bear the primary costs of the risk-based approach to regulating the sale or supply of alcohol. This approach is more equitable than using Crown revenue or rates revenue to fund the licensing regime.[144]

Five-yearly fees reviews provide the sector with opportunities to share feedback on the performance of the legislative framework

196. MoJ has commissioned and carried out two reviews of the fees framework for alcohol licensing in 2017 and 2022.[145] As part of these reviews, MoJ carried out comprehensive engagement with the sector, including businesses, local government, District Licensing Committees (who grant the licence and set licence conditions), and community groups. There will be another statutory review of the fees framework in 2027.[146]

197. Both reviews found significant issues with the performance of the fees framework set in the Sale and Supply of Alcohol (Fees) Regulations 2013. The problems identified by this Review have confirmed many issues identified previously.

Problem 1: Alcohol licensing costs are not being effectively recovered

198. This problem relates to the effectiveness of the alcohol licensing system for achieving cost recovery.

199. Historically under the Sale of Liquor Act 1989, ratepayers subsidised about 50%, or $5.4 million a year, of the licensing system.[147] The current fees framework was implemented with the intention of ensuring more effective cost-recovery (see para 123).

200. While data from 2015/2016[148] indicated that collectively, territorial authorities were cost-recovering 108% of the licensing system, the rates of cost recovery varied significantly, with territorial authorities recovering between 50% and 200% of the costs of administering alcohol licensing.[149] The 2017 review also highlighted that ARLA's costs were already exceeding its revenue. The 2022 review confirmed a continuing downward shift in collective cost-recovery for alcohol licensing and additionally found that more territorial authorities were adopting bylaws as a mechanism for increasing fees.

201. This Review has not heard from any territorial authorities that are fully cost-recovering their regulatory functions regarding alcohol licensing. We have explicitly heard that 10 territorial authorities are not fully cost recovering. This group includes both territorial authorities using the default fees framework, and territorial authorities that have developed a local bylaw. The level of cost recovery for five of these territorial authorities averages at 68.7%. Some territorial authorities are not reporting or tracking their level of cost-recovery.

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[143] See the Hospitality Review Supplementary Paper *An analysis of the current state and problems with how alcohol is regulated in hospitality settings*.

[144] See the Audit Office *Setting and administering fees and levies for cost recovery: Good practice guide* (published under section 21 of the Public Audit Act 2001, August 2021) at 1.6.

[145] See Ministry of Justice *Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (report, December 2017); and Allen + Clarke *2022 Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (Final report, 1 December 2022).

[146] Sale and Supply of Alcohol Act 2012, s 404.

[147] See Ministry of Justice "Key initiatives: Fee system for alcohol licensing" (December 2020) <https://www.justice.govt.nz/justice-sector-policy/key-initiatives/key-initiatives-archive/sale-and-supply-of-alcohol/licensing/fee-system-for-alcohol-licensing/>.

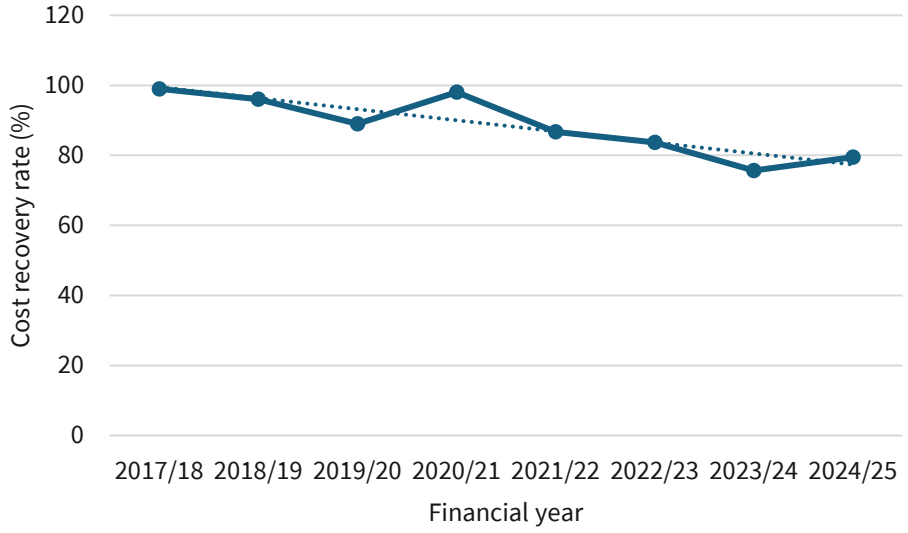
[148] This data was collected to inform he 2017 review of the fees framework.

[149] There was no evidence that the existing fees were either too low or too high at this stage at a national level; there was also no evidence that over-recovery was occurring overall; see Ministry of Justice *Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (report, December 2017) at 80.

a. Hutt City Council currently reports on income from fees and expenditure on licensing.[150] The reporting demonstrates the impact of a bylaw for improving cost recovery – before Hutt City Council introduced the local bylaw, cost recovery ranged from 41% to 61%, and after the bylaw was introduced (increasing fees), cost recovery ranged from 80% to 93%.

b. Selwyn District Council published cost recovery reporting for alcohol licensing in 2015, at which point their rate of cost recovery was 105%.[151]

c. Auckland City Council do not have a bylaw in place for alcohol licensing fees, and do not publish cost-recovery reporting specific to alcohol licensing. However, they have provided us with their annual rates of cost recovery from the 2017/18 financial year through the 2024/25 financial year. The graph below presents this data and demonstrates reduced cost recovery over time.

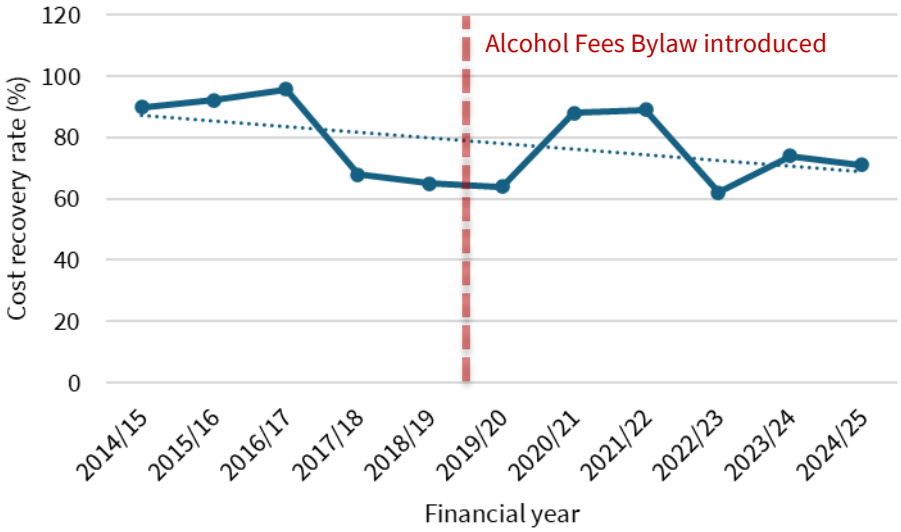


d. Wellington City Council have introduced a bylaw for alcohol licensing fees and currently report on their rate of cost recovery for alcohol licensing. Their total income / expenditure reporting dates to the 2014/15 financial year, and they have published a comprehensive breakdown of cost components since the 2017/18 financial year.[152] Wellington City Council's rate of cost-recovery from 2017/18 through 2024/25 is set out in the figure below.

[150] See Hutt City Council "About alcohol licences" (n.d.) <https://www.huttcity.govt.nz/services/licences-and-permits/alcohol-licences/about-alcohol-licences>.

[151] See Selwyn District Council *Annual report on income and costs related to Sale and Supply of Alcohol Act 2012 – Year ending 30 June 2015* (2015).

[152] See Willington City Council "Financial report – Reports of alcohol licensing fees and income." (n.d.) <https://wellington.govt.nz/certificates-and-licences/alcohol-licences/financial-reports>.



e. The temporary decrease in cost recovery in 2022/23 was due to planned decreases to alcohol licensing fees and free outdoor dining permits as part of Wellington City Council's Pandemic Response Plan in 2022.[153]

f. The levels of cost recovery across both Auckland City Council and Wellington City Council illustrate enduring issues with the effectiveness of the fees system, even where a bylaw is in place to enable a territorial authority to respond to regional cost pressures.

202. Where there is a shortfall in cost-recovery, we have heard that territorial authorities are typically cross-subsidising the difference using rates income. This is consistent with findings from the 2022 fees review.[154]

203. Some territorial authorities do not aim for full cost-recovery of the alcohol licensing system. For example, Wellington City Council has set a target rate of cost recovery of 85% in the local fees bylaw.[155] The Council agreed in 2018 that the cost-recovery of 85% was appropriate for the alcohol licensing operation, to recognise a component of community benefit in objecting to licence applications and participating in DLC hearings.[156] However, considering the Government has announced plans to introduce a rates capping system for local government[157], the fees system should be designed to recover costs as fully as possible in anticipation of reduced budgetary flexibility.

204. The weight of evidence received through the Review's engagement, information requests, and the previous fees reviews conducted by MoJ indicates that territorial authorities are not recovering the full costs of alcohol licensing activities. Further, where those territorial authorities have set lower cost recovery targets, those targets are still not being achieved.

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[153] Wellington City Council "Council approves Pandemic Response Plan" (news release, 24 February 2022) <https://wellington.govt.nz/news-and-events/news-and-information/our-wellington/2022/02/council-approves-pandemic-response-plan>.

[154] Allen + Clarke *2022 Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (Final report, 1 December 2022) at 43.

[155] Wellington City Council Alcohol Fees Bylaw 2024 [pursuant to section 405 of the Sale and Supply of Alcohol Act 2012 and the Sale and Supply of Alcohol (Fees) Regulations 2013 and under the authority of the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013], s 6.2.

[156] Wellington City Council *Alcohol Fees Bylaw Review 2024 – Summary of submissions, officers' response, and recommendations for final bylaw.* (2024) at 3.

[157] Cabinet agreed to a proposal to design a rates capping system on 7 April 2025 [EXP-25-MIN-0038 refers]; a target range of rates will be in force from 1 July 2029. Rates caps will need to be considered in territorial authorities' long term plans from 2027 onwards.

This is not in line with the statutory intent of the fees system[158], and issues with the level of funding generated by the current fees system are affecting both how territorial authorities administer the rules, and how businesses engage with different elements of the licensing process.

205. For example, District Licensing Committee hearings are known to be a costly component of the licensing process. Where territorial authorities bear more of the cost from hearings, we have heard they may be less likely to refer applications for a hearing, even where it might be appropriate to do so.[159] Where businesses wish to mitigate their expenses, we have heard they may accept overly restrictive or unenforceable licensing conditions to avoid escalating their application to a hearing.[160] These distortions to the standard process were noted by the 2022 review and are consistent with the problems we have identified here.

206. In summary, our view is that there are two underlying causes for Problem 1:

    a. The default fees framework has not been updated in over a decade since it was introduced; for those territorial authorities still using the default fees, inflation has increased the cost of regulatory work, but fees to recover these costs have remained the same

    b. The tools in place to enable further cost recovery (i.e., bylaws) are administratively complex and resource-intensive to use, and do not address underlying issues with the risk framework discussed below.

Problem 2: Alcohol licensing fees are out of step with the regulatory effort required to mitigate various levels of risk from the sale or supply of alcohol

207. This problem relates to the efficiency of the current fees system in terms of resource allocation, and equity for businesses undertaking different activities. It also effects whether costs, and the reason for different charges, are transparent for businesses.

208. The current risk categories that inform licensing fees are out of step with the effort required to assess and process different licence types. For example, our engagement with territorial authorities highlighted that special licences involved administrative effort significantly exceeding the allowable fees – the highest default special licence fee of $500 encompasses all "large" events with over 400 people/ticketholders (for example, including events such as Laneway and Rhythm and Alps).[161] By contrast, the default application fee for a Class 1 restaurant is $710.[162] However, we have consistently heard from regulators that large scale events require specialised, ongoing coordination between event managers and licensing inspectors, and pose a greater risk to the public from excessive alcohol consumption.

209. The misalignment between fees, resourcing requirements, and real risks posed by different licensees echoes findings from the 2022 review, which indicated that territorial authorities should increase licensing fees by an average of up to 40% to better reflect the costs associated with the administration, monitoring and enforcement of licences.[163] The Review's engagement with the sector supports these findings.

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[158] Sale and Supply of Alcohol Act 2012, s 402.

[159] These views were reported to the Ministry through the Review's direct engagement with hospitality businesses.

[160] These views were reported to the Ministry through the Review's direct engagement with local government.

[161] The Sale and Supply of Alcohol (Fees) Regulations 2013, s 5.

[162] The Sale and Supply of Alcohol (Fees) Regulations 2013, s 7(1).

[163] See Allen + Clarke *2022 Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (Final report, 1 December 2022) at 64; and Ministry of Justice *Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (report, December 2017) at 25 (Figure 5). This work indicates special events, taverns, and nightclubs pose the highest risk to the public, which is not recognised through the existing framework.

210. In other jurisdictions, risk-based fees account for other factors, such as opening hours, compliance, operating history, premise capacity / covers, and the scale of an operation or event. For example:

    a. In New South Wales, risk-based loadings are related to trading hours and compliance risk, including compliance history and patron capacity. Accordingly, operators that run a late trading premise and have a poor compliance history will be identified as high-risk and attract additional risk-based loadings.[164]

    b. In Queensland, risk criteria relate to trading hours, service practices, and compliance history.[165]

    c. In the United Kingdom, alcohol licence fees are based on premises' rateable value (National Non-Domestic Rateable Value), ranging from Band A (paying less)- Band E (paying more), and type of licence (premises vs personal). Higher fees applied to premises used exclusively or primarily for the supply of alcohol for consumption on the premise, only for Bands D (rateable value £87,001 - £125,000) and Band E (rateable value £125,001+). An additional fee may be payable in respect of large-scale events, where 5,000 or more people are due to attend at a venue that is not purpose-built.[166]

211. These approaches are consistent with findings from the 2022 review, where 39% of the territorial authorities surveyed suggested that additional risk factors (e.g., remote sales, outlet density, deprivation index) should be considered as part of the cost/risk framework.[167]

212. Examples from other jurisdictions also highlight opportunities to use discounts and adjustments to risk loadings as a mechanism for rewarding low-risk operators with a positive compliance history, such as:

    a. In New South Wales, venues three years and older whose licensees and managers have not incurred any demerit points in the last 3 years, are offered a 5% discount on the base fee and trading hours risk loading portion of the annual liquor licence fee.[168] There are also incentives for live music and performances, for example venues, including participating venues located in Special Entertainment Precincts, are eligible for an 80% discount on base fee and trading hours risk loading if they meet certain criteria.[169]

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[164] See Liquor & Gaming NSW "Annual liquor licence fees for 2026" (New South Wales Government, n.d.) < https://www.nsw.gov.au/business-and-economy/liquor-and-gaming/liquor-licensing/apply-manage/fees/annual-fees#:~:text=Table_title:%20Annual%20liquor%20licence%20fee%20components%20Table_content:,5%25%20discount%20%2D%20per%20licence*:%20$2%2C993%20%7C>.

[165] See Office of Liquor and Gaming Regulation *Liquor and wine licence fees and charges 2025-2026* (Department of Justice, Queensland, Australia, n.d.).

[166] See Government UK "Premises licence (England and Wales)" (n.d.) <https://www.gov.uk/find-licences/premises-licence#:~:text=Licence%20fees,into%20the%20lowest%20fee%20band>.

[167] Allen + Clarke *2022 Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (Final report, 1 December 2022) at 32.

[168] See Liquor & Gaming NSW "Annual liquor licence fees for 2026" (New South Wales Government, n.d.) < https://www.nsw.gov.au/business-and-economy/liquor-and-gaming/liquor-licensing/apply-manage/fees/annual-fees#:~:text=Table_title:%20Annual%20liquor%20licence%20fee%20components%20Table_content:,5%25%20discount%20%2D%20per%20licence*:%20$2%2C993%20%7C>.

[169] See Liquor & Gaming NSW "Incentives for Live Music and Performance venues" (New South Wales Government, n.d.) <https://www.nsw.gov.au/business-and-economy/liquor-and-gaming/liquor-licensing/sound-regulation-for-licensed-venues/incentives-for-live-music-and-performance-venues>.

b. In Queensland, certain tour operators, bed and breakfasts and host farm accommodations may be eligible for an exemption from liquor licences provided they meet specified conditions.[170]

c. In Ontario, Canada, there is a rebate for small grocers on alcohol retail licence fees. The rebate applies for grocers where the sum of the annual worldwide revenue of the store, together with all related retail stores is less than $1 billion (CAD).[171]

213. In summary, our view is that there is one key underlying cause for Problem 2:

a. The factors that are considered as part of the current framework no longer reflect real risk (i.e., alcohol-related harm) and regulatory effort / resourcing required in practice.

Problem 3: Insufficient cost recovery is negatively impacting the delivery and quality of regulatory services

214. This problem relates to the efficiency of the current system in terms of the standard of services delivered to businesses.

215. Through the Review's initial and direct engagement with hospitality businesses and local authorities, we have consistently heard that both applications and renewals for licences can take up to 18 months.[172] Where a business is applying for a new licence, this creates uncertainty about the viability of their enterprise. Where a business has an alcohol licence, it means they may be required to trade on an expired licence for an extended period.

a. Under the SSAA, there are no statutory timeframes for decision making, however there are certain statutory steps in the process that have associated timeframes (and therefore impact the minimum time an application can be processed). For on-licences, off-licences, and club licences; this includes a 25-working day period where any member of the public can file an objection to the licence application (public notification period).[173]

b. We have sourced information from eight city and district councils – across this sample, most provided indicative processing timeframes for on-licences and club licenses. These ranged from at least five - six weeks (Christchurch City Council) to around eight weeks (Gisborne District Council).

c. However, using data sourced from the register of licences held by ARLA[174], we found that the median number of working days for a decision on a new on-licence, club-licence, and special-licence was 49 working days, the equivalent of approximately 10 weeks.[175]

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[170] See Business Queensland "Liquor licence exemptions" (Queensland Government, 20 September 2023) <https://www.business.qld.gov.au/industries/hospitality-tourism-sport/liquor-gaming/liquor/licensing/exemptions>.

[171] See Alcohol and Gaming Commission of Ontario "New rebate for small grocers on alcohol retail licence fees" (Information bulletin, 15 July 2024) <https://www.agco.ca/en/news/new-rebate-small-grocers-alcohol-retail-licence-fees#:~:text=Monday%2C%20July%2015%2C%202024&text=The%20Alcohol%20and%20Gaming%20Commission,for%20new%20alcohol%20retail%20licences>.

[172] See the Hospitality Review Supplementary Paper *Decision making timeframes*.

[173] Sale and Supply of Alcohol Act 2012, s 102.

[174] Data was from the number of current active licences as at 28 November 2025 and included data from licence applications that were received from January 2022.

[175] The number of working days were calculated by subtracting the date of licence determination from the date of licence received, and took into account non-working days as per the SSAA – those being a Saturday, a Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, the Sovereign's birthday, Te Rā Aro ki a Matariki/Matariki Observance Day, and Labour Day; and if Waitangi Day or Anzac Day falls on a

216. A shortfall in cost recovery also limits territorial authorities' ability to resource monitoring and enforcement activities that help to ensure the licensing system is effective. This under-resourcing is consistent with the findings of the 2022 fees review[176].

217. For example, we heard that some territorial authorities are limited to sharing resourcing to carry out inspections, meaning for some regions, a local monitoring structure does not exist. We further heard from businesses that monitoring and enforcement is inconsistent, for example some businesses are not inspected on annual basis despite paying annual fees for their on-licences. This means that annual fees do not directly correspond to regulatory services, or effort by the regulator that benefits the business in question. While annual charges are administratively simple for both territorial authorities and businesses, there is an opportunity to directly target this funding to risk-mitigation (i.e., through charging per inspection and for enforcement processes).

218. Renewal fees are not tagged to specific regulatory processes. We understand from territorial authorities that the funds collected are used to administer inspections (which are not currently charged out at a specific rate for businesses) and process updates to business contact information. There is an opportunity to vary these charges in a manner that rewards good practice among operators (i.e., elongating renewal frequencies for operators with a history of compliance). The renewals process, and proposed improvements, are discussed further in the Review's wider work reviewing the alcohol licensing system.[177]

219. The Review has heard about territorial authorities adapting processes where possible to try and achieve greater efficiency.[178] Examples include pre-application support to ensure relevant information is provided early, introducing time-based (e.g., half-hourly or hourly) fees for additional information requests, and virtual options for District Licensing Committee hearings.

220. While creating a bylaw remains a mechanism for setting fees above the default levels prescribed in the Sale and Supply of Alcohol (Fees) Regulations 2013, it is important to note that:

    a. The process for making a bylaw is time and resource-intensive for territorial authorities; we have heard this is an explicit disincentive, particularly for smaller territorial authorities with less resourcing.

    b. Bylaws do not override the underlying risk calculation and therefore cannot address inefficiencies resulting from inaccurate categorisation of risk, for example regarding special licences, where the highest category (Class 1) includes any event with more than 400 people.[179]

221. Both the 2017 and 2022 reviews by MoJ recommended a recalibration of the licensing fees framework, and a corresponding increase to some licensing fees. Neither set of recommendations have been implemented.

222. In summary, our view is that there are 2 underlying causes for Problem 3:

    a. The default application and annual fees are not high enough to cover the cost of processing, monitoring, and enforcement

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Saturday or a Sunday, the following Monday; and a day in the period commencing on 20 December in any year and ending with 15 January in the following year.

[176] Allen + Clarke *2022 Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (Final report, 1 December 2022) at 32.

[177] See the Hospitality Review Supplementary Paper *An analysis of the current state and problems with how alcohol is regulated in hospitality settings* at Table 5.

[178] This is consistent with findings from the 2022 review of alcohol licensing fees; see Allen + Clarke *2022 Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (Final report, 1 December 2022).

[179] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 9.

b. The default annual fees are not directly connected to monitoring and enforcement activities, limiting territorial authorities' ability to reduce fees where less regulatory work (e.g., less frequent inspections) is needed, or increase fees where more regulatory work (e.g., more frequent inspections) is needed.

Problem 4: Local government expenditure and income regarding alcohol licensing is not consistently published, making it challenging to estimate the system's total cost and performance.

223. This problem relates to the accountability measures in place for local government cost recovery under the current system.

224. The Sale and Supply of Alcohol (Fees) Regulations 2013 require that territorial authorities prepare and publish a report showing income from fees and costs incurred in relation to fulfilling its regulatory duties under the Sale and Supply of Alcohol Act 2012. [180] MoJ has provided guidance for territorial authorities about how to calculate the costs and revenues from their alcohol licensing activities to meet these reporting requirements.[181] Following this guidance is not mandatory.

225. The 2022 review found widespread non-compliance with reporting requirements. Our Review confirms this finding, noting that we are only aware of a handful territorial authorities that have previously or are currently reporting on their cost-recovery in the manner prescribed in the Sale and Supply of Alcohol (Fees) Regulations 2013; these include Wellington City Council, Porirua City Council, and Hutt City Council.[182]

226. Some territorial authorities provide information relevant to their reporting obligations for alcohol licensing[183] in annual reports to ARLA (e.g., Far North District Council, Hurunui District Council, Selwyn District Council).[184]

227. In our view, there are three possible underlying causes for Problem 4:

a. Some territorial authorities may not be aware of their reporting obligations, or, if they are aware of their obligations, may not see the distinction between broader annual financial reporting and specific cost-recovery reporting for alcohol licensing

b. There is limited centralised stewardship of the alcohol licensing system; this lack of active system monitoring may reduce incentives for territorial authorities to carry out their reporting obligations.[185]

[180] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 18.

[181] See Ministry of Justice *Calculating the costs and revenues of the alcohol licensing system* (Guidance for Territorial Authorities, October 2018).

[182] Porirua City Council currently reports on their cost recovery for alcohol licensing; Matamata-Piako District Council reported on their cost recovery for alcohol licensing until they began the process for implementing a local bylaw in 2023/24; Hurunui District Council reported on their cost recovery for the 2021/22 financial year.

[183] Sale and Supply of Alcohol (Fees) Regulations 2013, reg 19.

[184] See for example Far North District Council *Functions of the Far North District Licensing Committee – Annual Report for the 12-month period ending 30 June 2025* (2025).

[185] See the Hospitality Review Supplementary Paper *An analysis of the current state and problems with how alcohol is regulated in hospitality settings* at Table 3.

Options addressing issues with alcohol licensing fees

228. We have considered nine regulatory options for changing the current fees framework for alcohol licensing. Options 1 - 4 (below) relate to the current risk-based licensing fees. Options 5 relates to annual fees, Option 6 relates to fees for renewing licences, and Option 7 relates to reporting obligations for territorial authorities.

229. Our analysis has not indicated that material change could be achieved without changing the regulatory framework (for example, by encouraging territorial authorities to make use of the bylaw provision. We are not progressing any non-regulatory options.

230. The table below sets out the impacts of Options 1 - 7 for the sector and for government, alongside the high-level advantages and disadvantages of each approach. We have engaged with territorial authorities on these options, and 29 territorial authorities responded through our survey. Local Government New Zealand officials also provided their views on the options in the survey. Their preferences and key reasons for agreement / disagreement are noted as part of our analysis.

231. The options below are assessed against the Review's assessment criteria (paragraphs 47-49) relative to the status quo.

<table>
<tr><th>Option</th><th>Impact</th><th>Mechanism for change</th></tr>
<tr>
<td>Option 1: Remove the provision for territorial authorities to set their own fees through bylaws and increase the default fees in line with recommendations from the 2022 review.

This option is mutually exclusive with Options 2 and 3.</td>
<td>This option would raise the default fees by an average of ~40%[186] in line with recommendations by Allen + Clarke in 2022, including an adjustment for changes to CPI in the interval since the recommendation was made. The table below sets out approximately what the new fees would be.
<table>
<tr><th>Category</th><th>Application fee</th><th>Annual fee</th></tr>
<tr><td>Very low</td><td>$498.65</td><td>$218.16</td></tr>
<tr><td>Low</td><td>$825.88</td><td>$529.81</td></tr>
<tr><td>Medium</td><td>$1106.37</td><td>$857.05</td></tr>
<tr><td>High</td><td>$1386.86</td><td>$1402.44</td></tr>
<tr><td>Very high</td><td>$1636.18</td><td>$1947.84</td></tr>
</table>
All territorial authorities would be required to use the new default fees; this would mean fees for hospitality businesses in the same risk categories would be consistent nationally.</td>
<td>• Change to secondary legislation – revoke the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013. Subsequently, this would also require amending to the Sale and Supply of Alcohol (Fees) Regulations 2013 to increase the default fees via Order in Council, and revoking regulations 7(2) and (8) to avoid confusion.
• 11 territorial authorities would need to repeal local bylaws and implement corresponding systems and administrative changes where necessary to adopt the new default framework.
• The remaining 56 territorial authorities would need to update their published fees and charges for businesses and likely provide some guidance to inform businesses of the changes and how they will be affected.</td>
</tr>
<tr>
<td>Option 2: Require that all alcohol licensing activities are charged using the same principles.

This option is mutually exclusive with Options 1 and 3 but is dependent on wider changes to the stewardship of the alcohol licensing system.</td>
<td>This option would set principles in regulation for how territorial authorities recover the costs of alcohol licensing activities. The principles could expand on the high-level cost-recovery principles in the Sale and Supply of Alcohol Act 2012[187], and could take the form of a recalibrated risk / cost framework, specifying:
• whether fees for one licence category should be higher or lower than for another category
• whether fees should be different based on the activities being undertaken by the different businesses holding each category of licence (e.g., opening hours) or businesses' compliance history
• whether fees should be increased periodically, and when increases should take effect (e.g., see Option 4)
• whether fees for inspections should be fixed or hourly
• whether fees for inspections should be different (e.g., higher, or lower) for different risk-based licence categories.

The specific fee amounts would not be prescribed as part of this framework.</td>
<td>• Change to secondary legislation – revoke the Sale and Supply of Alcohol (Fee-setting Bylaws) Order 2013. This would also require amending to the Sale and Supply of Alcohol (Fees) Regulations 2013 and revoking regulations 7(2) and (8) to avoid confusion. Principles for fee-setting could then be introduced to the Sale and Supply of Alcohol (Fees) Regulations 2013.
• MoJ would need to consult with territorial authorities regarding fee-setting principles, and any monitoring or reporting requirements. MoJ would need to produce guidance for territorial authorities and provide case-by-case support where needed regarding how principles should be applied; this may include implementing a longer-term regulatory support and oversight function.
• Territorial authorities would then need to consult with interested parties before setting their fees and charges in line with the principles. This could be done by notice, rather than using a bylaw process.</td>
</tr>
<tr>
<td>Option 3: Set statutory bands for licensing fees within which territorial authorities can set the fees for different businesses.

This option is mutually exclusive with Options 1 and 2.</td>
<td>This option would require MoJ to introduce maximum and minimum fees for different risk categories for the respective license types. This may result in an increase to fees for hospitality businesses, but the extent of increases would be limited by the new upper bounds for the different risk categories and licence types. Territorial authorities could be provided with the flexibility to assign lower fees based on compliance / enforcement history, while retaining the relevant risk category for businesses. Introducing annual indexation for the fee bands would</td>
<td>• Change to secondary legislation – amendment to the Sale and Supply of Alcohol (Fees) Regulations 2013 to change the fees framework (and provisions for territorial authorities to select fees) to a banded model via Order in Council. This would be simpler and faster (and ensures more flexibility for future changes) in comparison to introducing the tiers to primary legislation.</td>
</tr>
</table>

[186] If fees were increased in line with changes to CPI alone, this would result in a total upward adjustment of ~39% using the Reserve Bank of New Zealand "Inflation calculator" (23 January 2026) <https://www.rbnz.govt.nz/monetary-policy/about-monetary-policy/inflation-calculator>.

[187] Sale and Supply of Alcohol Act 2012, s 402(b).

<table>
<tr><th>Option</th><th>Impact</th><th>Mechanism for change</th></tr>
<tr><td></td><td>support territorial authorities to adjust their fees correspondingly and more effectively recover costs in the long term.

The table below provides an example of potential application fee ranges for the different risk levels, with the lower bound determined by increasing the default fees with inflation since 2012 (by ~ 40%) and the upper bound set 50% above that. All figures are rounded to the nearest dollar.

<table><tr><th>Risk category</th><th>Application fee range</th></tr><tr><td>Very low</td><td>$499 - $674</td></tr><tr><td>Low</td><td>$826 - $1239</td></tr><tr><td>Medium</td><td>$1106 - $1659</td></tr><tr><td>High</td><td>$1387 - $2081</td></tr><tr><td>Very high</td><td>$1636 - $2454</td></tr></table></td><td>• MoJ would need to consult with territorial authorities regarding setting fee bands that provide scope for territorial authorities to appropriately cover the costs of the regulatory work undertaken.</td></tr>
<tr><td>Option 4: Require the default licensing fees to adjust annually with changes to CPI.

This option is independent but would be most effective combined with one of Options 1-3.</td><td>This option would ensure that the default fees are automatically adjusted by MoJ with increases to CPI, preserving the real value of funding for territorial authorities. This would mean incremental increases to fees for businesses each year. An alternative indexation measure could be selected as more appropriate than CPI where there is consensus between territorial authorities during development and implementation.</td><td>• Change to secondary legislation – introduce requirements to the Sale and Supply of Alcohol (Fees) Regulations 2013 to set out how indexation should take place, specifying an indexation measure, notice periods for the sector, and annual implementation dates (e.g., from 1 July each year). An Order in Council could be used to authorise MoJ to set the CPI adjustment by public notice.

• MoJ would be required to give notice of changes to fees on an annual basis going forward (including publication in the NZ Gazette). This would involve informing the Minister and Cabinet of the updates to fees.</td></tr>
<tr><td>Option 5: Remove annual fees and replace them with inspection fees.

This option is independent.</td><td>This option would remove annual fees and introduce inspection-based charges based on the frequency and duration of inspections (e.g., introducing a default ‘per-inspection’ flat rate, or hourly rate). This would ensure that businesses are paying directly for services they receive over the course of a year.</td><td>• Change to primary legislation – amendment to the Sale and Supply of Alcohol Act 2012 s402 to remove the reference to annual fees and replace this with inspection fees. This would need to include a provision for a separate way of charging (e.g., on an hourly basis).

• Change to secondary legislation – amendment to the Sale and Supply of Alcohol (Fees) Regulations 2013 to define and set a framework for charging inspection fees.

• MoJ would need to consult with territorial authorities regarding setting inspection fees that appropriately cover the costs of regulatory work undertaken.</td></tr>
<tr><td>Option 6: Reduce renewal fees.

This option is independent of other options here, but depends on wider options for changing the alcohol licensing system and processes.</td><td>This option would reduce fees for the renewal process. This is contingent on underlying changes to the process for renewals, which would ensure that the renewal process is not essentially a re-application process, and which may vary the frequency of renewals based on the risk-categorisation of the premise and their compliance history. Default hourly charges for administrative processing would be set out for where there are significant changes to a licence or conditions.</td><td>• Change to primary legislation – amendments to s122-136 and s402 of the Sale and Supply of Alcohol Act 2012 regarding the process for renewals and the ability to set renewal fees through regulations. This would need to include a provision for a separate way of charging (e.g., on an hourly basis).

• Change to secondary legislation – amendment to the Sale and Supply of Alcohol (Fees) Regulations 2013 via Order in Council to remove renewal fees and set a framework by which additional administrative processing (for example, where elements of a business’s operations or their licence conditions change) can be cost-recovered. This would include work to define renewal fees as distinct from application fees.</td></tr>
<tr><td>Option 7: Set a statutory timeframe for cost-recovery reporting required from territorial authorities.

This option is independent.</td><td>This option would involve introducing a timeframe (e.g., 120 days from 30 June, to align with annual reporting requirements) within which territorial authorities would be required to publish their income and costs from alcohol licensing regulatory work over the course of the preceding financial year. MoJ could consider an additional backstop provision to require that territorial</td><td>• Change to secondary legislation – amendments to the Sale and Supply of Alcohol (Fees) Regulations 2013 at regulation 19 via Order in Council to introduce a statutory timeframe within which territorial authorities must publish the cost-recovery reporting required (e.g., 90 days from the end of each financial year on 30 June).</td></tr>
</table>

Option	Impact	Mechanism for change
	authorities cannot consult on (if bylaws are retained) or implement any increase to licensing fees (for example, adjustments in line with CPI or otherwise) until the previous year's cost-recovery reporting has been published. Note that this additional backstop may have unintended consequences; for example, where territorial authorities publish cost-recovery reporting only in years where they wish to increase licensing fees.	• MoJ would need to consult with territorial authorities regarding the feasibility of reporting timeframes and how compliance could be supported and monitored effectively.

232. The table below sets out our assessment of Options 1 through 4, which seek primarily to improve the system's effectiveness in achieving cost recovery for regulatory work undertaken by local government, addressing Problem 1 and indirectly Problems 2 and 3.

Option	**Status Quo** *This option was preferred by 24.1% (7) of territorial authorities that responded to our engagement on options for change.*	**Option 1:** Remove the provision for territorial authorities to set their own fees through bylaws and increase the default licensing fees in line with recommendations from the 2022 review. *This option was preferred by 27.6% (8) of territorial authorities that responded to our engagement on options for change.*	**Option 2:** Require that all alcohol licensing activities are charged using the same principles. *This option was not included in targeted consultation.*	**Option 3:** Set statutory bands for licensing fees within which territorial authorities can set the fees for different businesses. *This option was preferred by 34.5% (10) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*	**Option 4:** Require the default licensing fees to adjust annually with changes to CPI. *This option was preferred by 69% (20) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*
Effectiveness	-	✓ • This would provide at least 56 territorial authorities with more funding for resourcing monitoring and enforcement activities and could improve practice around decision-making timeframes and utilisation of different enforcement tools. • Ensures nationally standardised fees for similar businesses with similar risk profiles in different regions. • This would support cost recovery for ARLA. • Would increase licensing costs for some businesses; this may be proportionate depending on how the underlying risk framework is recalibrated. For example, if the risk framework is recalibrated, this may mean decreased costs for some lower-risk businesses, and significantly (> 40%) increased costs for very high-risk businesses and some kinds of special events. • This approach would reduce pressure on businesses and local government to avoid "costly" parts of the licensing process; this might lead to more consistent processes and outcomes for businesses. • For some territorial authorities that have already created their own bylaws, reverting to the default fees may result in comparatively lower fees. This approach would likely be more effective for overall	✓ • Where territorial authorities use this provision to increase fees, this would provide them with more funding for resourcing monitoring and enforcement activities. • This approach provides territorial authorities with maximum flexibility to respond to their unique regional cost pressures; but may place administrative pressure on territorial authorities that do not currently have resourcing to consult on and develop a fees framework. • This approach would reduce pressure on businesses and local government to avoid "costly" parts of the licensing process; this might lead to more consistent processes and outcomes for businesses. • This may support increased cost recovery for ARLA. • Does not address all variability between licensing fees for similar businesses but would make the basis for varying charges more predictable. • There would likely be increases to licensing costs for some businesses. • Ensuring the principles are followed consistently would be challenging, and there would be a risk of judicial review for territorial authorities by adversely effected	✓✓ • This may provide territorial authorities with more funding for resourcing monitoring and enforcement activities and could improve practice around decision-making timeframes and utilisation of different enforcement tools. • Supports more consistent fees nationally (for example, for similar businesses with similar risk profiles in different regions). • This approach provides territorial authorities with some flexibility to respond to their unique regional cost pressures. • Provides territorial authorities with flexibility to assign lower fees for businesses with no previous non-compliance, while retaining their risk category. • This may support increased cost recovery for ARLA. • Provides at least 56 territorial authorities with more funding for resourcing monitoring and enforcement activities. • Would increase licensing costs for some businesses, but the extent of increases would be limited by the upper bounds introduced. • Does not address all variability between licensing fees for similar businesses but would limit the total variability and make	✓ • This option would ensure the real value of territorial authorities' income from licensing fees is retained over time, sustaining their ability to cost-recover and resource regulatory work at appropriate levels. • This may support increased cost recovery for ARLA. • This option would result in small but predictable increases to costs for businesses each year. • Without broader change, this option would have minimal impact. Indexation would be most effective for sustaining cost recovery where the base fees are also uplifted and recalibrated to reflect inflation and regulatory work.

Option	**Status Quo** *This option was preferred by 24.1% (7) of territorial authorities that responded to our engagement on options for change.*	**Option 1:** Remove the provision for territorial authorities to set their own fees through bylaws and increase the default licensing fees in line with recommendations from the 2022 review. *This option was preferred by 27.6% (8) of territorial authorities that responded to our engagement on options for change.*	**Option 2:** Require that all alcohol licensing activities are charged using the same principles. *This option was not included in targeted consultation.*	**Option 3:** Set statutory bands for licensing fees within which territorial authorities can set the fees for different businesses. *This option was preferred by 34.5% (10) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*	**Option 4:** Require the default licensing fees to adjust annually with changes to CPI. *This option was preferred by 69% (20) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*
		cost-recovery of the licensing system rather than consistent regional cost-recovery levels. • The effectiveness of this option depends on a recalibration of the existing risk framework; this is addressed through our wider work on alcohol licensing.	parties (e.g. a licenced premise or a community organisation against the sale of alcohol). • Supporting territorial authorities to use the fee-setting principles, monitoring their use of the principles, and maintaining oversight of the new fees system's overall performance would require a well-resourced, active approach to central regulation that does not exist under the current model.	the basis for varying charges on a case-by-case basis more predictable. • This approach would reduce pressure on businesses and local government to avoid "costly" parts of the licensing process; this might lead to more consistent processes and outcomes for businesses. • For some territorial authorities that have already created their own bylaws, reverting to the default fees may result in comparatively lower fees. • Monitoring territorial authorities' use of the framework for assigning higher/lower fees would be challenging, and there would be a risk of judicial review for territorial authorities by adversely effected parties (e.g. a licenced premise or a community organisation against the sale of alcohol). • The effectiveness of this option depends on a recalibration of the existing risk framework; this is addressed through our wider work on alcohol licensing.	
Efficiency	-	✓✓ • This option removes existing variation and inefficiencies inherent to the bylaw-making provision and process for local government, e.g., where small local authorities do not have the resources or number of licenced premises to justify making a bylaw. • Risks of under- and over- recovery of fees could be mitigated through consultation with local government and strengthened reporting requirements (see Option 6 below). • There would be administrative costs to MoJ and operational costs to territorial authorities to action legislative change and implementation of the updated framework across the different regions (e.g., updates to Councils' Annual and Long-Term Plans, etc.).	✓ • This option retains some of the existing variation in licensing fees. • Risks of under- and over- recovery of fees could be partially mitigated through consultation with local government to develop fee-setting principles and strengthened reporting requirements (see Option 6 below). • There would be administrative costs to MoJ and operational costs to territorial authorities to action legislative change and implementation of the updated framework across the different regions (e.g., updates to Councils' Annual and Long-Term Plans, etc.). In the long-term, this option would require relatively lower administrative work from MoJ, however effectiveness of the system would depend on strengthened system	✓✓ • This option removes existing variation and inefficiencies inherent to the bylaw-making provision and process for local government. • Risks of under- and over- recovery of fees could be mitigated through consultation with local government and strengthened reporting requirements (see Option 6 below). • There would be administrative costs to MoJ and operational costs to territorial authorities to action legislative change and implementation of the updated framework across the different regions (e.g., updates to Councils' Annual and Long-Term Plans, etc.).	✓ • This option effectively balances the costs (in time and funding) for central government and businesses with the need to recover regulatory work effectively over time.

Option	Status Quo *This option was preferred by 24.1% (7) of territorial authorities that responded to our engagement on options for change.*	**Option 1:** Remove the provision for territorial authorities to set their own fees through bylaws and increase the default licensing fees in line with recommendations from the 2022 review. *This option was preferred by 27.6% (8) of territorial authorities that responded to our engagement on options for change.*	**Option 2:** Require that all alcohol licensing activities are charged using the same principles. *This option was not included in targeted consultation.*	**Option 3:** Set statutory bands for licensing fees within which territorial authorities can set the fees for different businesses. *This option was preferred by 34.5% (10) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*	**Option 4:** Require the default licensing fees to adjust annually with changes to CPI. *This option was preferred by 69% (20) of territorial authorities that responded to our engagement on options for change.* *This option was preferred by LGNZ.*
			oversight, which would require dedicated resourcing.		
Feasibility	-	✓✓ • The mechanisms for adjusting the default fees already exist; this should be straightforward to implement.	✓ • Would require extensive consultation with territorial authorities and development of guidance to ensure fee-setting principles target risk and regulatory work and are easy to use in practice. • Would require a substantive increase to monitoring and oversight resourcing for MoJ.	✓ • Would require extensive consultation with territorial authorities to ensure that bands are set at the right level and width to permit effective cost-recovery; narrow bands, or upper bounds that are not reflective of the regulatory work generally required for high-risk licences, would result in continued shortfall.	✓✓ • This option would require administrative effort from central government on an annual basis to update the default fees framework, noting that annual changes via Order in Council would be relatively straightforward.
Impact on individual rights and liberties	-	✓ • This option may improve territorial authorities' ability to cost-recover; this could result in less subsidisation through rates income, reducing pressure on territorial authorities to raise rates and therefore costs for individuals owning property in each region.	✓ • This option may improve territorial authorities' ability to cost-recover; this could result in less subsidisation through rates income, reducing pressure on territorial authorities to raise rates and therefore costs for individuals owning property in each region.	✓ • This option may improve territorial authorities' ability to cost-recover; this could result in less subsidisation through rates income, reducing pressure on territorial authorities to raise rates and therefore costs for individuals owning property in each region.	**0** *This option may marginally improve territorial authorities' ability to cost-recover; however, the effectiveness of this option in reducing cross-subsidisation depends on other options to correct the current level of fees for cost recovery.*
Option score	-	**6**	**4**	**6**	**4**

233. Options 1 and 3 offer significant efficiencies for the fees system and have the potential to more effectively support cost-recovery than the status quo. Option 3 offers territorial authorities more flexibility in setting licensing fees balanced with more variability in fees between and within regions. Consultation and principles for variation would be essential for ensuring variation is predictable and justified. Option 2 offers territorial authorities flexibility to respond to their unique cost pressures but would only be effective and efficient in the context of active and improved system stewardship – this option is only recommended where wider changes are progressed to centralise and strengthen oversight of the alcohol licensing system. Option 4 would enable the real value of the fees to be sustained over time, supporting continued cost-recovery. **We therefore recommend options 3 and 4**.

234. The table below sets out our assessment of Options 4 and 5, which seek to address problem 3 and ensure that compliance costs directly correspond to both real risk and regulatory work undertaken by local government.

Option	Status Quo	**Option 5:** Remove annual fees and replace them with inspection fees. *This option was preferred by 10.3% (3) of territorial authorities that responded to our engagement on options for change.*	**Option 6:** Reduce renewal fees. *This option was preferred by 3.5% (1) of territorial authorities that responded to our engagement on options for change.*
Effectiveness	-	✓✓ • Ensures fees directly target risk-mitigation, improving transparency for businesses. • Provides a basis for more effectively cost recovery for all components of inspections / monitoring (e.g., renewal inspections, inspection reports).	✓ • This option would help to ensure costs directly correspond with regulatory work by territorial authorities. • This option may reduce overall alcohol licensing compliance costs for some businesses, noting that there may be increases to application costs under other recommended options.

Option	Status Quo	**Option 5:** Remove annual fees and replace them with inspection fees. *This option was preferred by 10.3% (3) of territorial authorities that responded to our engagement on options for change.*	**Option 6:** Reduce renewal fees. *This option was preferred by 3.5% (1) of territorial authorities that responded to our engagement on options for change.*
		• Incentivises businesses that are performing well against the regulatory requirements, potentially leading to better compliance outcomes across businesses selling / supplying alcohol. • May reduce compliance costs for lower-risk businesses that are inspected infrequently or less than once a year; higher-risk and non-compliant businesses may see an increase to their inspection costs, reflecting the actual cost of monitoring and enforcement activities by territorial authorities. • Removes a stable source of funding for ensuring predictable staffing and regulatory resource (e.g., annual fees are currently used to fund controlled purchase operations, industry forums, community meetings, education, hearings, etc.).	• Removes a stable source of funding for ensuring predictable staffing and regulatory resource; if underlying changes to the system and requirements for renewals were not made, this could further constrain cost-recovery for territorial authorities.
Efficiency	-	✓ • May increase administrative work for territorial authorities, as invoicing may be administered on a per-inspection rather than annual basis. • The charging framework would need to consider how discreet, after-hours, or short monitoring visits could be effectively invoiced and charged; this could otherwise lead to disputes over costs with businesses, which would be administratively burdensome for both businesses and territorial authorities to resolve.	✓ • This option would likely reduce administrative effort for businesses depending on corresponding changes to the underlying renewals process. • Paired with underlying changes to the requirements and process for renewals, this would also result in a decrease to costs and administrative effort for territorial authorities.
Feasibility	-	✓ • Would require straightforward changes to primary and secondary legislation. • Would require consultation with territorial authorities regarding how various kinds of monitoring could be charged for (scheduled or discreet), by what kind of rate (e.g., flat, fixed), and what the cost should be to businesses (e.g., the upper and lower bound for inspection fees).	✓ • This option would require changes to primary and secondary legislation, but change should be relatively straightforward in the context of wider changes to renewals.
Impact on individual rights and liberties	-	**0** *This option has no direct impact on individual rights and liberties.*	**0** *This option has no direct impact on individual rights and liberties.*
Option score	-	**4**	**3**

235. Both Options 5 and 6 ensure that costs for businesses are more aligned with regulatory work and services provided. Their effectiveness outweighs any potential trade-offs around efficiency in the short term, pending changes to the underlying renewals process. Territorial authorities expressed concerns that changes to annual and renewal fees would constrain the funding available to Territorial authorities for resourcing licensing activities. Our view is that this risk is mitigated by our primary recommendations for improving cost-recovery. **We therefore recommend Option 5. We also recommend Option 6 dependent on reforms to the underlying requirements for renewals**.

236. The table below sets out our assessment of Option 7, which seeks to address problem 4 and put additional assurance measures in place to ensure that cost recovery is both transparent and accountable.

Option	Status Quo	**Option 7:** Set a statutory timeframe for cost-recovery reporting required from territorial authorities. *This option was preferred by 41.1% (12) of territorial authorities that responded to our engagement on options for change.*
Effectiveness	-	✓✓ • This would provide ratepayers and businesses with more visibility of the costs of alcohol licensing for local government, how costs are covered, and where fees are being spent. • This would also provide a layer of accountability where costs are over-recovered. • This would increase the amount and quality of cost-recovery information available to central government, improving the evidence based for further reviews of the system.

Option	**Status Quo**	**Option 7:** Set a statutory timeframe for cost-recovery reporting required from territorial authorities. *This option was preferred by 41.1% (12) of territorial authorities that responded to our engagement on options for change.*
		• This may encourage territorial authorities that are not tracking the costs of alcohol licensing to begin monitoring this expenditure.
Efficiency	-	✓ • This option would increase administrative effort for territorial authorities (particularly so for smaller territorial authorities that lack in-house legal or finance resourcing) that are not already completing the reporting required under regulation 19 of the Sale and Supply of Alcohol (Fees) Regulations 2013.
Feasibility	-	✓ • Territorial authorities have an existing responsibility (as public entities, and under the Sale and Supply of Alcohol (Fees) Regulations 2013) to both record and collate information about their cost recovery. • Alignment between this statutory timeframe and the existing annual reporting requirements for territorial authorities should help to mitigate risks around resourcing and administrative effort (particularly for smaller territorial authorities)
Impact on individual rights and liberties	-	**0** *This option has no direct impact on individual rights and liberties.*
Option score	-	**4**

237. Option 7 would help to ensure the effectiveness of the status quo. While some territorial authorities expressed concerns about implementation and administrative complexity, these concerns were primarily relevant to the existing reporting requirements, not the proposed option to include a statutory timeframe. Our view is that the statutory timeframe would not introduce additional or different administrative pressure, and that the benefits from increased transparency outweigh the implementation requirements for territorial authorities that are not already completing the required reporting. **We therefore recommend Option 7**.

Recommendations

238. We recommend the following set of options for reforming the current charging framework for alcohol licensing.

Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees [*Alcohol Recommendation 7, Fees and Levies Recommendation 3*]	
Description	We recommend introducing a banded fee framework to replace the existing range of risk-based fees. This new framework should include: i. both minimum and maximum fees for each licence type (including on-licences and special licences) ii. principles for see-setting within the band (i.e., a recalibrated risk-cost framework), and a process by which local cost pressures and compliance can be factored into fees iii. the process by which territorial authorities / licensing authorities can set fees for their region (for example, by notice) iv. the process by which the fees will be adjusted annually to reflect inflation v. the mechanism and fee range for charging for inspections vi. the process by which all fee bands will be adjusted annually to reflect inflation vii. the process by which all territorial authorities may adjust their fees annually to reflect inflation viii. the statutory timeframe (120 days from the end of each financial year) by which territorial authorities must publish their cost recovery reporting for alcohol licensing activities, including a limitation from updating local fees in line with inflation where the timeframe is not met. In future, the Government could consider a further shift to a principles-based charging framework once the maturity of the alcohol regulatory system has improved.
Expected benefits	*Overall* – Provides a nationally consistent basis for charges that cost-recover alcohol licensing activities.
	For hospitality businesses – Reduces variability in compliance costs between regions, supports a recalibration of how the fee system captures risk, ensures costs are transparent and based on real services delivered, and may result in reduced charges for low-risk businesses. Continued compliance may also be recognised through lower fees.
	For regulators – Provides local government with moderate flexibility to set service prices that reflect their unique cost pressures and the present value of services delivered within consistent limits. Additionally, this approach sets stronger accountability measures to support central government to effectively assess the performance of the fees system in future.

Expected costs	We expect there will be moderate implementation costs for both central and local government in the short term to consult on, develop, and put in place the new charging framework, noting that MoJ would already be required to invest in a review of the fees framework in 2027.
Implementation	The new system steward[188] would be responsible for consultation with territorial authorities to determine statutory bands and would lead amendments to secondary legislation to introduce the new fees framework.
Impact on off-licences	We recommend an accompanying change in the application and annual / inspection fees for off-licences.
Key stakeholder views	We only consulted with territorial authorities on this option, which they broadly supported, noting there were some mixed views regarding the replacement of annual fees with inspection-based fees, and changes to renewal fees.

239. Where wider changes to the requirements for renewals are made, we also recommend reducing renewal fees accordingly (**Option 6**). The costs and benefits of changes to the renewals process have been assessed and set out as part of our wider work on alcohol licensing.[189]

Comments

240. The Ministry of Justice have not raised any issues or concerns regarding our recommendation for change.

[188] See the Review's Alcohol Recommendation 1.

[189] See the Review's Alcohol Recommendation 2.

Appendix 1: Food safety registration and verification fees comparison across eight territorial authorities

Food Control Plans

Territorial Authority[190]	Registration fees	Renewal fees	Verification fees	Other	Indicative timeframes
Wellington City Council (Fees GST inclusive)	New registration: $197 Pre-opening inspection (1 hour): $197 Additional time (per hour): $197.00	$99 (Annual)	$786 Reduced verification fee for mobile operators only: $393 Additional time (per hour): $197	Significant changes to registration: $197 Minor change to registration: $99 Voluntary suspension of operations: $99	Completing the pre-opening inspection within 2 weeks of receiving the completed application.
Auckland Council (Fees GST inclusive)	$396 (Fees for a set minimum time. Any extra time will incur an hourly fee.)	$198 (Fees for a set minimum time. Any extra time will incur an hourly fee.)	$792 (Fees for a set minimum time. Any extra time will incur an hourly fee.)	Amendment to registration from $63 All corrective follow-up activity per 30 minutes, plus time spent in accessing information and travel time for site visits. Additional hourly charges for appointments cancelled at short notice and, in some cases, where the verification cannot be completed.	Up to 25 working days to process application for registration.
Gisborne District Council (Fees GST inclusive)	$357 (fixed fee) Multi business - extra fee per additional site: $169 Per hour for every extra hour of process time: $190	$214 (Fixed fee) Multisite business - application per additional site: $96 Per hour for every extra hour of process time: $190	Per hour - officer time: $190 Per hour – administration: $127 Technical specialist required: at cost Overdue corrective action follow up $190	Amendment to registration: Fixed fee - significant amendment: $206 Fixed fee – minor: $158 Per hour for every extra hour of process time: $124	Not stated on application form or website
South Wairarapa District Council (Fees GST inclusive)	$250	$150	Food Verification (Template Food Control Plan) (single site): $442 Food Verification (Template Food Control Plan) (multi-site)-per site: $442.00	Amendment of Food Control Plan: $150	Not stated For new businesses, once your application and design are approved, the Environmental Services Team would prefer to have your site and commercial kitchen visually pre-inspected and visited before the intended opening of the new business.

[190] Information about fees was sourced from the respective territorial authority websites; figures are for the 2025/2026 financial year.

Territorial Authority[190]	Registration fees	Renewal fees	Verification fees	Other	Indicative timeframes
Queenstown-Lakes District Council (Fees GST inclusive)	$300 Multi-site: $300	$300 (Annual) Multi-site: $300	$895 (limitation 6 hours) Multisite: $895+ hourly rate for additional sites	Hourly rate – including for Food Safety Officer work, cancellation or failure to attend verifications, monitoring activities and any additional work: $150	Not stated
Christchurch City Council (Fees GST inclusive)	$365	$195	Limited verification: $390 Standard verification: $650 Complex verification (Standard fee plus additional time at an hourly rate): $650 plus additional time Additional charge for officer time - hourly rate: $195 Penalty for late payment of fees (Section 215 Food Act 2014): 10% Cancelling a verification within 24 hours of the scheduled date/no person available for the audit: $195	Administration time: Administration Officer – 30 minutes: $60 Administration Officer – 60 minutes: $120	Not stated
Nelson City Council (Fees GST inclusive)	$340.30 initial fee, plus $211.50 per hour after the first 1½ hours	$115.50 initial fee, plus $211.50 per hour after the first ½ hour	$211.50 per hour	Amendment to Registration: $115.50 initial fee plus $211.50 per hour after the first ½ hour Voluntary suspension: $115.50 initial fee, plus $211.50 per hour after the first ½ hour Investigation of complaint resulting in the issue of an improvement notice by food safety officer or application for review of improvement notice: $211.50 per hour	Not stated
Clutha District Council (Fees GST inclusive)	$195 Multi-Site Business – in addition to above – additional fee per site: $99	$99 (annual)	Actual cost from food verification contractor/Compliance costs + council administration fee (Council pays any travel costs)	Amendments and significant change in circumstances: $195 Administration fee: $40 Food Control Plan documents (per pack): $45 <u>Compliance costs:</u> Issue of notice: $195 Application for review: $195 Statement of compliance: $99	Not stated

Territorial Authority[190]	Registration fees	Renewal fees	Verification fees	Other	Indicative timeframes
				Additional charges for time spent on site (per hour): $215.00/hr Non-registration of a premises: $455	

National Programmes 1, 2, and 3

Territorial Authority[191]	Registration fees	Renewal fees	Verification fees	Other	Indicative timeframes
Wellington City Council	$197 Pre-opening inspection (1 hour): $197 Additional time (per hour): $197.00	$99(Every second year)	$393 Additional time (per hour): $197	significant changes to registration: $197 Minor change to registration: $99 Voluntary suspension of operations: $99	Completing the pre-opening inspection within 2 weeks of receiving the completed application.
Auckland Council	$297 (Fees for a set minimum time. Any extra time will incur an hourly fee.)	$198 (Fees for a set minimum time. Any extra time will incur an hourly fee.)	National Programme 1 and 2 – Verification: $396 National Programme 3 – Verification: $594 (Fees for a set minimum time. Any extra time will incur an hourly fee.)	Amendment to registration from $63 All corrective follow-up activity per 30 minutes, plus time spent in accessing information and travel time for site visits. Additional hourly charges for appointments cancelled at short notice and, in some cases, where the verification cannot be completed.	
Gisborne District Council	$357 (fixed fee) Multi business - extra fee per additional site: $169 Per hour for every extra hour of process time: $190	$214 (Fixed fee) Multisite business - application per additional site: $96 Per hour for every extra hour of process time: $190	Per hour - officer time: $190 Per hour – administration: $127 Technical specialist required: at cost Overdue corrective action follow up: $190	Amendment to registration: Fixed fee - significant amendment: $206 Fixed fee – minor: $158 Per hour for every extra hour of process time: $124	
South Wairarapa District Council	$250	$150	Food Verification (single site): $442 Food Verification (multi-site)-per site: $442		

[191] Information about fees was sourced from the respective territorial authority websites; figures are for the 2025/2026 financial year.

Queenstown-Lakes District Council	$300 Multi-site: $300	$300 (Every two years) Multi-site: $300	$745 (limitation 5 hours) Multisite: $745+ hourly rate for additional sites	Hourly rate – including for Food Safety Officer work, cancellation or failure to attend verifications, monitoring activities and any additional work: $150
Christchurch City Council	$365	$195	Fees for NP verification not provided.	Administration time: Administration Officer – 30 minutes: $60 Administration Officer – 60 minutes: $120
Nelson City Council	$231 initial fee, plus $211.50 per hour after the first hour	$115.50 initial fee, plus $211.50 per hour after the first ½ hour	$211.50 per hour	Amendment to Registration: $115.50 initial fee plus $211.50 per hour after the first ½ hour Voluntary suspension: $115.50 initial fee, plus $211.50 per hour after the first ½ hour Investigation of complaint resulting in the issue of an improvement notice by food safety officer or application for review of improvement notice: $211.50 per hour
Clutha District Council	$195 Multi-Site Business – in addition to above – additional fee per site: $99	$99 (Every two years)	Actual cost from food verification contractor/Compliance costs + council administration fee (Council pays any travel costs)	Amendments and significant change in circumstances: $195 Administration fee: $40 Compliance costs: Issue of notice: $195 Application for review: $195 Statement of compliance: $99 Additional charges for time spent on site (per hour): $215.00/hr Non-registration of a premises: $455

Appendix 2: Alcohol licensing fees

On-licence alcohol licensing fees

Territorial Authority[192]	Application fees	Annual fees
Wellington City Council (Fees GST inclusive)	Very low - $595 Low - $985.50 Medium - $1,319.50 High - $2,877.50 Very High - $4,399.00	Very low - $260.50 Low - $631.50 Medium - $1,022.00 High $2,896.00 Very High $4,771.00
Auckland Council (Fees GST inclusive)	Very low - $368 Low - $609.50 Medium - $816.50 High - $1,023.50 Very High - $1,207.50	Very low - $161 Low - $391 Medium - $632.50 High - $1,035 Very High - $1,437.50
Gisborne District Council (Fees GST inclusive)	Very low - $320 Low - $530 Medium - $750 High - $890 Very High (enforcement action again a holder) - $1,050	Very low - $140 Low - $340 Medium - $550 High - $900 Very High - $1,250
South Wairarapa District Council (Fees GST inclusive)	Very low - $368.00 Low - $609.50	Very low - $161.50 Low - $391.00

[192] Information about fees was sourced from the respective territorial authority websites; figures are for the 2025/2026 financial year.

Territorial Authority[192]	Application fees	Annual fees
	Medium - $816.50 High - $1023.50 Very High - $1,207.50	Medium - $632.50 High - $1035.00 Very high - $1,437.50
Queenstown-Lakes District Council (Fees GST inclusive)	Very Low - $368.00 Low - $609.50 Medium risk – 816.50 High - $1,023.50 Very high - $1,207.50	Very Low - $161.00 Low - $391.00 Medium risk - $623.50 High - $1,035.00 Very High - $1,437.50
Christchurch City Council (Fees GST inclusive)	Very low - $368.00 Low - $609.50 Medium – 816.50 High - $1023.50 Very high - $1437.50	Very low – $161.00 Low - $391.00 Medium - $816.50 High - $1025.00 Very high - $1437.50
Nelson City Council (Fees GST inclusive)	Very low - $368.00 Low - $609.50 Medium - $816.50 High - $1023.50 Very High - $1207.50	Very low - $161.00 Low - $391.00 Medium - $623.50 High - $1,035.00 Very High - $1,437
Clutha District Council (Fees GST inclusive)	Very low - $368.00 Low - $609.50 Medium - $816.50 High - $1,023.50 Very High - $1,027.50	Very low - $161.00 Low - $391.00 Medium - $632.50 High - $1,035.00 Very High - $1,437.50

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Regulatory information flows in the hospitality sector

The regulatory problem

1. Effective and efficient information flows between regulated parties, regulators, and other stakeholders, are needed for a regulatory system with credibility and buy-in. In the hospitality sector, hospitality businesses (the regulated parties):
    a. need information about their regulatory duties and obligations so they can effectively reduce risks and to help them comply
    b. often need to provide information to regulators to comply with their regulatory obligations or demonstrate compliance.
2. The sector has raised, and our analysis confirms, two key issues with regulatory information flows in the hospitality sector:
    a. information about regulatory obligations (including registration, licensing, consenting, and permitting requirements) across regulatory systems is not readily available nor clear to some hospitality businesses, making it more difficult for them to understand and meet these obligations
    b. hospitality businesses must provide compliance information to regulators multiple times via different systems to meet application requirements (for registration, licensing, consenting and permitting), which is time consuming and duplicative.
3. During the Ministry for Regulation's (the Ministry's) engagement with stakeholders, businesses reported that these issues took time away from focussing on core business activities. Regulators reported that many hospitality businesses lacked understanding of the full extent of their regulatory duties and obligations, and that applications sometimes did not include all the required information.
4. Improving the quality of regulatory information flows to and from hospitality businesses will improve the effectiveness and efficiency of the regulatory systems they operate under. There will be effectiveness improvements because hospitality businesses will be better informed on how to meet their regulatory duties and obligations. Efficiency gains will be seen through reductions in the time spent by hospitality businesses accessing information on their regulatory duties and obligations and providing information to regulators. Regulators may also see efficiency gains if improved information flows reduce excessive time spent individually informing regulated parties.
5. The information flows regulatory problem is largely an issue of regulatory practice. Regulators have a significant role in determining the effectiveness of information flows. Within legislative requirements, a regulator determines what information about regulatory obligations they provide to regulated parties, as well as what information regulated parties are required to provide to the regulator. There is significant flexibility available to regulators to design processes that are easy to use at the same time as satisfying legislative requirements.
6. However, legislative requirements can also affect the effectiveness and efficiency of information flows. Other parts of the Hospitality Review (the Review) are considering legislative changes that will affect information flows in specific regulatory systems that

hospitality businesses operate within (i.e., alcohol licensing and food safety). In this paper we only consider options that have not been considered elsewhere in the Review.

7. The regulatory systems that hospitality businesses operate within and across also apply to other regulated parties outside of the hospitality sector. These regulated parties may benefit from improvements to the quality of regulatory information flows to and from hospitality businesses (e.g., if there are improvements in information flows related to building consents). While this paper considers information flow issues that will also apply to businesses and activities beyond hospitality, some areas of investigation may be out of scope for recommendations through the Review.

8. The information flow issues considered in this paper are not unique to the hospitality sector. Similar issues arise across other regulatory systems, where multiple statues and regulators (and sometimes local implementation arrangements) intersect. When regulatory systems with different statutory purposes and decision-making processes intersect, this will unavoidably add to the complexity of regulatory information flows. A complex system of regulatory information flows does not necessarily indicate regulatory failure but does if those information flows are ineffective and/or inefficient.

Background

Effective and efficient information flows support a regulatory system with credibility and buy-in

9. A regulatory system requires information to flow between regulatory actors. These information flows need to be effective and efficient to enable a highly functioning regulatory system.

10. Effective and efficient information flows in a regulatory system are essential to:

    a. **aid effective decision-making** by ensuring regulated parties and regulators have the information they need to inform and make decisions that align with the regulatory purpose and achieving regulatory outcomes

    b. **support operational efficiency** by minimising the operational and administrative costs of providing information, searching for information, and interpreting information

    c. **help assist compliance** by ensuring regulated parties understand compliance requirements, making it easier for regulated parties to behave in the desired way

    d. **build transparency and trust** by giving regulated parties and regulators confidence they have the best information available and that the system is designed with them in mind, rather than just administrative matters.

11. Regulatory information flows may not be effective nor efficient if:

    a. **information is of poor quality** e.g., if the information lacks clarity, is incomplete, is incorrect, includes superfluous information, and/or is inaccessible

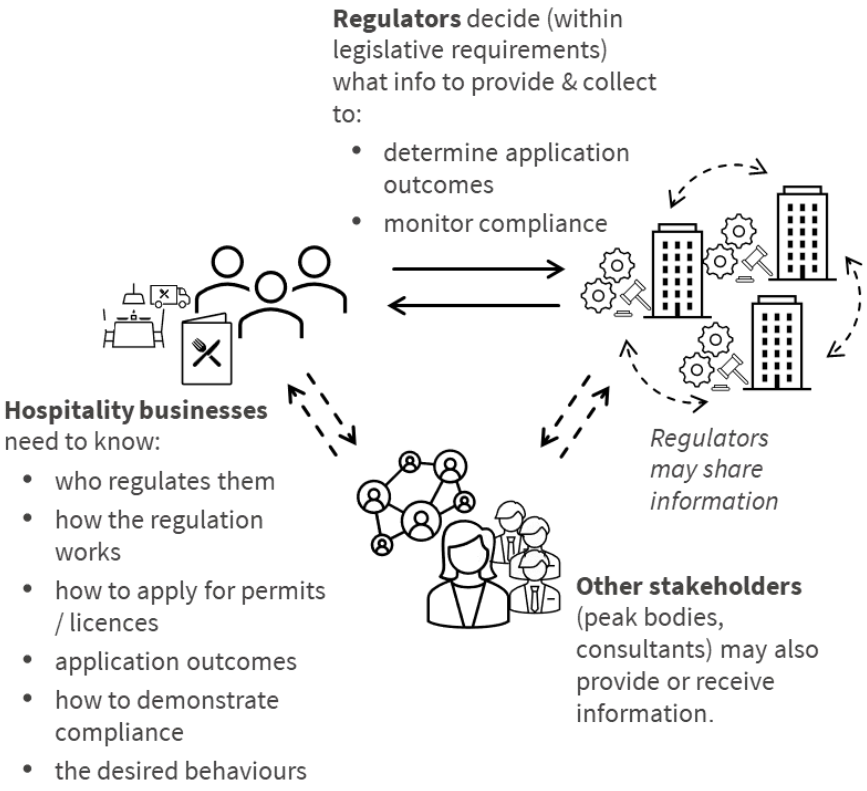
    b. **too little information is provided**, which can lead to information asymmetry, where one party has more or better information than another party.

12. Inefficient or ineffective regulatory information flows can occur because information requirements set in legislation or in an application form are not fit for purpose. For example, if an application form uses overly technical language to request information, which makes it unnecessarily difficult for applicants to understand, this could lead to incorrect responses.

Information needs to flow to and from regulated parties

13. The key regulatory information flows in a regulatory system are between regulated parties and the regulator (in both directions). However, other stakeholders (such as peak bodies) may also provide or receive information. Regulatory information flows are summarised in Diagram 1.

Diagram 1 – Regulatory information flows



14. The regulator often has the biggest role in determining the effectiveness and efficiency of information flows because they may determine:

    a. what information is provided to regulated parties (and in some instances peak bodies and the wider community)

    b. what and how information is provided from regulated parties to the regulator.

15. In some cases, the regulator may be limited in determining the content and format of information flows if legislation dictates what information is provided or required. We discuss later (from paragraph 27) the legislative requirements on regulatory information flows that are relevant to the hospitality sector.

Hospitality businesses require information on regulatory duties and obligations

16. Hospitality businesses need information on their regulatory duties and obligations. Specific information needs will vary across businesses, but generally a hospitality business will need information on:

    a. what regulation applies to them

    b. what actions they need to take (and when) to comply with regulation

    c. if their business will be subject to compliance monitoring (e.g., auditing, inspection, and/or verification), when this monitoring will take place (if monitoring follows a

schedule), and what the person carrying out the compliance monitoring will be looking for

d. what actions they can take to make demonstrating compliance easier

e. what might happen if they do not comply, or cannot demonstrate compliance

f. who the regulator is and who they should contact if they need further information.

17. Some hospitality businesses will require more information than others. The type of information required and how the information is best presented will also vary by business. The information needs of a hospitality business may depend on (among other things) the:

a. type of hospitality business (e.g., does the business sell alcohol)

b. location of the business – territorial authorities are responsible for administering much of the regulation relevant to hospitality businesses, so information requirements will depend on how the relevant territorial authority interprets and implements regulatory requirements and any relevant local bylaws

c. experience of the business owner or operator

d. size of the hospitality business (e.g., a small business might need more templates or toolkits to help them comply than a larger business)

e. level of English literacy of the business owner or operator (especially if English is not their first language).

18. Regulatory information can be provided to a hospitality business on a one-to-one basis (e.g., by a regulator meeting with a hospitality business), or as general information available to all businesses (e.g., on a website). Information presented on a website can still cater for the varying needs of different businesses by specifying what information is relevant to what type of business and presenting information in different languages and on different media platforms.

19. Hospitality businesses are required to comply with regulation that is administered by different regulators (e.g., the relevant territorial authority, Ministry for Primary Industries (MPI), and WorkSafe). This means there can be a role for one government agency to provide general information on, or links to, all the relevant regulatory requirements (or provide links to the relevant information on each regulator's website). Alternatively, or additionally, information and/or links could be provided by a peak body.

20. If the regulator, or some other relevant party, does not provide complete and accessible information to hospitality businesses on regulatory systems and the regulatory obligations in those systems, this is likely to:

a. lead to a lower level of compliance

b. increase unnecessary regulatory burdens on compliant businesses by:

i. increasing the time spent searching for and interpreting information

ii. potentially requiring them to engage a consultant to understand their regulatory obligations

iii. increasing the likelihood they will make decisions that do not comply and have to reverse them later

c. increase administrative and/or operational costs for regulators due to:

i. more return visits / inspections to check compliance

ii. increased time spent working with businesses to correct errors in application forms

iii. more time spent on ongoing non-compliance and/or enforcement

d. result in lower trust by the sector in the system itself and the regulators regulating it.

Hospitality businesses need to provide information to regulators for compliance purposes

21. Hospitality businesses need to provide information to regulators at different stages of their set up and operation. This information is usually required to meet criteria for an approval (e.g., to obtain a licence) or to demonstrate compliance (e.g., showing the regulator a register of fridge temperature checks).

22. Before a hospitality business starts operating, it will need to submit application forms for licensing, permit, and registration purposes. In addition, they may need to respond to any subsequent information requests or questions by the regulator to support the decision-making process for the application(s).

23. Once the hospitality business is operating, it will need to provide information to demonstrate compliance. This information will generally be required at inspections and / or verifications, which usually occur on a regular basis. What information needs to be provided may be set out in legislation, set in the regulator's operational policy, or be at the discretion of the regulator.

24. A hospitality business will need to re-submit (updated) information for renewals of licences, permits, and registration periodically.[1] In addition, the business should inform the regulator of any relevant changes to their business (such as contact details, or changes to employees named in compliance documents) especially any changes that may impact on the level or type of licence or approval the business is operating under.

Regulatory information also needs to flow between regulators

25. Some regulatory systems have multiple regulators, and the different regulators may need to exchange information with one another (e.g., territorial authorities are required to provide MPI details of their registered food businesses).[2] Some legislation also requires other agencies to review applications and provide advice to the application decision-maker (e.g., in alcohol licensing).

26. Information may need to flow across regulatory systems as well. This information may flow directly between the different regulators, or the hospitality business may be required to pass the information on to the other regulator (e.g., in alcohol licensing, applicants need to submit information on the premise receiving a Code Compliance Certificate under the building regulatory system).

Legislative instruments

Government agencies have regulatory stewardship responsibilities

27. Under the Public Service Act 2020, all government agencies have stewardship responsibilities for the legislation they administer.[3] In addition, under the Regulatory Standards Act 2025,

[1] Note that renewal periods for different regulatory systems (e.g., food registration and alcohol licensing) are not likely to be aligned.
[2] s59(2)(a) of the Food Act 2014 requires territorial authorities to provide information in relation to registered food control plans (as specified in Clause 4 of Schedule 5) to MPI for entry into the relevant public register. Under s88(2)(a) of the Food Act 2014, territorial authorities must provide MPI with the details of registered food businesses subject to national programmes (as specified in Clause 7 of Schedule 5), the date of registration of the food business and duration of registration for entry on the relevant public register.
[3] Public Service Act 2020, s 12(1)(e)(v).

public service chief executives are responsible for proactively engaging in regulatory stewardship when carrying out their responsibilities and functions and for ensuring that their agency also does so.[4]

28. Government *Expectations for Good Regulatory Practice* states that the government expects public service and state sector regulators to give appropriate effect to the regulatory stewardship responsibilities it outlines, within the bounds of their agency resources and mandates.[5] The statement includes good regulatory practice in its definition of regulatory stewardship responsibilities[6] and notes that, where appropriate to their role, regulators are expected to:

    a. 'provide accessible, timely information and support to help regulated parties understand and meet their regulatory obligations'

    b. 'maintain and publish up-to-date information about their regulatory decision-making processes, including timelines and the information or principles that inform their regulatory decisions'

    c. 'develop working relationships with other regulatory agencies within the same or related regulatory systems to share intelligence and co-ordinate activities to help manage regulatory gaps or overlaps, minimise the regulatory burden on regulated parties, and maximise the effective use of scarce regulator resources'.[7]

29. The requirements in the Public Service Act 2020 and Regulatory Standards Act 2025 only apply to government agencies that administer legislation, so do not apply to all regulators (such as territorial and regional authorities).[8] The *Government Expectations for Good Regulatory Practice* are also not binding on territorial and regional authorities, but they do represent better or good regulatory practice.

Information required to be provided in applications is set out in primary and secondary legislation

30. The key information that a regulated party is required to provide when applying for food registration, alcohol licensing, a building consent, or a resource consent are set out in primary and secondary legislation. The specific legislative information requirements for each of these applications are summarised below.

31. Hospitality businesses may also need to apply for other permits such as for outdoor dining on public land, trade waste, or an event. Information provision requirements for these permits are set individually by each territorial authority, so are not discussed here.

Primary legislation sets standard form and content requirements for food registration

32. The Food Act 2014 is the key piece of primary legislation in the food safety regulatory system. The Food Act 2014 requires most food businesses to be registered (with either MPI or their territorial authority) and operate under a custom food control plan, template food control plan, or national programme 1, 2, or 3 (see the Review's food safety supplementary papers for further details).

[4] Regulatory Standards Act 2025, s 15 (1).
[5] Government Expectations for Good Regulatory Practice, p. 1
[6] Ibid p. 3.
[7] Ibid p. 5.
[8] The government agencies administering legislation relevant to the hospitality sector include the Ministry for Primary Industries (Food Act 2014), Ministry of Justice (Sale and Supply of Alcohol Act 2012), Ministry for Business, Innovation and Employment (Building Act 2004), and the Ministry for the Environment (Resource Management Act 1991).

33. The form and content requirements for applying to register a food business are set out in section 53 (food control plan) and section 83 (national programme) of the Food Act 2014. Key pieces of information that a business needs to provide include:

    a. business details

    b. details of the person responsible for the food control plan or day-to-day management of the food business

    c. confirmation of the verifier or verifier agency that will carry out verification functions.

34. These requirements are set out in more detail in Table 16 in Appendix A.

35. The Food Act 2014 does not prevent a regulator (MPI or territorial authority) requesting additional information as part of a food registration application (or at a later time) that is not set out in section 53 or 83 of the Food Act 2014. Therefore, the legislative requirements in sections 53 and 83 effectively set minimum information requirements for food registration applications.

Primary legislation also requires food businesses to keep extensive records for the food safety regulatory system

36. The Food Act 2014 also requires registered food businesses to meet extensive record-keeping requirements (e.g., fridge temperature). However, MPI is considering simplifying record-keeping requirements under its Food Act Improvement Programme (FAIP).[9] We do not discuss these requirements further in this paper because they are considered in more detail in the Review's food safety supplementary papers. However, we note that these record-keeping requirements do contribute to the level of information that hospitality businesses are required to provide to regulators.

The standard requirements for alcohol licensing applications are set out in primary and secondary legislation

37. The Sale and Supply of Alcohol Act 2012 is administered by the Ministry of Justice (MoJ). It requires businesses selling alcohol to be licensed and sets out the main categories of licences: on-licences, off-licences, special licences, and club licences.[10] A business needs to apply to its territorial authority for an alcohol licence.

38. Sections 100(b) and 100(c) of the Sale and Supply of Alcohol Act 2012 require that an application for an alcohol licence be made in the prescribed form and manner and contain the prescribed particulars.

39. The prescribed forms and particulars for the different types of licence are set out in the Schedule of the Sale and Supply of Alcohol Regulations 2013. Information required in a licence application includes:

    a. endorsements

    b. applicant details

    c. details of licenced premises

    d. details of duty managers

    e. context for the sale of alcohol

[9] The FAIP is also progressing other initiatives that are intended to improve businesses regulatory experience, but these initiatives are non-legislative and are considered later from paragraph 78.

[10] The Sale and Supply of Alcohol Act 2012, s13.

f. conditions alcohol will be supplied under.

40. Table 17 in Appendix A sets out in more detail what information is required in a licence application under the Sale and Supply of Alcohol Regulations 2013.

41. The Sale and Supply of Alcohol Act 2012 and Sale and Supply of Alcohol Regulations 2013 do not prevent a regulator (e.g., territorial authority, district licensing committee, police) from requesting additional information at any stage during the alcohol licence application process. Therefore, the legislative requirements in the Sale and Supply of Alcohol Act 2012 and Sale and Supply of Alcohol Regulations 2013 effectively set out minimum information requirements for alcohol licence applications.

Secondary legislation specifies what needs to be included in a building consent application

42. Under the Building Act 2004, all building work must comply with the building code[11] and most building work requires a building consent.[12] The Building Act 2004 is administered by the Ministry of Business, Innovation and Employment (MBIE) but building consent applications are assessed and issued by the building consent authority (usually the relevant territorial or unitary authority).[13] The Building (Forms) Regulations 2004 sets out what information is required in an application for building consent. The application requires information on:

    a. the building (e.g., street address)

    b. the owner's name and contact details

    c. the agent's name and contact details and relationship to the owner

    d. the project (e.g., a description of the building work, whether the building work would result in a change of use of the building, list of consents previously issued for the project)

    e. restricted building work, including details of the licensed building practitioner (if relevant)

    f. how the building work will comply the building code

    g. a compliance schedule if there are any specified systems in the building.

43. A building consent application is also required to include several attachments, such as a list of plans and specifications, product and manufacturer certificates, memoranda from licensed building practitioner(s), and a development contribution notice.

Secondary legislation specifies what needs to be included in a resource consent application

44. Under the Resource Management Act 1991 (RMA), a resource consent is required for an activity that might affect the environment or the use of natural resources, and that isn't allowed under the relevant district or regional plan. A resource consent is usually issued by a territorial or regional authority (depending on the type of activity) and grants legal permission to undertake that activity.[14]

45. The Resource Management (Forms, Fees, and Procedure) Regulations 2003 set out the application form for resource consent.[15] The application requires the following information (among other things):

    a. applicant details (full name, address)

[11] The building code is Schedule 1 of the Building Regulations 1992.
[12] s 40 of the Building Act 2004. Schedule 1 of the Building Act sets out building work that is exempt from building consent requirement.
[13] s 48 and s 93 of the Building Act 2004.
[14] A hospitality business may require a resource consent for an advertising sign or for noise emissions above the noise limits in a district plan.
[15] Resource Management (Forms, Fees, and Procedure) Regulations 2003, Schedule 1 Forms, Form 9.

b. type of resource consent

c. the proposed activity to which the application relates, including a description of the site

d. assessment of the proposed activity's effect on the environment and matters set out in the RMA

e. further information required by the district plan, the regional plan, the RMA, or any regulations made under the RMA

f. details of any abatement notices, enforcement orders, infringement notices, and convictions under the RMA that the applicant has been subject to.

How does it work in practice

The Compliance Matters tool provides some relevant information on regulatory obligations

46. *Compliance Matters* is an online tool run by MBIE.[16] The purpose of the tool is to help businesses understand, start, run and grow their business, while navigating central government requirements in a way that is simple and user centred. It provides users with some high-level information on regulatory obligations for businesses operating in a range of industries and points users to where they can find more comprehensive information on regulatory obligations (usually via a link to a relevant page on the responsible government agency's website).

47. *Compliance Matters* includes information on both industry-specific requirements (e.g., food registration) and more general regulatory obligations (e.g., health and safety). Because the tool is focussed on enabling businesses to navigate central government regulatory obligations, it does not include information on permits or licences that a territorial authority might require (e.g., for outdoor dining on public land or trade waste). It would be difficult to include these local government regulatory obligations because they vary across territorial authorities.

48. *Compliance Matters* does include high-level information on some regulatory systems where there is a central regulator, but operational processes and decisions are delegated to territorial authorities (e.g., some food registration, building consents). However, there is no information on other regulatory systems that also have a central regulator with operational delegation to territorial authorities (e.g., alcohol licensing, resource consents) and the tool does not clearly state that it does not include all regulatory obligations.[17]

49. In addition to being incomplete, the *Compliance Matters* tool is currently not very user friendly because:

    a. the content tends to be quite technical

    b. it can be difficult to navigate (for example, the first question the tool asks the user is what subject area they want to know about (e.g., licensing and registering, records and reporting) rather than giving the user an option to select the appropriate industry (e.g., accommodation and food))

    c. it does not provide a clear checklist of what a new (or existing) business might need to do to meet their regulatory duties and obligations.

[16] https://www.tools2.business.govt.nz/compliance-matters

[17] The *Compliance Matters* homepage does list 11 agencies that have provided content for *Compliance Matters* but because a business will not always know which government agency is responsible for each regulatory system this is not particularly helpful.

50. The *Compliance Matters* team has plans to enhance the tool as part of a broader ICT engagement project but note that there are resource and budgeting constraints to resolving issues with the tool. These plans currently do not include adding content on alcohol licensing.

Regulator websites provide some information on regulatory systems relevant to the hospitality sector

51. To understand the current state of information provision by regulators, we undertook a high-level survey of hospitality-specific information that is publicly available. This included a survey of the websites of eight territorial authorities with a range of characteristics (e.g., rural / provincial / metropolitan) and key central agencies a business would interact with when navigating industry-related regulation. Our survey focussed on information provision in the food safety and alcohol licensing regulatory systems.

Information provision on the food safety regulatory system

52. The MPI website provides a plain language, high-level view of the different aspects of the food regulatory system, including:

    a. the case for regulation and the high-level regulatory approach being taken

    b. the Food Act 2014 and what business activities are subject to regulation

    c. the plans a food business can register under and which regulator different plans are registered with

    d. general guidance about the food business verification process and the types of areas verifiers will evaluate for compliance.

53. MPI also provides standard template plans businesses can register under (e.g., Food Control Plan, National Programmes) as well as guidance for creating a custom food control plan. The guidance for creating a custom food control plan or completing a template food control plan includes clear instructions about what types of information should be included in a food control plan, but there is little to no guidance about specific requirements the plan must meet for it to be accepted as 'safe'.

54. For example, the template food control plan:

    a. describes the outcome businesses must achieve, which is that the 'design and physical location of your food business must allow you to make safe and suitable food'

    b. indicates what type of information is required by requesting applicants provide an external map that indicates 'any non-food activities being conducted in the same or neighbouring buildings/property that might affect food safety' but does not provide further detail about what non-food activities would be considered to have an impact on food safety or what distance is needed from such activities for food making to be considered safe.

55. However, some ambiguity is an intentional feature of the design of the regulatory system. This is because outcomes-based regulatory models generally do not prescribe lower-level requirements, practices or processes. This enables regulated parties to design their own systems, allowing for variety within the regulated activity and space for innovation in ways of meeting the regulatory objectives. This results in regulators sometimes being unable to provide specifics about what will and will not be considered compliant prior to a regulated party providing details of their approach for assessment.

56. MPI also maintain a list of third-party verifiers businesses can engage to complete their verification checks if they register with MPI. Territorial authority websites outlined their application process for registering a food business and set out the documentation required for

registration. Most territorial authorities also provided a tool or template for businesses to calculate expected registration and inspection fees. While territorial authorities provided a high-level outline of the regulatory system in relation to producing and serving food, they linked to the MPI website for more detailed information.

Information provision on the alcohol licensing regulatory system

57. Most territorial authorities' direct users to their local alcohol related by-laws and/or their local alcohol policy that set out general conditions for granting licences for the sale and supply of alcohol (e.g., alcohol licences will not be granted to a premises within *x* metres of a sensitive site, minimum trading hours etc.). Similar to the food safety system above, they usually provide a high-level description of the application requirements and process, but do not specify how or where a business needs to be set-up or what processes are sufficient for the application to be approved.

58. It is common for territorial authorities to provide information about:

    a. their district licensing committee

    b. the process by which an objection to the licence can be registered

    c. information about the hearings process

    d. a list of recent application rulings.

59. A few of the territorial authorities surveyed also provide resources for licensees such as fee calculators and templates for required documentation.

60. Alcohol.org.nz, run by Health New Zealand, provides information, advice, research and resources aimed at breaking the cycle of alcohol harm in New Zealand. While the website is primarily aimed at individuals, it does include high-level information about the regulatory regime, and a toolkit for on-licences that includes resources such as a sample Host Responsibility Policy, template registers and checklists for duty managers. The New Zealand Police website also has one page that notes who needs an alcohol licence and what types of conditions an alcohol licence may have.

61. In addition, Health New Zealand also make hard copy and downloadable resources available on their main website for businesses who serve alcohol, such as staff training materials (e.g., an intoxication assessment tool) and standard signage (e.g., 'No ID' and 'No service to intoxicated people').

62. MoJ, the government agency responsible for administering the Sale and Supply of Alcohol Act 2012, does not provide guidance to hospitality businesses on the alcohol licensing process on its website.

Information on other permits that a hospitality business may require

63. Territorial authorities commonly note what other licences or permits might be relevant to a hospitality business's activity. For example:

    a. webpages that discuss alcohol licensing often link to food business registration pages with a note that alcohol licences require food to be served

    b. food licensing information often notes that if a user is looking to register a mobile business, they will also need a hawker's permit (or similar).

64. A similar level of, and type of, information is usually provided for other hospitality-related permits and licences (e.g., building consents, trade waste permits, outdoor dining licences) as for alcohol licensing and food registration. Territorial authorities often provide information about the regulatory context (e.g., links to related by-laws or relevant central agencies) and the application process alongside the application forms.

Presentation of information on websites

65. The territorial authorities surveyed usually consolidate permit and licence information under a 'permits and licensing' section of their website. Alcohol licensing and food business registration tend to be reasonably prominent, commonly sitting as first sub-headings in this section.

66. For both territorial authorities and MPI, the information provided on the websites describes the regulatory systems and application process. Little information is provided on the specific requirements or standards set by the regulation in specific contexts or what is required for a business' application to be successful.

67. Information tends to be written in reasonably plain language. However, it is usually only available in English, is predominantly text-based, and there is little to no indication of materials or resources being available offline or in hard copy.

Some regulators will meet with applicants to discuss regulatory requirements

68. Regulators can meet with applicants to discuss regulatory requirements, although some territorial authorities are reluctant to do so because they do not want an applicant to rely on advice given in a meeting. This is potentially because of concerns the applicant will misinterpret the information given and act on the misinterpretation.

69. However, some territorial authorities do offer to meet with applicants. For example, Wellington City Council does offer to meet with applicants in some of their more complicated application processes (e.g., alcohol licensing, resource consenting). Wellington City Council feels the cost of this service is offset through a reduction in time spent correcting and re-processing incomplete and incorrect applications. In addition, Auckland Council has launched a hospitality support service called *Hospo Hub*, which we discuss further below.

Additional information and support are available to businesses if they pay for them

70. Peak bodies (e.g., Hospitality NZ, Restaurant Association of NZ) provide additional guidance, tools and resources regarding regulatory obligations to their member organisations, which businesses can pay membership fees to join.

71. Businesses looking for site or situation-specific guidance, or to be actively supported through the food and/or alcohol licensing and registration processes, can hire expertise through commercial consultancy firms.

Information provided by hospitality businesses to regulators

Hospitality businesses are required to submit separate applications for different regulatory requirements

72. The most common hospitality-related activities businesses are required to apply to undertake are:

    a. food business registration and verification
    b. alcohol licensing
    c. trading itinerantly (e.g., mobile food trucks) and/or in public spaces
    d. releasing trade waste into the wastewater system
    e. building work that requires consenting
    f. displaying signage or exceeding noise limits (and therefore requiring a resource consent)

g. outdoor dining on public land (e.g., the footpath).

73. Food businesses apply to either MPI or their territorial authority for food registration, depending on the activities and geographical spread of the business. All of the other applications listed above are made to the territorial authority.

74. Businesses are required to submit separate applications even when there are dependencies between them. For example, an application for an alcohol licence cannot be processed until the food business registration process is completed. However, food registration and alcohol licensing are handled as separate applications.

Each regulator has their own application information management system

75. Larger territorial authorities tend to have their own application system, with some territorial authorities (e.g., Auckland Council and Kāpiti Coast District Council) moving towards using the same system across all the applications (e.g., alcohol licensing, food registration, building consents).

76. Five smaller territorial authorities are using *FormBuilder*,[18] a centrally funded and secure tool that allows government agencies and territorial authorities to develop online service and application forms.[19] *FormBuilder* is marketed to businesses (and other parties using it to fill out application forms) as *Business Connect*.

77. Some smaller territorial authorities have a PDF form that needs to be filled out and either emailed or delivered by post / in person to the territorial authority.[20]

Case study – how some territorial authorities provide and request information

Auckland Council has recognised the challenge that hospitality businesses often face when trying to navigate regulatory obligations and is implementing changes to make the process easier. In March 2026 Auckland Council launched Hospo Hub, an online support form that connects a hospitality business with a single point of contact for guidance on food registration, alcohol licensing, outdoor dining, and other regulatory obligations.[21] They're also in the process of developing an integrated digital application system for food and alcohol licensing to streamline application processes, including reducing duplication.

Kāpiti Coast District Council is moving to a fully integrated application system for all their online forms and already has a dedicated information point on their website for hospitality licensing.[22]

[18] As of 20 April 2026. The territorial authorities using FormBuilder are: Central Hawke's Bay District Council, Otorohanga District Council, South Taranaki District Council, Manawatu District Council and Selwyn District Council. Three other territory authorities (Tasman District Council, Kapiti Coast District Council, and Tararua District Council) have previously used FormBuilder but have since stopped.
[19] https://www.formbuilder.govt.nz/. FormBuilder has also been marketed as *Business Connect* in the past.
[20] For example, Marlborough District Council (https://www.marlborough.govt.nz/services/alcohol-licences/alcohol-licensing-forms/on-licence-or-renewal-of-on-licence-application) and Masterton District Council (https://www.mstn.govt.nz/repository/libraries/id:2jr77ddvv17q9sn6a3db/hierarchy/Forms%20and%20Applications/Alcohol/Application%20for%20On-Licence%20or%20Renewal) both have pdf application forms for an alcohol on-licence.
[21] Support form for new hospitality businesses
[22] Hospitality licensing - Kāpiti Coast District Council

MPI is progressing a range of business experience initiatives under the FAIP

78. MPI is progressing a range of initiatives that could improve information flows in the food safety regulatory system through their current work programme. These initiatives are listed in Table 2.

Table 2 – FAIP initiatives that could help improve information flows in the food safety regulatory system

Initiatives that could help improve information flows…	Initiatives
… from regulators to regulated parties	• development of clearer and more accessible guidance materials • expansion of online learning resources and educational materials • improvements to enquiry handling and business support services
… from regulated parties to regulators	• simplification of Food Control Plan templates and guidance • review of record-keeping requirements • review of renewal arrangements
… in both directions	• work to improve consistency of regulatory delivery

79. MPI states that these initiatives are specifically intended to improve regulated parties' understanding of regulatory obligations and reduce unnecessary administrative burden, while maintaining food safety outcomes. As this work has not yet been concluded, we do not know the extent to which the current issues will be addressed.

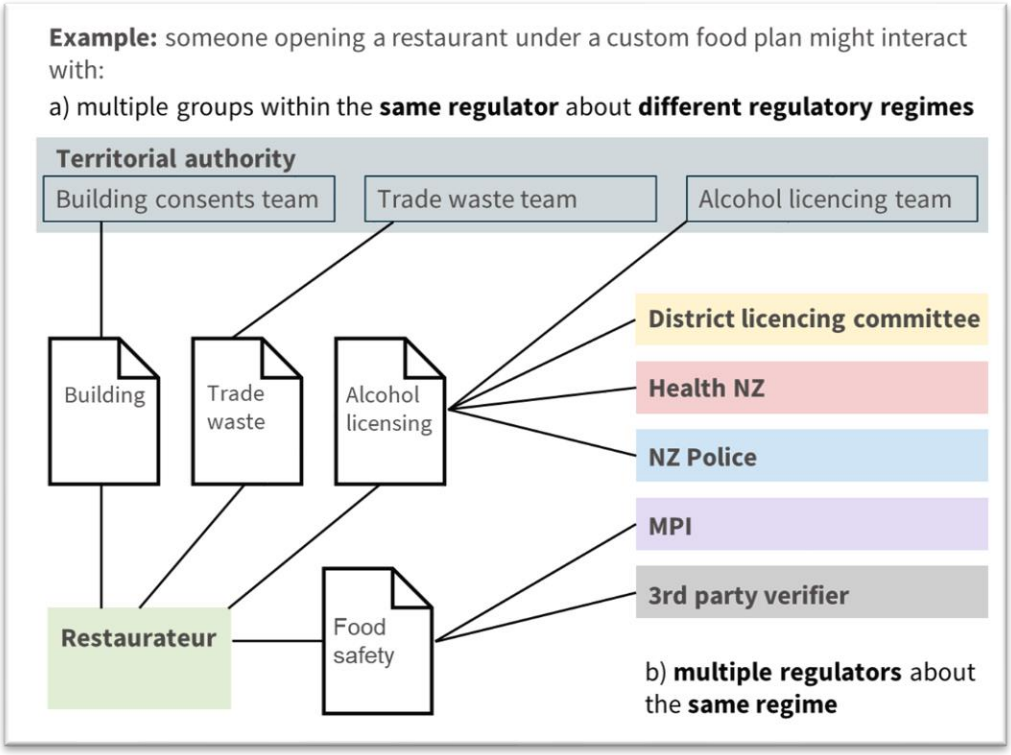
A hospitality business may need to interact with many regulators

80. Hospitality businesses may need to engage with more than one regulator both within a regulatory system (particularly the alcohol licensing system) and across different regulatory systems.

81. The diagram below illustrates which regulators a hospitality business may need to engage with using the example of someone opening a new restaurant under a custom food plan.[23] Appendix B sets out in more detail the regulators that a hospitality business may need to engage with.

[23] In this example a restaurant registers with MPI because they are under a custom food plan. Most restaurants are under a template food plan and would register with the territorial authority rather than MPI.

Diagram 2 – Regulators a hospitality business may need to engage with



Analysis of the current state and problem identification

Methodology

82. We have assessed the current state of information flows against the Review's criteria, which are drawn from the Review's Terms of Reference. These are described in Table 3 below. Some criteria are more relevant in some areas of hospitality-related regulatory systems than others, and this is reflected in the details of the assessments later in this section.

Table 3 - Criteria for the assessment of the current state

Criterion	High-level description
Effective	The intervention achieves its intended benefits and policy objective(s).
Efficient	The intervention is achieving its benefits for the least cost[24] (including time taken). The benefits of the intervention (for both the government and regulated parities) outweigh the costs.
Proportionate	Regulatory requirements are aligned to the level of risk being managed. An appropriate balance is struck between regulatory control and operational freedom.

[24] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits or reduced regulatory outcomes (e.g., public health protection).

Criterion	High-level description
Adaptable	The intervention can sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance.
Easy to comply with	The regulatory requirements easy to find, easy navigate, and clear and easy to understand.
Appropriate impact on individual rights and liberties[25]	The impact, if any, the intervention has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.
Otherwise aligned with the Ministry's view of good regulatory practice[26]	Where relevant, the intervention otherwise aligns with the Ministry's view of good regulatory practice, including (but not limited to) transparency, accountability, supporting innovation, and independence.

83. To make our assessment of the current state, we have drawn from multiple sources of information, including direct and written engagement with hospitality businesses peak bodies, community organisations, and regulators; academic research; international comparisons; and economic analysis. Evidence is referenced, and we discuss areas where what we know is limited and where we have made informed judgements.

84. The meanings of our assessments are described in Table 4 below.

Table 4 - Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.
××	In no way meets the criterion.

85. Based on this assessment, we identify the issues that contribute to a problematic current state. These problems, their potential underlying causes, and impacts, are analysed under each assessment, including considering whether the underlying causes are:

    a. inherent in the legislative design. This covers both the unintended consequences of design choices, and design choices that are working as intended but may no longer be effectively contributing to the purposes of the regulatory system

[25] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.

[26] This criterion covers additional aspects of good regulatory design and practice covered in Government Expectations for Good Regulatory Practice that are not already covered by the preceding criteria. These additional aspects are not always relevant to every part of the regulatory system, and so this criterion is used only where relevant.

b. regulatory practice issues. This covers regulator capacity and capability issues, stewardship issues, and the monitoring and evaluation of the system.

Structure of this section

86. The rest of this section is broken into two subsections that assess the current state of:

    a. provision of information by regulators to regulated parties

    b. requirements on regulated parties to provide information to regulators (particularly as part of an application process).

87. In each subsection we summarise what we heard from stakeholders on the current state, assess the current state against the criterion in Table 3 above, and state the problem.

Provision of information by regulators to regulated parties

What stakeholders said

88. We heard from hospitality businesses that it was difficult to find consistent, clear and accessible information about the regulatory requirements they need to meet. Meanwhile, some regulators stated that hospitality businesses lacked understanding and knowledge of regulatory requirements.

89. Concerns raised about hospitality businesses' access to information on regulatory requirements are summarised in Table 5.

Table 5 – Concerns raised about hospitality businesses' access to compliance information

Group	Concerns raised
Hospitality businesses	• no centralised source of regulatory information • information is difficult to find • information that is provided is wordy and lacks clarity • information is sometimes conflicting (both within a regulator and across different regulators / agencies) • difficult to access support to understand information.
Peak bodies	• more support is required for businesses to understand requirements
Regulators	• hospitality businesses lack understanding of the regulatory requirements they need to meet • many hospitality business operators have English as a second language which makes it difficult for them to understand requirements • regulators have limited resources to provide the guidance and education required by hospitality businesses to understand their obligations.

90. The quotes below highlight some of the concerns that hospitality businesses have.

"Accessing reliable and consistent information to open a new hospitality business or location is extremely difficult. There is no single, centralised source of truth."

"It was easy to find the requirements for my plan on the MPI website but a lot of it wasn't clear enough."

"There was also conflicting advice on my local council website. Some of the wording for me caused issues in working out if I was to register with MPI or council."

"So many pages of small writing."

"Other requirements are in multiple different locations across many websites and a minefield to get your head around. Hospitality owners end up relying on others in the industry to provide the correct information which can then not always be accurate."

"Everyone I talked to had a different answer."

"The support available to small hospitality businesses is fragmented, reactive, and often inaccessible in practice. When I have sought help—from MBIE, Immigration, or the local council—the response has felt procedural rather than supportive."

91. In addition, in our survey 58% of hospitality businesses responded that it was difficult or very difficult to access information about the requirements to open a new business or location.

Our assessment of the current state

92. Our assessment of the current state of provision of information by regulators to regulated parties is described in Table 6.

Table 6 - Assessment of the provision of information by regulators to regulated parties

Criterion	Assessment
Effective Is the provision of information by regulators to regulated parties effective?	✓ **Is partially effective with opportunities for improvement** Our view is that many hospitality businesses are often struggling to access consistent, clear and accessible information about their regulatory obligations. We consider that this is partially due to the provision of information to regulated parties not always being effective, but is also due to the food safety and alcohol licensing systems being outcomes based, which reduces the ability of regulators to provide definitive information that addresses every circumstance. Our review of existing information provision by regulators indicated that MPI and territorial authorities provide some good information on their websites about application requirements and process (particularly for the food safety and alcohol licensing regimes). However: • hospitality businesses often struggle to find the information • accessibility is limited for hospitality business owner / operators with English as a second language[27] or who have difficulty navigating digital tools

[27] This issue was raised by some territorial authorities but was not raised by the hospitality businesses we heard from. However, all our communication and surveys have been in English, so this is likely to be due to hospitality businesses with English as a second language not submitting to the Review, rather than the issue not existing.

Criterion	Assessment
	• there is a lack of guidance about specific requirements a business will need to meet for an application to be approved or an inspection to be passed. We note that MPI is currently progressing initiatives that could partially address these issues in the food safety regulatory system, including developing clearer and more accessible guidance material, and expanding online learning resources and educational materials. Some territorial authorities also offer to meet with applicants as part of the application process (e.g., Wellington City Council, Hastings District Council, and Kaipara District Council), but not all territorial authorities explicitly offer this. This may mean that some hospitality businesses are unable to access personalised advice on their specific circumstances unless they pay a consultant to provide this support. The *Compliance Matters* tool also provides users with core information on some central government regulatory obligations, but the content is incomplete because it does not include content on all central government regulatory obligations (e.g., alcohol licensing). The information is also quite technical, difficult to navigate, and does not provide a clear checklist of what a new (or existing) business might need to do to comply.[28] There are plans to enhance the *Compliance* Matters tool, but it does not include adding content on alcohol licensing.[29] Our engagement with hospitality businesses and hospitality peak bodies also indicated that information provision by regulators was not always effective: • in our survey, 58% of hospitality businesses responded that it was difficult or very difficult to access information about the requirements to open a new business or location • in submissions and direct engagement, hospitality businesses and peak bodies told us that information that is provided is wordy, lacks clarity, and is sometimes conflicting (both within a single regulator and/or across different regulators / agencies) • additionally, in submissions and direct engagement, we were told that hospitality businesses find it difficult to access support to understand information or get advice on their specific situation. Hospitality businesses also told us that information is sometimes conflicting (both within a regulator and across different regulators). We found no evidence of conflicting information, but this does not mean the issue does not exist. In addition, complex information and/or spoken information are highly liable to be interpreted in different ways and this could be creating perceptions of conflicting information. Several territorial authorities told us during targeted engagement that guidance from central government agencies, particularly MPI, to territorial authorities on regulatory obligations sometimes lacked clarity and was inconsistent. This may partially reflect the complexity of the outcomes-based regulatory systems but may also be contributing to

[28] The *Compliance Matters* tool also does not provide information on local government regulatory obligations because its strategic purpose is focussed on helping businesses navigate central government requirements.

[29] Appendix C provides more detail on the evidence we found of hospitality businesses and peak bodies' concerns when we reviewed the *Compliance Matters*, MPI, and some territorial authorities' websites.

Criterion	Assessment
	some ineffectiveness in the provision of compliance information to hospitality businesses.
Efficient Is the provision of information by regulators to regulated parties achieving benefits for the least cost?	**× Is not efficient** Our view is that, while the current approach to information provision is reasonably low cost, it is not always achieving the desired benefit and therefore is not efficient. We consider that the desired benefit is that hospitality businesses find it easier to comply with regulation because they can easily access information that helps them understand their regulatory obligations. As noted in the row above, our view is that this is not always happening in the current state. In addition, cost is driven up slightly because some businesses are needing to rely on paid information sources to understand their regulatory obligations (i.e., information provided by peak bodies to their members, or by hiring a consultant to provide guidance).
Proportionate Is the effort spent on provision of information by regulators to regulated parties proportional to the size / impact of the system?	**× Is not proportionate** Our view is that, while regulators are putting effort into ensuring hospitality businesses have the information that they need to comply with their regulatory obligations, the risk-based nature of key regulatory systems (food safety and alcohol licensing) means that greater effort is needed to ensure that hospitality businesses have sufficient information to manage the risks inherent in the systems.
Adaptable Is the provision of information by regulators to regulated parties evolving in response to new information?	**✓ Adaptable in some circumstances** Our view is that regulators are often updating information as required but updates may not be very visible to businesses.
Easy to comply with Does the provision of information by regulators to regulated parties make it easy for regulated parties to comply with relevant regulatory requirements?	**× Is not easy to comply with** Our view is that because information provision to hospitality businesses on their regulatory obligations is sometimes ineffective and is not efficient this is making it more difficult for hospitality businesses to comply. As noted above, many hospitality businesses are struggling to access consistent, clear and accessible information about their regulatory obligations. Difficulties accessing information mean that businesses are having to dedicate more time to searching for information to ensure that they comply.
Appropriate impact on individual rights and liberties	*Not applicable – the provision of information by regulators to regulated parties does not directly impact or diminish personal liberties, security, freedoms, or property rights.*

Criterion	Assessment
Otherwise aligned with the Ministry's view of good regulatory practice	**× Regulators are not providing accessible information and support to help regulated parties understand and meet their regulatory obligations** Consistent with our assessment above on effectiveness, efficiency, and ease of compliance, our view is that hospitality businesses cannot always easily access information to understand and meet their regulatory obligations.

Problem identification and analysis

93. **Problem:** Information provision by regulators to hospitality businesses on regulatory obligations is not always effective and is not efficient.

    Impacts of the problem: Based on evidence collected by the Review, we think the impacts of this problem include:

    a. businesses need to spend more time searching for information on regulatory obligations

    b. businesses sometimes find it difficult to comply because they do not understand their regulatory obligations

    c. regulators are having to spend more time ensuring hospitality businesses understand their regulatory obligations and are complying.

    Underlying causes of the problem: Based on the assessment above, we think the underlying causes that likely contribute to this problem include:

    a. key regulatory systems relevant to the hospitality sector (food safety and alcohol licensing) are risk based which makes it difficult to provide guidance material. This means that information can tend to be generic and high level because it is difficult to cater to a wide range of business types with varying risks, which is further compounded when taking a broader outcomes-based approach to regulation

    b. territorial authorities have limited resources to provide the guidance and education required by hospitality businesses to understand their obligations. These guidance and education needs can include meeting with applicants, providing information in different languages, using different digital media types to present information (e.g., video), and providing information offline or in hard copy

    c. some territorial authorities are hesitant to provide individualised support to hospitality businesses. This may be because they are concerned about straying into an advisory role and consider that it is the responsibility of businesses to understand their obligations

    d. there is insufficient resourcing of a centralised source of regulatory information. *Compliance Matters* provides a centralised source of information central government regulatory obligations, but it is incomplete and not very user friendly.

94. While we consider that the risk-based design of key regulatory systems contributes to the problem, we consider that the causes of the problem are predominantly regulatory practice issues rather than inherent in legislative design. Many regulatory systems are risk-based and this should not preclude effective and efficient information provision to regulated parties.

Requirements on regulated parties to provide information to regulators

What stakeholders said

95. We heard from both hospitality businesses and peak bodies that hospitality businesses had to interact with multiple agencies and complete extensive paperwork, which was time-consuming for businesses. Hospitality businesses also told us that the alcohol licensing process required businesses to provide the same information to territorial authorities, Police and Medical Officers of Health more than once, which created an administrative burden.

96. The quotes below highlight the issues hospitality businesses have with duplicative information requirements in the alcohol licensing process.

> *"Each agency independently assesses applications and often requests similar information, resulting in overlapping reviews that prolong decision-making and increase administrative burdens on all parties involved."*
>
> *"Hospitality operators must interact with Licensing Inspectors, Police, Medical Officers of Health, Fire and Emergency NZ, planning teams, building teams, and environmental health officers—often with duplicated paperwork."*
>
> *"Applicants are required to complete excessive paperwork, provide extensive documentation and undergo multiple consultations. This is complex and time-consuming for both the applicant and the multiple agencies assessing the submissions."*

97. Hospitality businesses also highlighted specific information provision issues when applying for special licences (especially across different territorial authorities).

> *"The Special Licence application process remains unnecessarily complex, time-consuming, and inconsistent across territorial authorities. Requirements vary between councils, often demanding repetitive or irrelevant information."*

Our assessment of the current state

98. Our assessment of the current state of requirements on regulated parties to provide information to regulators is described in Table 7.

Table 7 - Assessment of the requirements on regulated parties to provide information to regulators

Criterion	Assessment
Effective Are the requirements on regulated parties to provide information effective?	✓ **Is effective** Our view is that requirements on hospitality businesses to provide information to regulators is likely effective. Regulators are usually getting the information they require from hospitality businesses during the application process. Regulators sometimes have to follow up with hospitality businesses to ask for further information (following the initial application) but this does not affect effectiveness.
Efficient Are the requirements on regulated parties to provide information achieving benefits for the least cost?	× **Is not efficient** Our view is that the requirements on hospitality businesses to provide information to regulators is inefficient because information requirements are duplicative and time consuming. The same

Criterion	Assessment
	benefits could be achieved at a lower cost to both hospitality businesses and regulators. We heard from hospitality businesses and peak bodies that information provision requirements are duplicative and time-consuming (especially in the alcohol licensing regime). For example: • hospitality businesses told us that the alcohol licensing process required businesses to provide the same information to territorial authorities, Police and Medical Officers of Health more than once, which created an administrative burden • hospitality businesses said they had to interact with multiple agencies and complete extensive paperwork, which was time-consuming for businesses and regulators. Hospitality businesses made specific mention of the special licence application process, which they argued was unnecessarily complex, time-consuming, and inconsistent across territorial authorities. To test and corroborate the sector's views, we reviewed the application forms and required attachments related to food safety, alcohol licensing and outdoor dining permits of five territorial authorities, with a deeper dive into one territorial authority's applications.[30] We found that: • there is variation in information requests between territorial authorities (e.g., some requesting a security plan for an on-licence, others not) • territorial authorities request information they already hold (e.g., asking an on-licence applicant to attach a building certificate issued by the same territorial authority to the application) • there are duplicative requests for the same information within the same application (e.g., applicants are required to enter core business information multiple times) • there are requests for similar information with different specifications in different applications (e.g., building plans are required for both food registration and on-licence applications, although they require different elements to be specified or identified). These duplicative information requirements require hospitality businesses to spend more time providing information, which adds to compliance costs and has opportunity costs (e.g., business owners / operators have less time to focus on growing their business). Despite this, we consider that some of the duplication perceived by hospitality businesses cannot be fully removed. For example, requests for similar information with different specifications in

[30] The five territorial authorities were chosen to include districts with different characteristics (e.g., metropolitan / provincial, South Island / North Island). We did a deeper dive on Gisborne District Council's application processes. Gisborne District Council was selected for this case study as it was one of the territorial authorities included in the initial survey and, of those, serves both a sizable population centre as well as a large rural area. Appendix D provides more detail on the types of duplication we found when we reviewed territorial authorities' websites.

Criterion	Assessment
	different applications is unlikely to be able to be completely avoided.
Proportionate Is the effort spent by regulated parties to provide information proportional to the size / impact of the system?	× **Is not proportionate** Our view is that the amount of time that hospitality businesses must spend providing information to regulators is not proportional to the size and risks of the system. While the risk-based nature of the food safety and alcohol licensing systems means that regulators need to ensure they have sufficient information to make informed decisions on risk, current application systems are not taking advantage of information already available elsewhere.
Adaptable Are the requirements on regulated parties to provide information evolving in response to new information?	× **Is not adaptable** Our view is that application processes and requirements are often not evolving in an adaptable way. We consider that the duplicative information requirements set out above are a symptom of territorial authorities' application systems developing in a piecemeal fashion, which can add ever increasing and sometimes unnecessary requirements to application processes. While some territorial authorities are developing integrated application systems (e.g., Auckland Council and Kāpiti Coast District Council) that should allow application requirements to evolve appropriately over time, some smaller territorial authorities still have PDF forms that need to be filled out and either emailed or delivered in hard copy (e.g., Marlborough District Council).
Easy to comply with Do the requirements on regulated parties to provide information make it easy to comply with relevant regulatory requirements?	× **Is not easy to comply with** Our view is that the requirements on hospitality businesses to provide information are duplicative and time consuming and this makes it difficult for hospitality businesses to comply with relevant regulatory requirements. As noted above, we consider that hospitality businesses are having to spend more time providing information to regulators which adds to the regulatory burden placed on businesses.
Appropriate impact on individual rights and liberties	*Not applicable – the requirements on regulated parties to provide information to regulators does not directly impact or diminish personal liberties, security, freedoms, or property rights*.
Otherwise aligned with the Ministry's view of good regulatory practice	× **Central regulators do not always establish working relationships with other regulators within the same regulatory system to minimise regulatory burden on regulated parties** Our view is that there is limited coordination between territorial authorities and other regulators to limit information provision requirements on hospitality businesses.

Criterion	Assessment
	There is no integration between application systems from different regulators and no attempt to standardise application requirements across the country. In addition, central government agencies appear to have limited regard to other regulatory systems when developing and amending regulation which means that it can be difficult for an application process in one for regulatory system to interact with application processes in other regulatory systems.

Problem identification and analysis

99. **Problem:** Requirements on hospitality businesses to provide information to regulators is not efficient, proportionate, adaptable, or easily to comply with.

    Impacts of the problem: Based on the evidence collected by the Review, we think the key impact of this problem is that hospitality businesses need to spend more time than necessary to complete application forms to meet regulatory obligations.

    Underlying causes of the problem: Based on the assessment above, we think the underlying causes that likely contribute to this problem include:

    a. most territorial authorities lack the resource and capability to develop efficient integrated application systems. While some territorial authorities are starting to develop integrated application systems now, smaller territorial authorities have less resource and capability to develop similar systems

    b. different teams within each territorial authority are not relying on:

        i. information provided by hospitality businesses to other parts of the territorial authority (e.g., core business information)

        ii. information issued by other parts of the territorial authority (e.g., a building certificate)

    c. the high number of territorial authorities (67):

        i. adds to the upfront cost of developing and implementing efficient integrated application systems

        ii. makes it difficult for regulators in the hospitality sector to coordinate their systems and approach.

100. The underlying causes of this problem are largely regulatory practice issues in the areas of regulator capacity and capability. However, the legislative design of key regulatory systems with 67 territorial authorities involved in regulating hospitality businesses is also a contributing factor.

Options

101. In this section we introduce options that may:
    a. improve access to information on regulatory duties and obligations
    b. reduce duplicative and time-consuming information requirements for hospitality businesses.
102. To identify options, the Review considered:
    a. the nature of likely underlying causes of the problems identified above
    b. submissions from regulated parties, representative groups, and regulators received during consultation
    c. the full range of government and private instruments available to address the problems.
103. The options are split into three groups:
    a. options that specify information requirements in legislative tools
    b. options that improve existing, centrally supported information and application services
    c. options that create an integrated information hub and/or application system for hospitality businesses.
104. The options in group one are legislative-based options, while the options in groups two and three are based on directly improving regulatory practice. Some of these options address both issues, while other options only address one of the issues.
105. Many of the options considered are not mutually exclusive and could work together to improve access to compliance information and/or reduce duplicative and time-consuming information requirements for hospitality businesses.

Options that specify information requirements in legislative tools

106. One way that regulatory information flows could be improved is by using legislative tools to require regulators to:
    a. provide information on regulatory duties and obligations, and/or
    b. limit the level and/or type of information that regulators can require a regulated party to provide in an application process.
107. Table 8 sets out three options that specify compliance information requirements in legislative tools and indicates whether they would improve access to information on regulatory duties and obligations and/or would reduce duplicative information requirements placed on hospitality businesses.

Table 8 – Options that specify compliance information requirements in legislative tools

Options	Improves access to compliance information?	Reduces duplicative information requirements?
1a. Require agencies to guide territorial authorities This option would create a requirement in primary legislation for responsible agencies to provide more detailed guidance to territorial authorities on regulatory administration. Government agencies responsible for each piece of hospitality-related legislation would be required to provide guidance to territorial authorities on: • provision of information on regulatory duties and obligations to hospitality businesses (including what information is provided and how) • design of application systems and processes. This option could include a requirement for guidance to be regularly reviewed and refreshed.	✓	✓
1b. Enable agencies to place information obligations on territorial authorities This option would enact powers in primary legislation that enable responsible agencies to place obligations on territorial authorities to: • provide a certain level of or specific information on regulatory duties and obligations to regulated parties • limit the level and/or type of information that territorial authorities require a regulated party to provide in an application process.	✓	✓
1c. Require territorial authorities to publish targeted compliance information This option would create a power in secondary legislation that requires territorial authorities to create and publish targeted information for different types of hospitality business. Under this option, secondary legislation would require each territorial authority to create (and publish on their website) targeted regulatory information for common hospitality business types (e.g., restaurants, bars, food trucks). The information would need to set out the range of regulatory duties and obligations a hospitality business might have and relevant links for more information and application forms (where appropriate).	✓	×

Options that improve existing, centrally supported information and application services

108. As noted above in the *How it works in practice* section, there are already some centrally supported information hub and application systems in place. These systems are:

    a. *Compliance Matters*: an online tool developed and supported by MBIE that provides high-level information (and links to further information) on regulatory duties and obligations for businesses operating in a range of industries

    b. *FormBuilder / Business Connect*: an application system developed and supported by MBIE that is currently used by five of the smaller territorial authorities.

109. In addition, businesses can already get a New Zealand Business Number (NZBN) for their business. The NZBN is a unique identifier that links to the business's core business information (e.g., trading name and contact details).[31] Currently, the NZBN is not used extensively in the exchange of information between hospitality businesses and their regulators.

110. Upgrading these existing systems would improve hospitality businesses access to information on regulatory duties and obligations and/or reduce duplicative information requirements placed on hospitality businesses.

111. Table 9 sets out three options that improve existing, centrally supported information hub and application services and indicates whether they would improve access to information on regulatory duties and obligations and/or would reduce duplicative information requirements placed on hospitality businesses.

Table 9 – Options that improve existing, centrally supported information hub and application services

Options	Improves access to compliance information?	Reduces duplicative information requirements?
2a. Upgrade *Compliance Matters* Develop and implement upgrades to existing compliance information hub (*Compliance Matters*) so that it: • includes information on all the central government regulatory duties and obligations that hospitality businesses need to start, run and grow their business (including information on alcohol licensing) • is simpler • is user centred.	✓	×
2b. Improve *FormBuilder / Business Connect* Invest in significant upgrades to the *FormBuilder / Business Connect* platform. Upgrades will need to improve usability for both regulators and regulated parties.[32]	×	✓

[31] Home | New Zealand Business Number

[32] Within this option, there is a choice to be made between making it compulsory or voluntary for territorial authorites to use *Form Builder*. Both options have drawbacks, which we discuss in the options analysis.

Options	Improves access to compliance information?	Reduces duplicative information requirements?
2c. Invest in improving usage of the *NZBN* Improve the feasibility of using NZBN as a source of core business information and require regulators to use NZBN to reduce requests for businesses to provide core information.	×	✓

Options that create an integrated information hub and/or application system for hospitality businesses

112. Instead of upgrading existing information hub or application systems, it may be more effective and efficient to develop a new information hub and/or application system from scratch.

113. Table 10 sets out three options that create an integrated information hub and/or application system and indicates whether they would improve access to information on regulatory duties and obligations and/or would reduce duplicative information requirements placed on hospitality businesses.

Table 10 – Options that create an integrated information hub and/or application system for hospitality businesses

Options	Improves access to compliance information?	Reduces duplicative information requirements?

3a. Establish an information and application portal to be used by all territorial authorities
Establish a full-service hospitality-specific information and application portal that:
• is used by all territorial authorities for all applications[33]
• hosts information on regulatory duties and obligations where a territorial authority is responsible for operational processes and decisions
• allows the user to:
  ○ set up an account
  ○ submit online applications to the relevant territorial authority
  ○ reuse information that has been submitted previously.
	✓	✓

[33] This would include applications sitting outside the hospitality sector.

Options	Improves access to compliance information?	Reduces duplicative information requirements?
3b. Each amalgamated territorial authority develops an integrated application system that prioritises user experience When territorial authorities amalgamate under the Ministry for Cities, Environment, Regions and Transport's (MCERT) Simplifying Local Government programme (either under the Head Start pathway or backstop process) each amalgamated territorial authority will need to begin a process of integrating the IT systems of the individual territorial authorities that have combined into one authority. As part of this integration, each amalgamated territorial authority could develop an integrated application system that prioritises user experience. Prioritising user experience would include: • eliminating unnecessary duplication • making application forms (including renewals) easier and quicker to complete • making it clear which application forms a business needs to complete.	×	✓
3c. Establish a hospitality-specific information portal Set-up a one-stop-shop information portal for hospitality businesses that: • hosts relevant information on hospitality regulatory duties and obligations • allows users to enter the location of their business and be directed to the relevant applications on the relevant regulator's (e.g., territorial authority) website.	✓	×

Options analysis

Methodology

114. We have assessed each of the options identified above against the Review's assessment criteria. The criteria are described in Table 11 below.

Table 11 – Criteria for the assessment of options

Criterion	High-level description
Effective	The option is likely to address the problem(s). *Note: If an option fails at against this criterion, the other criteria are not analysed unless there a point that might revive the option in under other circumstances.*

Criterion	High-level description
Efficient	The option is likely to address the problem(s) for the least cost.[34] The benefits of the option likely outweigh the ongoing costs to government and regulated parities.
Feasible	Implementing the option is likely to be achievable (i.e., the likely costs of making the change are proportional to the expected benefits). Any risks that may undermine the effectiveness or efficiency of the option are manageable.
Appropriate impact on individual rights and liberties	The impact, if any, the option has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights. *We have not assessed the options considered in this paper against this criterion because the provision of information by regulators to regulated parties and the requirements on regulated parties to provide information to regulators do not directly impact or diminish personal liberties, security, freedoms, or property rights.*

115. Because we are considering options to address two distinct problems, we assess each of the options separately against the criterion in relation to the:

    a. first problem (information provision by regulators to hospitality businesses on regulatory duties and obligations is not always effective and is not efficient)

    b. second problem (requirements on hospitality businesses to provide information to regulators is not efficient, proportional, adaptable, or easily to comply with)

    c. mix of options that would best work together to address the two problems.

116. In our assessments we have indicated the impact each option will have on effectiveness, efficiency and feasibility relative to the status quo. Our assessments have the same meanings as we used for our assessment of the current state (as set out in Table 4 above).

Assessment of options

117. Table 12, overleaf, summarises our assessment of how each option addresses each of the problems relative to the status quo. As some of the options would only address one of the problems, we have indicated that these options are not expected to change effectiveness or efficiency for the other problem with a dash ('**-**'). Feasibility of an option is not problem-specific, so we have assessed feasibility only once per option.

118. The last two columns indicate our overall assessment of each option for addressing each of the two problems, where if we have determined an option is:

    a. not feasible (× or ××), our overall assessment is that the option does not meet the criterion (× or ××)

    b. feasible (✓ or ✓✓) or possibly feasible (?), our overall assessment is determined by averaging the scoring for effectiveness, efficiency, and feasibility where a ✓ is worth one point, a × is negative one point, and a **-** or ? is 0 points.

[34] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits or reduced regulatory outcomes (e.g., public health protection).

119. Following Table 12 we provide more detail on our assessment of each of the options.

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Table 12 – Assessment of options

Option	Improving access		Reducing duplication		Feasibility	Overall assessment	
	Effectiveness	Efficiency	Effectiveness	Efficiency		Improving access	Reducing duplication
Status Quo	-	-	-	-	-	-	-
1a. Require agencies to guide Territorial authorities	✓	✓	✓	✓	×	×	×
1b. Enable agencies to place information obligations on Territorial authorities	✓	××	×	×	××	××	××
1c. Require Territorial authorities to publish targeted compliance information	✓	✓	-	-	×	×	-
2a. Upgrade *Compliance Matters*	✓	✓	-	-	✓✓	✓	-
2b. Improve *FormBuilder* / *Business Connect*	-	-	-	×	×	-	×
2c. Invest in improving usage of the *NZBN*	-	-	×	×	×	-	×
3a. Establish an information and application portal for territorial authorities	✓✓	?	✓✓	?	?	✓	✓
3b. Amalgamated territorial authorities develop integrated application systems	-	-	✓	✓	✓	-	✓
3c. Establish a hospitality-specific information portal	✓	✓	-	-	✓	✓	-

120. Our overall assessment is that options 2a, 3a, and 3b are the only feasible or potentially feasible options. In the following subsections we explain our assessment of each of the options.

Establishing a full-service information and application portal (option 3a) would be highly effective but there are questions about feasibility

121. Implementing a full-service information and application portal that is used by all territorial authorities for all applications is expected to have the highest benefit of all the options but is also expected to be very high cost. Because of its high cost it may not be efficient or feasible.

122. Option 3a would be very effective because it would enable hospitality businesses to go to one site to obtain information on their regulatory duties and obligations and fill out any application forms (for any regulatory duties and obligations where the territorial authority is responsible for operational processes and decisions). In addition, because the portal would integrate applications, information and attachments from one application would be able to be pulled from one application into another application reducing unnecessary duplication significantly. It is intended that the portal would allow the user to select what they want to apply for and only be required to enter the information relevant to that application (or applications) that they have not previously entered in the portal.[35]

123. The portal would apply across all territorial authorities, so hospitality businesses that have premises in different parts of the country would be able to use one system for all applications, regardless of what territorial authority the premise sits in. The portal would also have benefits outside the hospitality sector as it would apply across all territorial authority applications.

124. There would be a high upfront cost to set up the information and application portal. A significant set up cost would be integrating the portal with each territorial authority's existing system. In addition, there would be costs of setting up appropriate privacy protection, including verification processes.

125. However, the cost of developing an information and application portal for all territorial authorities needs to be assessed relative to the costs that amalgamated territorial authorities would incur if a centralised information and application portal is not developed. In addition, the ongoing maintenance costs are expected to be lower than maintenance costs if each amalgamated territorial authority had their own information and application system due to economies of scale.

126. Ideally the portal would include local bylaws in addition to regulatory duties and obligations that are set centrally (e.g., food registration and alcohol licensing). However, it would be more difficult to include local bylaws in the portal (than centrally set regulatory duties and obligations) because they vary significantly by territorial authority. If bylaws were not included it would reduce the effectiveness of the portal.

Option 3b is expected to be less effective than option 3a, but is likely to cost less to implement

127. Ensuring that amalgamating territorial authorities integrate the IT systems of the individual territorial authorities in a way that prioritises user experience (option 3b) is expected to be effective, efficient, and feasible.

128. We expect option 3b to be effective because hospitality businesses will be able to go to one site to fill out application forms for any premises sitting within the amalgamated territorial

[35] Although ideally the portal would also ask the applicant to check that previously provided information is still correct.

authority boundaries. The prioritisation of user experience will ensure that hospitality businesses will save time filling out application forms and should reduce the need for businesses to get outside expertise to help in the process. However, we expect it to be less effective than establishing a full-service information and application portal (option 3a) because integration of application systems will only occur within each amalgamated territorial authority rather than nationwide.

129. Option 3b is also expected to be efficient because amalgamated territorial authorities will need to integrate their IT systems anyway as part of the amalgamation process. This option just requires the integration to be user focussed by ensuring that the system is set up in a way that makes it easier for a business to navigate and to complete necessary application forms. The systems should also eliminate unnecessary duplication.

Option 2a (upgrading Compliance Matters) is the preferred option for improving access to information on regulatory requirements

130. We consider that options 2a (upgrading *Compliance* Matters) and 3c (establishing a hospitality-specific information portal) would be more effective than the status quo at improving access to information on regulatory requirements, but that option 2a is preferable to option 3c because:

    a. both options would be more effective than the status quo because they would improve hospitality businesses' access to regulatory information by having a broad range of information available in one place

    b. option 2a would be more effective than option 3c because under option 2a a hospitality business will also be able to access information about regulatory duties and obligations in other regulatory systems that are relevant to all sectors of the economy (e.g., health and safety, employment) in the same place (*Compliance Matters*), while option 3c would be focussed on just hospitality-related information

    c. option 2a would be more efficient than option 3c because option 2a would:

        i. benefit hospitality businesses more because they would be able to access both hospitality-specific regulatory information and other regulatory information (e.g., health and safety) on one platform, while under option 3c a hospitality business would need to use two platforms to access all regulatory information

        ii. cost less to implement (building a new system tends to be more resource intensive than improving and expanding an existing one)

        iii. cost roughly the same as option 3c to maintain hospitality-related regulatory information

    d. while we consider that option 3c is feasible, there is a lack of a clear agency-owner for the initiative because of the range of regulatory systems it would sit across, which will make implementation more difficult. The clearest line of responsibility would be MBIE given its responsibility for business but locating it in MBIE may duplicate some of the information already in MBIE's *Compliance Matters,* and create an inconsistent approach to other sectors.

131. There may also be potential for an AI-based information technology product to mitigate the technical challenge of consolidating and maintaining information in *Compliance Matters*.

Options that specify information requirements in legislative tools (options 1a – 1c) are not feasible

132. Options 1a, 1b and 1c specify compliance information requirements in legislative tools. These requirements can relate to information that regulators need to provide hospitality businesses

(all three options) or information that hospitality businesses are required to provide in application processes (options 1a and 1b).

133. Our view is that these options are not feasible because:

    a. it would be difficult to specify in legislation the type of guidance responsible agencies should provide to territorial authorities on regulatory administration (option 1a)

    b. under option 1b, territorial authorities would need to make changes to the regulatory information they provide and in some cases the changes may not be beneficial to hospitality businesses

    c. there is no obvious legislation for the requirements to sit in (aside from new stand-alone legislation) because the requirements span across multiple regulatory systems (options 1a, 1b, and 1c).

134. More generally, making legislative change to improve regulatory practice is a heavy-handed approach and limits the ability of regulators to be anticipatory, agile, and adaptive.

Investing in FormBuilder / Business Connect (option 2b) is expected to be inefficient

135. We consider option 2b (improving *FormBuilder* / *Business Connect*) will not improve effectiveness relative to the status quo, and is not efficient nor feasible because:

    a. unless it is made compulsory for territorial authorities to use *FormBuilder* to develop *Business Connect* forms, territorial authorities with established application and information management systems will be reluctant to offer *Business Connect* (either in addition to or instead of current systems), which will limit the effectiveness

    b. *FormBuilder* / *Business Connect* will require significant government investment to make it an effective and usable system (e.g., to make it possible to integrate with existing territorial authority systems, save documents in a library, and to use saved information across different territorial authority applications) and the cost of this investment will outweigh the benefits (especially if uptake by territorial authorities is low)

    c. it will be costly for territorial authorities to manage duplicate systems (if they offer both *Business Connect* forms and forms under their existing system) or to change their existing system to enable use of *Business Connect*, so while higher uptake of *FormBuilder* may lead to greater benefits for hospitality businesses this will be offset by higher costs (which will likely be recovered through higher fees)

    d. territorial authorities that already use (or have previously used) *FormBuilder* to create forms have told us that it is difficult to integrate the forms into their systems.

136. More generally, while there have been some calls from the hospitality sector for *Business Connect* to be used by all territorial authorities, our analysis indicates that *Business Connect* is unlikely to address the duplication issues that businesses have raised. *Business Connect* is not currently set up to re-use documents that have been attached to earlier applications, so businesses would still need to re-locate relevant documentation to re-attach to new applications. In addition, information submitted in an application form to one regulator cannot be copied into an application form for another regulator, so *Business Connect* would not address duplication issues across territorial authorities.

137. *Business Connect* also relies on the use of a RealMe account, which is connected to an individual rather than a business. Territorial authorities told us that the use of RealMe for businesses to access *Business Connect* created issues because it meant that:

    a. only one person could fill out a form

b. if a person that had previously filled out application forms leaves a business, information from these earlier application forms would not be able to be copied over for new applications.

Improving usage of NZBN (option 2c) is expected to be ineffective

138. Option 2c (improving usage of NZBN) would be even less effective than option 2b, and is also not efficient nor feasible because:

a. it only addresses a part of the problem identified (duplication of core business information) – businesses would still need to provide other information (e.g., site plans)

b. territorial authorities would need to amend their information management systems so that they can retrieve information from the NZBN system, which is likely to cost more than the small benefit to hospitality businesses from not having to provide core business information multiple times

c. it relies on businesses keeping their business details up to date on the NZBN system.

139. There is potential in the future to build on the NZBN framework, including the government's development of the verifiable credential model.[36] However, these developments will still only address part of the problem and are better used to support a more encompassing option (such as option 3a or 3b).

Implementation analysis

140. We have only assessed implementation considerations for our three preferred options. These three options are:

a. option 2a: upgrade *Compliance Matters*

b. option 3a: establish an information and application portal for territorial authorities

c. option 3b: amalgamated territorial authorities develop integrated application systems.

Option 2a may require additional MBIE resource to implement

141. Option 2a (upgrading *Compliance Matters*) may require additional government investment to make the necessary enhancements to *Compliance Matters.* While MBIE already has some plans to enhance *Compliance Matters*, these plans do not include adding information on alcohol licensing, and it is not clear to what extent the planned enhancements will ensure that the tool approaches regulatory duties and obligations from the position of a regulated party. MBIE has not provided us with a cost estimate for implementing these further enhancements but has noted that adding alcohol licensing with a link to responsible agency's website (currently MoJ) would be low cost. The other components of this option (e.g., ensuring the tool is user-centred) will be an additional on top of this. Further discovery and service design work would be required to develop robust cost estimates.

142. MBIE also has no firm timeline for their planned enhancements. However, we consider that with some re-prioritisation of MBIE resource or additional resource, option 2a is a "quick win" (delivered through an amendment to an existing central government work programme), which we expect could be delivered by mid-2027.

[36] Verifiable credentials | Digital Identity

Implementation of option 3a would be complex and needs to be investigated further

143. Option 3a (establishing an information and application portal that is used by all territorial authorities) would best be implemented by MCERT in their local government role. Implementation would be complex. It would involve engaging with territorial authorities to define the features of the portal and ensure the portal is fit for purpose. Implementation would require decisions on system ownership, cost-sharing, and support arrangements, as well as a plan to balance standardisation with local requirements in terms of regulations and processes.

144. This option would not include application forms that are submitted to a regulator other than a territorial authority. In some cases, a hospitality business will apply to MPI for food registration. If option 3a was implemented, MCERT should consider whether food registration applications submitted to MPI can and should be included in the information and application portal.

145. We have not been able to cost the implementation of option 3a and further investigation of the option, including assessment of costs, is required. Option 3a is not a quick win. We would expect that it would be delivered through 2028 and 2029.

146. While our view is that option 3a is the most effective solution to reducing duplicative and time-consuming information requirements in application processes (and therefore is our preferred option), we understand that implementation complexity makes it a substantial undertaking. Option 3b (amalgamated territorial authorities develop integrated application systems) is an alternative that would be easier to implement but is expected to deliver lower benefits.

Option 3b would be implemented as part of MCERT's Simplifying Local Government programme

147. MCERT is currently leading a programme of work called Simplifying Local Government, which will reorganise territorial authorities into a smaller number of authorities.[37] In May 2026, the Government announced the Head Start pathway, which is a voluntary pathway that allows territorial authorities to propose how they will be reorganised. Territorial authorities that do not make a proposal under the Head Start pathway (or whose proposal is not accepted) will be reorganised under a backstop process. Final decisions on Head Start applications and the design of the backstop will be made in 2027.

148. Territorial authorities that are amalgamated under either the Head Start pathway or the backstop process will need to integrate their IT systems. This is not likely to happen from day one but will be a process that each amalgamated territorial authority will need to work through. Option 3b would be implemented as part of this integration process. This will ensure that application systems are integrated most efficiently.

149. We have not been able to cost the implementation of option 3b. However, given that IT systems will need to be integrated anyway as part of the amalgamation process, the cost of implementing option 3b will only be the additional cost of ensuring the application systems are integrated and prioritise user experience.

Recommendations

150. We have made three recommendations to improve regulatory information flows in the hospitality sector. Our recommendations are that:

[37] Referred to in this paper as amalgamated territorial authorities.

a. Recommendation 1: MBIE upgrade *Compliance Matters* to improve access to information on regulatory requirements

b. Recommendation 2a: MCERT establishes an information and application portal that is used by all territorial authorities for all applications

c. Recommendation 2b: Integrated application systems are developed by each amalgamated territorial authority that prioritise user experience.

151. Recommendation 1 is a "quick win" that could be delivered by mid-2027.

152. Recommendations 2a and 2b are substitutes (i.e., only one of the recommendations should be progressed). We prefer recommendation 2a (because it will be the most effective), but it is expected to be higher cost than recommendation 2b. These recommendations are both medium to long-term recommendations that would be delivered through 2028 and 2029.

153. We have made these recommendations because our assessment of the options found that these are feasible (or possibly feasible) options that are both effective and efficient.

154. In addition, we consider Recommendation 1 will work together with Recommendation 2a or 2b to effectively and efficiently improve regulatory information flows in the hospitality sector.

155. We recommend that recommendation 1 be implemented alongside recommendation 2a or 2b. Recommendation 1 would improve hospitality businesses access to information about their central government regulatory duties and obligations, while recommendations 2a and 2b are focussed on making it easier for hospitality businesses to make applications to territorial authorities.

The details of the three recommendations are set out below in Table 13, Table 14 and

156. Table 15.

Table 13 – Recommendation 1

Recommendation 1 – Upgrade *Compliance Matters* to improve access to information on regulatory requirements	
Description	We recommend MBIE invest in developing and implementing upgrades to the existing information hub C*ompliance Matters* so it provides information on regulatory obligations in the alcohol licensing regulatory system, is simpler to understand, and is easier to navigate. Alongside upgrades to the *Compliance Matters* information hub itself, we recommend MBIE invest in improving hospitality businesses' awareness of the *Compliance Matters* tool.
Expected benefits	*Overall:* Improved quality of information flows to hospitality businesses will improve the efficiency of relevant regulatory systems, by reducing the resource needed by hospitality businesses to access the information they need to meet their regulatory duties and obligations.
	For hospitality businesses: Improved access to information on regulatory duties and obligations by having all relevant information available in one place, and through greater awareness by businesses that this information source exists. This will save businesses time searching for information.
	For regulators and decision makers: May be some efficiency gains if improved information flows reduce excessive time spent individually informing regulated parties about regulatory duties and obligations.

Recommendation 1 – Upgrade *Compliance Matters* to improve access to information on regulatory requirements	
Expected costs	Improvements to *Compliance Matters* will require government investment. Funding could come from a re-prioritisation of resource as part of MBIE's current work programme or by allocating additional resource. In addition, there will be ongoing costs to keep the information up to date.
Implementation	Recommended improvements could be implemented as part of MBIE's current work programme to enhance *Compliance Matters*. MBIE should consider how it can make best use of AI to manage ongoing changes to *Compliance Matters* to ensure it keeps up to date.
Wider impacts / other considerations	The regulatory systems that hospitality businesses operate within also apply to other regulated parties outside of the hospitality sector. These regulated parties may benefit from improvements to the quality of regulatory information flows in *Compliance Matters*.

Table 14 – Recommendation 2a

Recommendation 2a – MCERT establishes an information and application portal that is used by all territorial authorities for all applications	
Description	MCERT establishes a full-service information and application portal for territorial authorities that: • hosts information on regulatory obligations for regulatory systems where territorial authorities are responsible for managing applications • allows a business or individual to set up an account, submit online applications to territorial authorities, and reuse information and documents that has been submitted previously. The portal would prioritise the user experience by: • eliminating unnecessary duplication • making application forms easier and quicker to fill out • making it clear which application forms a business needs to complete • ensuring information on regulatory obligations is clear and concise (to the extent possible). The portal would be hosted centrally but each territorial authority would be able to access any applications submitted to them.
Expected benefits	*Overall:* A centralised information and application portal will improve the efficiency of regulatory systems where the territorial authority is responsible for managing applications. Efficiency will be improved by reducing the time businesses need to spend on regulatory duties and obligations and by helping streamline territorial authorities' regulatory processes.
	For hospitality businesses: Time spent on regulatory duties and obligations will be reduced because application forms will take less time to fill out (e.g., due to less duplication) and information on regulatory obligations will be easier to find.

Recommendation 2a – MCERT establishes an information and application portal that is used by all territorial authorities for all applications	
	For regulators and decision makers: A centralised information and application system will help streamline application assessment and decision-making processes, leading to efficiency gains. In addition, the cost of maintaining one nationwide system instead of a different system for each amalgamated territorial authority will be lower in the long term.
Expected costs	Development of a centralised information and application portal is expected to be high cost, but the cost of this development should be assessed relative to the costs amalgamated territorial authorities would incur over time if a centralised information and application portal was not developed. Ongoing maintenance costs are expected to be lower than maintenance costs if each amalgamated territorial authority had their own information and application system.
Implementation	A centralised information and application portal will take some time to implement. First steps would be for MCERT to determine key features and capability of the system and then go out to vendors.
Wider impacts / other considerations	The information and application portal would apply to all applications that are submitted to territorial authorities, so businesses and individuals outside the hospitality sector would also benefit.

Table 15 – Recommendation 2b

Recommendation 2b – Integrated application systems are developed by each amalgamated territorial authority that prioritise user experience	
Description	Our view is that the most effective solution to regulatory information flow issues in the hospitality sector is to have one central integrated information and application portal that prioritises user experience is developed (recommendation 2a). However, we acknowledge that the implementation cost and complexity of recommendation 2a makes it a substantial undertaking. This recommendation (recommendation 2b) recommends integrating application systems within each amalgamated territorial authority. This would be more achievable than recommendation 2a but is expected to deliver lower benefits. We recommend integrated application systems that prioritise user experience are developed and implemented as part of the process of amalgamating territorial authorities under MCERT's Simplifying Local Government work.[38] We would expect each amalgamated territorial authority to implement an integrated application system as part of their IT integration. Prioritising user experience would include eliminating unnecessary duplication, making application forms (including renewals) easier and quicker to complete, and making it clear which application forms a business needs to complete.

[38] This amalgamation could happen through the Head Start pathway or using the backstop process.

Recommendation 2b – Integrated application systems are developed by each amalgamated territorial authority that prioritise user experience	
Expected benefits	*Overall:* Improved and integrated application systems that prioritise user experience will increase the efficiency of regulatory systems by reducing the time hospitality businesses need to spend on regulatory duties and obligations.
	For hospitality businesses: Less duplication in information provision and application forms that are easier to fill out will reduce time spent on regulatory duties and obligations.
	For regulators and decision makers: Efficiency gains if integrated systems and improved user experience streamline the application assessment and decision-making processes, and if the costs of maintaining each application system can be spread across larger amalgamated territorial authorities.
Expected costs	There will be costs for amalgamated territorial authorities to develop integrated application systems. However, amalgamated territorial authorities will incur some of these development costs as part of the reforms. There will be some additional cost from ensuring the application systems are integrated and prioritise user experience. Ongoing maintenance costs may increase for some territorial authorities but are not expected to increase (relative to the status quo) on average.
Implementation	MCERT (in its role supporting local government) should provide guidance to amalgamated territorial authorities on how to develop and implement integrated application systems that prioritise user experience. This guidance would be most useful when territorial authorities are in the implementation phase of their reorganisation (either under the Head Start pathway or the compulsory backstop process).
Wider impacts / other considerations	Integrated application systems that prioritise user experience will also benefit businesses outside the hospitality sector (and potentially individuals) that submit applications to territorial authorities.

Appendix A: Information required in food registration and alcohol licence applications

157. Table 16 lists the form and content requirements for applying to register a food business. These requirements are set out in section 35 (food control plan) and section 83 (national plan) of the Food Act 2014.

Table 16 – Form and content requirements for food registration

Risk-based measure	Form and content requirements for registration application include:

Custom food control plan	• a copy of the entire custom food control plan, or provision of:
	  ○ business details (e.g., business name and address)
	  ○ physical and electronic address of the operator
	  ○ details of person responsible for management of the plan, scope of the plan and procedures to control relevant hazards and other factors that are likely to occur
	• independent evaluation report of the validity of food control plan (unless waived by MPI)
	• confirmation of the verifier or verifier agency.

Template food control plan	• business details (e.g., business name and address) • physical and electronic address of the operator • details of person responsible for management of the plan and scope of the plan • reference number of template food control plan • confirmation of the verifier or verifier agency.
National programme (1, 2 or 3)	• business details (e.g., business name and address) • physical and electronic address of the operator • position or designation of the person who is responsible for the day-to-day management of the food business • scope of the operations of the food business • confirmation of the verifier or verification agency that will carry out the verification functions • any further information or other material (including declarations, if appropriate) that may be required by any regulations made under the Food Act 2014.

158. Table 17 sets out what information is required in an alcohol licence application under the Sale and Supply of Alcohol Regulations 2013.

Table 17 – Information required in alcohol licence applications

Type of information	Examples
Endorsements	• Bring your own (BYO): allows diners to consume alcohol they brought to the premises • caterers: allows supplier to deliver alcohol from the licensed premises and sell it for consumption on another premises.

Type of information	Examples
Applicant details	• name • applicant type (e.g., person, business, club) • personal details (including details of business owner or partners if a business) • incorporation authority and contact person (if a body corporate) • founding information, secretary and address for service (if a club).
Details of licensed premises	• address • owner • trading names (if a fixed location) • home base of conveyance (if a conveyance) • registration number.
Details of duty managers	• full legal name of each duty manager • number and expiry date of each manager's certificate.
Context for the sale of alcohol	• general nature of the business • what besides alcohol and food is being traded or supplied • proposed days and hours of alcohol sale • purpose and membership (if a club) • event details and estimated number of people attending (if an event).
Conditions alcohol will be supplied in	• staff experience / training • staff levels • food / drink / water availability • provision of transport options • procedures for compliance with the Sale and Supply of Alcohol Act 2012.
Attachments	• for fixed premise applications: consenting and planning information (e.g., planning and building consents, floor plans showing supervised area or restricted areas and entrances) • for body corporates: certificate of incorporation or equivalent document • for an off-licence: statement of annual sales revenue (to determine if it's a grocery store), proposed areas for the display and promotion of alcohol • for a club: names of other clubs with which the club has reciprocal visiting rights for members.

Appendix B: Regulators that a hospitality business may need to engage with

159. Table 18 lists some of the regulators a hospitality business may need to engage with.

Table 18 – Regulators that a hospitality business may need to engage with

Regulator	Regulatory responsibilities	Level of engagement with hospitality businesses
Food registration / verification		
MPI	• provide information and guidance • assess registrations (for businesses operating across districts or under a custom food control plan) • design the regulatory system and operational policy • monitoring compliance and enforcement for businesses they register.	Varies • high if business is registered with MPI • businesses are unlikely to deal directly with MPI if they are registered with their territorial authority.
Territorial authority	• assess registrations (for businesses operating under a template food control plan) • monitoring compliance and enforcement • may provide information and guidance.	Varies • high if business is registered with territorial authority • businesses registered with MPI do not need to engage with territorial authority.
Third party verifiers	Monitoring compliance and enforcement for businesses who register for MPI, or those register with the territorial authority who opt in.	High if registered with MPI or opt in.
Alcohol licensing		
Territorial authority	• administer licensing process • monitoring compliance and enforcement • running hearings if there are any objections to a licence application.	High.
Local district licensing committee	Make licensing decisions.	Can be high if an objection is made to the licence application, and a subsequent hearing is convened.
Police	Provide input into licensing decision-making.	Should be minimal but have received reports that some applicants are contacted by Police about their application.

Regulator	Regulatory responsibilities	Level of engagement with hospitality businesses
Ministry of Health	Provide input into licensing decision-making.	Should be minimal but have received reports that some applicants are contacted by the Medical Officer of Health about their application.
Alcohol and Regulatory Licensing Authority (ARLA)	Provide dispute resolution for licensing decisions.	Only required if there is a dispute with the local district licensing committee.
MoJ	Design the regulatory system and operational policy.	Low or none.
Building consenting		
Territorial authority	• provide information and guidance • assess consent applications • issue Code of Compliance Certificates and Certificates of Public Use • monitor compliance and enforcement.	High.
MBIE	• provide information and guidance • design the regulatory system and operational policy.	Low or none.
Resource consenting (includes signage, noise, traffic)		
Territorial authority[39]	• provide information and guidance • assess consent applications • monitor compliance and enforcement.	High.
Ministry for the Environment	• provide information and guidance • designs the regulatory system.	Low or none.
Permitting (e.g., trade waste, outdoor dining, itinerant trading, events)		
Territorial authority	• provide information and guidance • issue permits • monitor compliance and enforcement • set standards and operational policy • design bylaws (where required).	High.

[39] Will be the regional authority for some resource consents, but for the activities a hospitality business is usually engaged in it will be the territorial authority.

Appendix C: Evidence of hospitality sector's concerns with information provision by regulators to regulated parties

160. Some of the concerns raised by hospitality businesses and peak bodies about the provision of information by regulators to regulated parties are consistent with what we found when we looked at *Compliance Matters* and the websites of territorial authorities and other regulators. The evidence we found of the different concerns raised by hospitality businesses and peak bodies is set out in Table 19 below.

Table 19 – Evidence of concerns raised by hospitality businesses and peak bodies

Concern raised by hospitality businesses and peak bodies	What we found
No centralised source of regulatory information	*Compliance Matters* is intended to be a centralised source of compliance information. However, it is incomplete because it does not include content on local government compliance requirements (including alcohol licensing) and plans to enhance the tool do not include adding this content. The hospitality sector is a critical economic sector that is currently strongly enmeshed in local government, so this omission does not seem reasonable.
Information is difficult to find	Information on specific regulatory systems and application processes is reasonably easy to find on territorial authorities' and MPI's websites. Territorial authority websites do flag other licences / permits that may be relevant for a business (e.g., on the alcohol licensing webpage they may note that a food business registration is needed for an alcohol licence and link to the relevant webpage). However, information on the broader compliance requirements on *Compliance Matters* is more difficult to navigate and it is not clear that businesses know that this tool exists.
Information that is provided is wordy and lacks clarity	There is variation in how clearly information is provided. The *Compliance Matters* website is wordy and difficult to follow, but territorial authority websites are generally written in plain language. Information on territorial authority and MPI websites lack detail on what compliance looks like. In most cases, information is only presented in English, so will be difficult for business operators who have English as a second language to understand. Information is generally text based, with limited use of alternative media types. There is also little or no indication that material is available offline or in hard copy. This may make information difficult for some business operators to digest.[40]
Information is sometimes conflicting (both within a single regulator and across different regulators / agencies)	We have found no evidence of conflicting information, but this does not mean the issue does not exist. Hard to understand information or spoken information is highly liable to be interpreted in ways that create conflicting understanding.

[40] Regulators also tend to provide a lot of information in PDF format, which is not mobile friendly.

Concern raised by hospitality businesses and peak bodies	What we found
Difficult to access support to understand information	Some territorial authorities offer to meet with applicants as part of the application process (e.g., Wellington City Council). However, not all territorial authorities explicitly offer this because it can be resource intensive.

Appendix D: Evidence of duplicative information provision requirements

161. We initially reviewed the websites, application forms and required attachments related to food safety, alcohol licencing and outdoor dining permits of five territorial authorities in districts with different characteristics (e.g., metropolitan / provincial, South Island / North Island) as an initial survey of the state of information flows in relation to setting up a hospitality business.

162. This exercise provided an initial indication of the variation of information requests between councils (e.g., some requesting a security plan for an on-licence, others not), dependencies (e.g., needing to apply to council for a building certificate, which the council then requires regulated parties to receive and attach to their on-licence application) and duplication (e.g., needing to complete multiple applications for different purposes).

163. To get a deeper understanding of the extent to which businesses were being asked to provide the same or similar information multiple times through application processes, we completed a desktop case study of the information requested by Gisborne District Council[41] by a business looking to:

    a. serve food
    b. serve alcohol (on-licence)
    c. have the owner serve as a Duty Manager for the on-licence
    d. offer an outdoor dining area on public land.

164. In cataloguing the information requested in application forms and the documents businesses are required to attach to applications, we found that businesses are being asked to resubmit information in a range of ways. The types of duplication, including examples, are set out in Table 20 below.

Table 20 – Types of duplication in application forms

Type of duplication	Example
Multiple applications need to be completed	It is not possible to get an on-licence without also serving food, but an on-licence application will not be accepted until after the food business has been registered. This requires the applicant to complete two different application forms with some overlap in the information required.
The same information is requested multiple times in the same application	The alcohol licensing application requested the name of the applicant and the address of the premises in the main application form, then asked for that information again in the public notice forms (which were required to be completed and submitted at the same time as the application).
Fields in the application form ask for information that is available in required attachments	The on-licence application form requires the applicant to complete fields about what food and drink will be served even though a food and drink menu also needs to be attached.

[41] Gisborne District Council was selected for this case study as it was one of the territorial authorities included in the initial survey and, of those, serves both a sizable population centre as well as a large rural area.

Type of duplication	Example
An application asks for information the regulator already holds	Alcohol licensing applications require building and town planning certificates to be attached even though the applicant received these certificates from the territorial authority they are applying to.
Similar information with different specifications is requested across applications	Scale building plans are required in applications for both food registration and on-licences. However, the food registration application requires the scale plan to have food-related identifiers (e.g., location of grease traps), while the alcohol licensing application requires alcohol-related identifiers (special or restricted areas).

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Alcohol excise tax for kegged beer

Executive summary

1. The Ministry for Regulation's (the Ministry) Hospitality Sector Regulatory Review (the Review) has considered whether changes should be made to the rate or existence of alcohol excise tax on kegged / draught beer. **The Review does not think there is a case for changing the regulatory settings**.

2. Representatives of the brewing industry have reported that the current alcohol excise tax settings remove a competitive advantage for producers of kegged beer compared with producers of other alcohol products. This is because alcohol excise duties or excise-equivalent duties (EED) form a higher proportion of the production costs for kegged beer relative to canned / bottled beer, due to packaging costs that are otherwise lower. Reported impacts included declining consumption of kegged beer and decreasing economic viability for on-licence hospitality venues. We have carried out analysis to assess whether the issues reported are related to an underlying regulatory problem.

3. Alcohol excise tax is tax that is charged on alcohol products at increasing rates based on their alcohol by volume (ABV) category, a measure of the alcohol content. The current system does not tax products differently based on container size, manufacturer scale, or where the product is ultimately sold or consumed.

4. The objective of the existing alcohol excise tax system is to ensure that the social costs associated with alcohol consumption are appropriately reflected in its price, reducing consumption while also contributing to a sustainable revenue stream for the Government. Our view is that this objective is being achieved, and that there is no underlying regulatory issue with the current settings for alcohol excise tax.

5. Our analysis further indicates that:

    a. alcohol excise tax is not the chief driver of cost or competition pressures reported

    b. change would distort competition in the industry, and the costs would outweigh the benefits, as shown internationally

    c. tax relief would minimally impact on-licence pricing and consumption of kegged beer.

6. If the Government wishes to progress work to change the objectives it is seeking to achieve through alcohol excise tax and provide tax relief to segments of the alcohol industry, **Options 1-3.b.** below (set out on pages 17-22) are possible.

Options	Description
1 – 1.a.	A temporary freeze on increases to alcohol excise tax for 'kegged' beer
2 – 2.a.	A lower alcohol excise tax rate for 'kegged' beer
3 – 3.b.	A 'small producer' excise tax rate or remission scheme for domestically produced beer (this could be extended to producers of other alcohol products)

7. Of these options, Options 1- 1.a. present the least risk to competition and the simplicity of the system, noting that the fiscal impact over time would still be significant (estimated as between $30.2-$35.1 million over 10 years).

8. However, **the Review does not recommend Options 1-3.b** as effective or efficient for promoting safer consumption of alcohol or supporting the economic sustainability of the brewing industry. All options are likely to distort competition within the brewing and wider alcohol industry, complicate what is currently a consistent regime for beer, and significantly reduce Crown revenue, which would need to be cross subsidised through general taxation or otherwise.

    a. s 9(2)(h) [redacted]

9. Work recalibrating the alcohol licensing system is already underway as part of the Review. This work may be a more targeted mechanism for addressing the economic viability of on-licence hospitality venues.

Background

Alcohol excise tax is intended to provide the government with a sustainable revenue stream and disincentivise consumption through increased prices

10. The Government regulates alcohol to support a safe and suitable drinking environment, mitigate the occurrence of alcohol-related harm to those drinking and those around them (i.e., negative internalities and externalities[1]), and recover costs to the Government from alcohol regulation and alcohol-related harm. Alcohol excise tax is not designed to directly recover costs, but it is designed to mitigate the broader social and economic costs of alcohol consumption.

11. The New Zealand Institute of Economic Research (NZIER) estimates the total societal cost of alcohol-related harms in 2023 as $9.1 billion.[2] This research estimated the cost of alcohol consumption for the health system are estimated as at least $766 million.[3]

    a. It is challenging to evaluate the true cost of alcohol-related internalities and externalities, because it is not directly related to the amount of alcohol being consumed.[4]

[1] An internality is a cost or benefit resulting from one party's activities, where the impacts (either costs or benefits) are primarily limited to that party (i.e., negative internalities might include the effects of smoking only on the person who smokes). An externality is a cost or benefit resulting from one party's activities that falls on an uninvolved third party. This cost or benefit is not incorporated (or 'internalised') in the decision-making of the original party. As a result, activities with negative externalities (spillover costs) occur more than is socially optimal, and activities with positive externalities (spillover benefits) occur less than is socially optimal, both of which lead to outcomes that fail to maximise social welfare. Examples of negative externalities include air and water pollution, health effects of passive smoking, and traffic congestion.

[2] Key contributors to this cost include fetal 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. New Zealand Institute of Economic Research *Cost of alcohol harms in New Zealand: Updating the evidence with recent research* (NZIER report to the Manatū Hauora | Ministry of Health, March 2024) at i.

[3] New Zealand Institute of Economic Research *Cost of alcohol harms in New Zealand: Updating the evidence with recent research* (NZIER report to the Manatū Hauora | Ministry of Health, March 2024) at v.

[4] 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 6.

b. However, the weight of evidence indicates that alcohol-related harm exceeds harm from other drugs and illicit substances.[5]

12. Alcohol excise tax[6] in New Zealand is a corrective tax. Corrective taxes are imposed on goods (such as alcohol) where consumption is associated with negative internalities and externalities. Alcohol excise is designed to nudge consumers towards healthier long-term behaviours by targeting the relative affordability of alcohol to disincentivise consumption.[7]

13. Alcohol excise rates increase in proportion to alcohol content. This is intended to reduce consumption of higher-alcohol products, such as spirits, to mitigate alcohol-related harm.[8] Increasing rates also incentivise alcohol producers to reduce the alcohol content of their products, as lower-alcohol products are generally subject to lower excise taxes.[9]

14. Excise tax is also designed to provide a reliable revenue collection mechanism for the Government[10], which may be used to cover the wider social costs of alcohol consumption, noting that revenue from alcohol excise tax is not currently ringfenced for this purpose.

Excise is one of multiple regulatory and fiscal levers that the Government uses to achieve revenue and harm minimisation objectives

15. **Application and annual licensing fees for businesses selling alcohol** are intended to cover the costs to government and local government from processing applications and issuing licenses. The licensing system is risk-based, and conditions can be imposed to control how, when, and where alcohol is sold to consumers.

16. **The Pae Ora Levy or 'alcohol levy'** (previously known as the Health Promotion Agency Levy) is intended to provide the Government with ringfenced funding for prevention initiatives that target the public health implications of alcohol consumption. Expenditure is in line with the Ministry of Health's investment framework.[11]

17. **Goods and Services Tax** (GST) is an equitable consumption tax[12] on goods and services supplied to consumers in New Zealand, and provided the Crown with $29.55 billion in revenue for the 2024/2025 financial year.[13] GST is designed to target the final consumers of goods and services[14], and although it increases the overall cost of alcohol, it does not affect

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[5] Rose Crossin, Lana Cleland, Chris Wilkins, Marta Rychert, Simon Adamson, Tuari Potiki, Adam C Pomerleau, Blair MacDonald, Dwaine Faletanoai, Fiona Hutton, Geoff Noller, Ian Lambie, Jane L Sheridan, Jason George, Kali Mercier, Kristen Maynard, Louise Leonard, Patricia Walsh, Rhys Ponton, Sue Bagshaw, Suresh Mathukumaraswamy, Tracey McIntosh, Edward Poot, Paul Gordon, Patrick Sharry, David Nutt, and Joseph Boden "The New Zealand drug harms ranking study: A multi-criteria decision analysis" (2023) 37 J Psychopharmacol 891 at Figure 2.

[6] The Government uses excise tax to achieve similar outcomes for other goods where consumption is associated with significant social and economic externalities, for example tobacco products and petroleum. Some international jurisdictions have also introduced excise taxes for beverages with high sugar content.

[7] Moitila Brian Lauti *The effectiveness of sin taxes on public health and revenue generation in Tuvalu: Insights from New Zealand* (Master's thesis submitted to the Auckland University of Technology, 2025) at 3.

[8] World Health Organisation *Alcohol taxation and pricing policies implementation toolkit: A practical guide for selecting, implementing and evaluating policies* (21 May 2025) at 1. See also Action Point – Communities targeting alcohol harm "Overview –Excise taxes on alcohol" (n.d.) <https://www.actionpoint.org.nz/alcohol_excise_taxes>.

[9] World Health Organisation *Alcohol taxes, prices and affordability in the WHO European Region in 2022* (2025) at 3.

[10] Allen + Clarke *Independent Review of the Alcohol Levy – Stage 2* (report for the Ministry of Health, 12 March 2024) at footnote? 4.

[11] Alcohol Healthwatch *Alcohol taxes and levies* (Factsheet, September 2021).

[12] GST in New Zealand is intended to be distributed fairly across all segments of society. It is levied at a flat rate of 15% (on the pre-GST price) and is applied to most goods and services. There are some expenditure types that do not have GST directly applied to them including rent, airfares for overseas travel and mortgage payments. Given its broad base, GST imposes a tax burden broadly proportional to the expenditure of households of different income levels. See

[13] The Treasury *Financial Statements of the Government of New Zealand* (9 October 2025) at Note 4.

[14] Inland Revenue *25OIA1894* (OIA response, 26 February 2025) <https://www.ird.govt.nz/-/media/project/ir/home/documents/oia-responses/february-2025/2025-02-26-purpose-and-use-of-income-tax-gst-excise-duty-tax-and-customs-duty.pdf?modified=20251117040553>.

alcohol prices relative to other goods and services. GST is intended to fund public services rather than influence consumer behaviour.[15]

Alcohol excise duties are set under the Customs and Excise Tax Act 2018 and in the Excise and Excise-equivalent Duties Table

18. The alcohol excise tax is set under the Customs and Excise Act 2018 (the Act), which is administered by the New Zealand Customs Service (Customs). The Act provides for excise rates to be set by Order in Council[16] following a recommendation by the Minister. The Governor General is responsible for making the order.[17]

19. Excise duty rates for different alcohol products are set in the Excise and Excise-equivalent Duties Table (also administered by Customs). Excise-equivalent duty (EED) are equivalent charges that apply at the same rate to imported (rather than domestically manufactured) alcohol products.

20. When alcohol excise tax has been collected by the Customs, it becomes part of the general Crown revenue administered by the Treasury.

Alcohol excise tax takes the form of specific tiered rates based on alcohol by volume

21. In New Zealand, the threshold for excise tax is based on the percent alcohol by volume (ABV) as a measure of alcohol content; alcohol products with less than 1.15% ABV currently fall below the threshold.

22. For some types of drink (e.g. beer, spirits containing more than 14 % ABV), alcohol excise tax is charged by the volume/amount of pure alcohol in the product, and for other types of drink (e.g. wine), it is charged by the total volume of the product.[18] Currently, alcohol excise duty rates and EED are not differentiated based on the container or packaging of the product.

23. The Governor General has the power to change excise duty rates and EDD[19] on alcoholic products[20] based on the Consumer Price Index (CPI). Updated alcohol duty rates come into force on 1 July in any calendar year.[21] The Government has agreed to increase the rates of alcohol excise and excise equivalent duty in line with inflation every year since 1989.[22]

24. The table below sets out the current excise rates and EED (either per litre of beverage, or per litre of alcohol) based on ABV bands. These apply to all types of alcohol products. The rates were adjusted in line with increases to CPI over the 12 months preceding March 2025.[23] Connecting excise tax rates to CPI helps ensure that alcohol does not become more affordable over time.[24]

[15] World Health Organisation "Too cheap to ignore – WHO helps countries reduce alcohol harm through taxation and pricing policies" (press release, 21 May 2025).
[16] Customs and Excise Act 2018, s16.
[17] Customs and Excise Act 2018, s16(1).
[18] See Action Point – Communities targeting alcohol harm "Overview –Excise taxes on alcohol" (n.d.) <https://www.actionpoint.org.nz/alcohol_excise_taxes>.
[19] Customs and Excise Act 2018, s21.
[20] Alcoholic products are defined under Part A of the Excise and Excise-equivalent Duties Table.
[21] Customs and Excise Act 2018, s21(2).
[22] LEG-23-MIN-0072 and CAB-23-MIN-0183 refer.
[23] New Zealand Customs Service "New excise duty and levy rates for alcohol from 1 July 2025" (Important notices – 2025, 17 June 2025) <https://www.customs.govt.nz/about-us/news/important-notices-archive/important-notices-archive-2025/new-excise-duty-and-levy-rates-for-alcohol-from-1-july-2025>.
[24] Indexation is unable to be backdated. This means, if an Order in Council to increase excise duties in line with CPI does not proceed each year, future indexation adjustments cannot retrospectively include an adjustment to compensate without an amendment to legislation.

ABV range description	Excise rate / EED (GST excl.) from 1 July 2025
Containing more than 1.15 % vol., but not more than 2.5 % vol.	56.747 cents per litre of beverage
Containing more than 2.5 % vol., but not more than 6 % vol.	$37.836 per litre of alcohol
Containing more than 6 % vol., but not more than 9 % vol.	$3.0268 per litre of beverage
Containing more than 9 % vol., but not more than 14 % vol.	$3.7836 per litre of beverage
Containing more than 14 % vol., but not more than 23 % vol.	$68.915 per litre of alcohol
Containing more than 23 % vol.	$68.915 per litre of alcohol

25. The New Zealand Customs Service provides an Excise Duty Estimator[25] to support businesses calculate their duties for different alcohol products, based on:

    a. the type of alcohol (e.g., beer, mead, brandy, liqueur, spirits, wine)

    b. alcohol strength (% ABV)

    c. litres of product.

Alcohol excise duties are paid by manufacturers and passed through to retail prices

26. Alcohol excise tax / EED is payable by alcohol manufacturers. Along with the Alcohol Levy, these costs are generally passed through to alcohol retailers, that typically (but not always) pass them through to consumers via prices.[26]

27. The structure of alcohol excise tax means that the price of every drink increases across the board. This means all consumers are targeted (not just those who are drinking more frequently or heavily), although consumers who drink more will ultimately pay more excise tax. This means excise tax is (albeit indirectly) a 'user pays' tool.

28. The amount of excise tax / EED paid on a 50-litre keg of 5% ABV beer was projected at $92.17 from July 1, 2024, representing approximately 32% of the price paid by hospitality venues.[27] Combined with GST, taxes amounted to 47% of the wholesale price of a keg of beer. Pricing information available online suggests the retail price for a 50-litre keg starts at about $350.[28] Taken together, this means the amount of excise on a 425ml pint of beer containing 5% ABV is ~$0.80.

29. In 2025, the Brewers Association provided the following estimates of alcohol excise duty as proportion of production costs, wholesale prices, and retail prices. These costs were aggregated using data from members of the Brewers Association, and are set out in the table below:

[25] See New Zealand Customs Service "Excise Duty Estimator" (7 July 2025) < https://www.customs.govt.nz/business/excise/alcohol-and-excise/excise-duty-estimator>.
[26] See Action Point – Communities targeting alcohol harm "Overview –Excise taxes on alcohol" (n.d.) <https://www.actionpoint.org.nz/alcohol_excise_taxes>.
[27] Based on the retail trade price for a mid-range 5% ABV beer; see The Shout "Alcohol excise tax increases again from July 1" (13 June 2024) < https://www.theshout.co.nz/hbnz/alcohol-excise-tax-increases-again-from-july-1/>.
[28] Based on the price of a 50L keg of Speight's available from Counties Liquor (as of 10 April 2026).

Cost category	Percentage representing alcohol excise duties
Production cost for a 50-litre keg (5% ABV)	64%
Brewer's wholesale price for a 50-litre keg (5% ABV)	32%
Hospitality retail price for a 425 ml pint (2-8% ABV)	2% – 8%

30. These estimates confirm that while excise tax forms a significant proportion of the production and manufacturing cost of kegged beer, but only a small percentage of the final price paid by consumers.

31. Officials from the Customs have confirmed that to their knowledge, no businesses have raised issues around their ability to navigate and comply with the regulatory requirements for alcohol excise tax. This confirms at a high level that the system for excise tax is functional for businesses to understand and follow, and for Customs to enforce.

Industry have raised that excise tax rates are diminishing profit margins for kegged beer, and have reported impacts on competition and on-premise consumption

32. In October 2025, the Brewers Association[29] and the Brewers Guild[30] provided the Ministry with a briefing discussing the impacts of excise tax on kegged beer producers in New Zealand.

33. The core issue raised is the uniform alcohol excise duties for kegged versus bottled / canned beer. The Brewers Association report that different manufacturing costs between the different beer products, combined with uniform excise tax rates, are driving the decline of on-premise consumption of kegged beer and creating a competitive disadvantage for alcohol manufacturers that produce kegged beer.

"*While excise is a relatively small component of the final pint price, it constitutes a huge share of production and wholesale costs. This erodes brewer and venue margins, reducing on-premise competitiveness and accelerating the shift towards packaged beer.*"

34. The negative implications reported by industry include:

    a. hospitality closures due to cost-pressures for on-premise venues, and impacts on the local community, for example where pubs function as social hubs

    b. employment impacts due to consumers shifting away from on-premise consumption

    c. declining GST and alcohol excise tax revenue for the Government over time.

35. The Brewers Association and Brewers Guild proposed solutions based on policy approaches in the United Kingdom and Australia, including:

[29] The Brewer's 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. Since 2023 DB Breweries has also been the majority shareholder for the Star Hospitality Group. See Brewers Association of New Zealand "About Us" (n.d.) <https://www.brewers.org.nz/about-us/>; and DB Breweries "Our Group" (n.d.) <https://www.db.co.nz/our-company/our-group/>.

[30] The Brewer's Guild does not publish their membership, but report that they represent the largest group of brewing industry businesses in New Zealand, with board members from breweries across both the North and South Islands, including Good George Brewing (Hamilton), Altitude Brewing Company (Queenstown), Two Thumb Brewing (Christchurch), Volstead Brewing Co (Christchurch), Burkes Brewing Co (Tekapo), Gladfield Malt (Dunsandel), Colab Brewing (Auckland), Steam Brewing (Auckland), and Lion Pty Ltd. See Brewers Guild of New Zealand "About The Guild" (n.d.) <https://brewersguild.org.nz/about-the-guild/>.

a. freezes to CPI indexation for alcohol excise duties for beer over a specified period

b. designation of a lower specific excise duty rate for kegged beer.

Problem definition

36. We have investigated whether beer manufacturers producing kegged beer are facing competitive disadvantages relative to their other beer or alcohol products, or relative to manufacturers of other alcohol products due to alcohol excise tax rates.

Analysis

37. Considering issues reported by the brewing industry, our analysis below has examined:

a. the effectiveness of the existing system in line with the current policy objectives (revenue generation and consumption reduction)

b. competitive pressures on the brewing industry, including changes in consumer preferences and demand over time

c. the implications of international approaches, in line with policy solutions suggested by the brewing industry.

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

Revenue from alcohol excise tax is plateauing, consistent with declining consumption

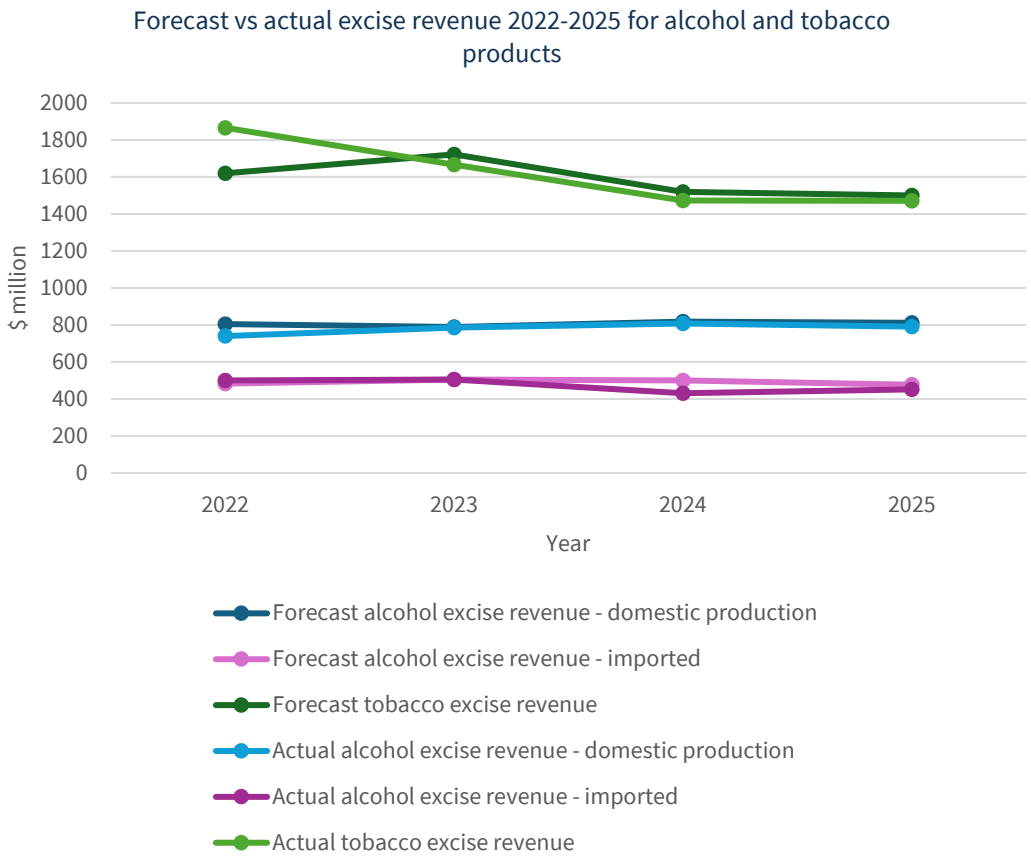
38. Alcohol consumption per capita in New Zealand has fallen by 29% between 1986 and 2024[31], but still amounts to an estimated 7.7 litres per year, per person. While rates of hazardous drinking have decreased by over 20% since 2018/19[32], one in six adults remain affected (around 720,000 New Zealanders). 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.

39. The table below shows the slight downward trend in both forecast and actual excise tax revenue (despite uplifts to rates in line with CPI) for imported alcohol and tobacco products, and the slight increase to actual excise tax revenue for domestically produced alcohol between 2022 and 2025:[33]

[31] Statistics New Zealand "Alcohol available for consumption: Year ended December 2025" (25 February 2026) <https://www.stats.govt.nz/information-releases/alcohol-available-for-consumption-year-ended-december-2025/>.

[32] Ministry of Health *Annual Update of Key Results 2023/24: New Zealand Health Survey* (data file, 19 November 2024) <https://www.health.govt.nz/publications/annual-update-of-key-results-202324-new-zealand-health-survey>.

[33] See The Treasury *Financial Statements of the Government of New Zealand* (October 2021) at 67; The Treasury *Financial Statements of the Government of New Zealand* (October 2022) at 71; The Treasury *Financial Statements of the Government of New Zealand* (5 October 2023) at 68; The Treasury *Financial Statements of the Government of New Zealand* (October 2024) at 68; The Treasury *Financial Statements of the Government of New Zealand* (9 October 2025) at 65.



40. The generally plateauing trend in alcohol excise is consistent with international research indicating a decrease in excise tax revenue for alcohol on a global level[34] , and reflects the long-term decline in alcohol consumption.

Decreases to alcohol excise rates would diminish the existing system's effectiveness

41. The current system charges all alcohol products based on their ABV. Exemptions or decreases for specific excise rates could impact the system's effectiveness by decreasing the proportion of alcohol excise tax relative to other kinds of tax and to the final retail price, increasing the affordability of alcohol products.

42. Contribution to the final retail price helps determine the effectiveness of an excise tax. Alcohol excise tax in New Zealand makes up a lower proportion of the retail price of alcohol products relative to excise taxes for other products.[35] For cigarettes, excise tax is 66% of the retail price[36], compared with between 2%-8% for a pint of beer. The World Health Organisation (WHO) recommends alcohol excise tax forms at least 15% of the retail price per unit of alcohol, regardless of the beverage type.[37]

43. The relative contribution of other taxes or levies to the final retail price also determines the effectiveness of an excise tax. To reduce affordability effectively, alcohol excise taxes should make up the largest share of total alcohol taxes[38], i.e., excise tax should make up a larger proportion of retail pricing than the alcohol levy and GST. The relative tax share of alcohol

[34] 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.
[35] See Alcohol Healthwatch *Alcohol taxes and levies* (Factsheet, September 2021).
[36] World Health Organisation *Alcohol taxes, prices and affordability in the WHO European Region in 2022* (2025) at 31.
[37] See World Health Organisation "Raising taxes on alcohol to save lives and protect public health" (n.d.) <https://www.who.int/europe/activities/raising-taxes-on-alcohol-to-save-lives-and-protect-public-health>.
[38] World Health Organisation *Alcohol taxes, prices and affordability in the WHO European Region in 2022* (2025) at 9.

excise duties is also a significant determinant of both shifts in consumption[39] and total excise tax revenue.[40]

44. 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 around 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.[41]

45. 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 in the wake of Covid-19. At the time, Treasury provided advice recommending no adjustment to alcohol excise duty rates, particularly given alternative support measures were available to hospitality businesses post-Covid. For example, measures introduced by Wellington City Council included significant decreases to alcohol licensing fees and free outdoor dining permits as part of its Pandemic Response Plan in 2022.[42]

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

Excise rates contribute to pricing decisions, but pass through is also influenced by competition

46. Excise tax is intended to discourage harmful consumption by increasing the base market price of alcohol products. Although manufacturers have some discretion in how they respond, the extent to which excise duties are passed through to wholesale and retail prices depends mainly on market conditions including competition, market power, retailer bargaining, and demand responsiveness.[43]

47. Empirical evidence indicates a range of pricing strategies are adopted by businesses[44], all of which may impact pressure on manufacturer pass-through rates. The beer industry in New Zealand is relatively competitive, with over 200 breweries across the country (0.000039 per capita[45]; this is 46% more breweries per capita than in the United Kingdom, where there are 0.000027[46] breweries per capita).[47] This may increase pressure on pass-through rates for excise tax and wholesale pricing.

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[39] World Health Organisation *Alcohol taxes, prices and affordability in the WHO European Region in 2022* (2025) at 31.

[40] See Jürgen Rehm, Daniela Correia, Ahmed S. Hassan, Jakob Manthey, Pol Rovira, Kevin D. Shield, Carina Ferreira-Borges, Maria Neufeld, and Mindaugas Štelemėkas *Alcohol Excise Taxation, Tax Share and Revenue in the European Union and the United Kingdom in 2022: An Overview and Modelling Analysis* (November 2025) 44 Drug Alcohol Rev 2003-2012.

[41] LEG-23-MIN-0072 and CAB-23-MIN-0183 refer.

[42] Wellington City Council "Council approves Pandemic Response Plan" (news release, 24 February 2022) <https://wellington.govt.nz/news-and-events/news-and-information/our-wellington/2022/02/council-approves-pandemic-response-plan>.

[43] World Health Organisation *WHO technical manual on alcohol tax policy and administration* (5 December 2023) at 52-53.

[44] World Health Organisation *WHO technical manual on alcohol tax policy and administration* (5 December 2023) at 27.

[45] Based on an estimated national population of 5,127,100 in 2022 (the number of breweries was estimated in 2022); see Statistics New Zealand "National population estimates: At 31 March 2022" (16 May 2022) <https://www.stats.govt.nz/information-releases/national-population-estimates-at-31-march-2022/>.

[46] Based on an estimated population of 68,526,183 in the United Kingdom in 2023 relative to the estimated 1828 breweries in the United Kingdom in 2023. See Society of Independent Brewers and Associates "SIBA UK Brewery Tracker" (n.d.) <https://siba.co.uk/brewerytracker/>; and Office for National Statistics "Population estimates for the UK, England Wales, Scotland and Northern Ireland: mid-2024" (26 September 2025) <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2024>.

[47] New Zealand Institute of Economic Research *Brewing in New Zealand: The economic contribution of the brewing industry 2022* (NZIER report to Brewers Association of New Zealand, 20 December 2022) at 2.4.

There are other economic pressures facing industry

48. Estimates indicate the wine, beer, spirits and beverages industry comprises around 1,900 businesses, directly employing more than 10,000 people[48], and indirectly employing around 21,000 people.[49] Changes in demand for beer therefore have significant potential to impact employment.

49. However, global evidence suggests that raising alcohol taxes or adopting pricing policies would have a gradual, relatively small, and varied impact on employment in the alcohol sector. More significant risks to the labour force include technological change and changes in export / import intensity[50], as well as agricultural supply chain issues resulting from conflicts (e.g., in the Ukraine).[51]

50. Previous decisions to adjustment alcohol excise tax with increases to CPI have noted that while some manufacturers and sellers may continue to experience disruption and loss of sales because of COVID-19 and other economic pressures, it is not clear the alcohol industry is in difficulty.[52]

Consumer preferences are shifting towards lower- and no-alcohol beverages

51. In New Zealand, demand for beer has been relatively resilient to significant events including Covid-19[53], but consumer preferences have continued to shift, with trends including:[54]

    a. a significant (750%) increase in consumption of low / no-alcohol beers since 2019

    b. a modest increase (15%) in consumption of high-alcohol (i.e., craft or premium) beers across the same period.

52. As shown above, consumer preferences are increasingly trending towards low and no-alcohol products, in line with broader social and cultural shifts towards healthy lifestyles. Even so, New Zealand and Australia still have some of the lowest rates of consumption for no-alcohol beer.[55] While diversifying production towards low and no-alcohol products may require significant upfront capital investment for producers to acquire new techniques and technologies for brewing[56], the revenue trade-offs may be worthwhile for businesses in the long run.

53. Statistics New Zealand (StatsNZ) has reported a decrease of 8.3% in the total volume of alcoholic beverages available for consumption between December 2024 and December 2025.[57] Over this period, the volume of beer fell 10% (to 265 million litres), the volume of wine fell 11% (to 85 million litres), and the volume of spirits (including spirit-based drinks) rose 1.3% (to 93 million litres).

[48] These people are employed as vineyard workers, or as part of winemaking/brewing/distilling, manufacture and packaging, as scientists, as accountants, in marketing, transport and logistics, as salespeople and in retail.

[49] See NZ Alcohol Beverages Council "Consumers facing significant increase in beer, wine and spirits excise tax" (media release, n.d.) <https://nzabc.org.nz/consumers-facing-significant-increase-in-beer-wine-and-spirits-excise-tax/>.

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

[51] New Zealand Institute of Economic Research *Brewing in New Zealand: The economic contribution of the brewing industry 2022* (NZIER report to Brewers Association of New Zealand, 20 December 2022) at 3.1.

[52] LEG-23-MIN-0072 and CAB-23-MIN-0183 refer.

[53] New Zealand Institute of Economic Research *Brewing in New Zealand: The economic contribution of the brewing industry 2022* (NZIER report to Brewers Association of New Zealand, 20 December 2022) at 2.2.

[54] Brewers Guild of New Zealand *Brewing in New Zealand* (Infographic, 2025).

[55] Kym Anderson "The emergence of lower-alcohol beverages: The case of beer" (2023) 18 JWE 66 at 79.

[56] Kym Anderson "The emergence of lower-alcohol beverages: The case of beer" (2023) 18 JWE 66 at 78.

[57] Statistics New Zealand "Alcohol available for consumption: Year ended December 2025" (25 February 2026) <https://www.stats.govt.nz/information-releases/alcohol-available-for-consumption-year-ended-december-2025/>.

54. Shifts in beer consumption also included notable changes in the volume of beer according to alcohol content, with the most significant decrease to beer with over 5% alcohol by volumes (ABV) (see table below).[58]

ABV Category	Change in volume for consumption
< 2.5%	-19% (to 4.9 million litres)
2.5% - 4.35%	+0.8% (to 96 million litres)
4.35% - 5%	-13 % (to 139 million litres)
> 5%	-27% (25 million litres)

55. Overall, as a proportion of the total volume of alcoholic beverages available for consumption between 2011 and 2025, beer has decreased from 63% to 60%; consumption data over the long-term indicates relative stability in demand.[59]

There is international precedent for change, but broad-based and targeted options are costly, and evidence of effectiveness is limited

Broad-based relief options in the United Kingdom are associated with significant fiscal costs

56. In 2023, the United Kingdom Government introduced reduced alcohol duty rates for eligible beer products (Draught Relief[60]) and for small producers based on their overall alcohol production size (Small Producer Relief).[61]

57. Draught Relief provides a 9.2% reduction in the duty on draught beer and cider (for products in large draught containers and containing less than 8.5% ABV) and is intended to help level the playing field between pubs and supermarkets by allowing pubs and brewers to price their on-premise products more competitively. The Brexit Pubs Guarantee ensures draught products will always be subject to lower duty than their supermarket equivalent.[62]

58. Small Producer Relief enables small businesses that produce alcoholic products with an ABV of less than 8.5% to be eligible for reduced rates of alcohol duty on qualifying products.[63] This measure is intended to promote innovation, giving small producers the financial flexibility to experiment with new types of products and grow their business. It is also intended to support the trend towards lower alcohol beverages by reducing the contribution of excise tax to production costs.[64]

59. Both changes were introduced as a part of a broader package of reforms intended to reform specific excise rates in line with ABV rather than beverage types, uplifting overall revenue.

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[58] Statistics New Zealand "Alcohol available for consumption: Year ended December 2025" (25 February 2026) <https://www.stats.govt.nz/information-releases/alcohol-available-for-consumption-year-ended-december-2025/>.
[59] Statistics New Zealand "Alcohol available for consumption: Year ended December 2025" (25 February 2026) <https://www.stats.govt.nz/information-releases/alcohol-available-for-consumption-year-ended-december-2025/>.
[60] Applies to alcoholic products sold in on-premise venues in 'draught containers' (i.e., kegs) containing over 20 litres of eligible alcoholic products.
[61] See HM Revenue & Customs "Goods liable to excise duty" (Guidance, 1 April 2026) < https://www.gov.uk/government/publications/excise-tax-types-excise-duty-rates-and-supplementary-guidance/goods-liable-to-excise-duty>.
[62] See HM Treasury "Tax cut for 38,000 British pubs" (News story, 1 August 2023) <https://www.gov.uk/government/news/tax-cut-for-38000-british-pubs>.
[63] See HM Revenue & Customs "Goods liable to excise duty" (Guidance, 1 April 2026) < https://www.gov.uk/government/publications/excise-tax-types-excise-duty-rates-and-supplementary-guidance/goods-liable-to-excise-duty>.
[64] See HM Treasury "Tax cut for 38,000 British pubs" (News story, 1 August 2023) <https://www.gov.uk/government/news/tax-cut-for-38000-british-pubs>.

HM Revenue and Customs are due to evaluate the impact of the new rates and structures in August this year, three years after the changes took effect; we understand there is no preliminary data yet available to indicate the changes' effectiveness.[65]

60. However, the fiscal cost of both relief options has been significant, as indicated by the table below.[66]

Financial Year	2023 / 2024	2024 / 2025
Fiscal cost of Small Producer Relief (in NZD)	$115 million	$172 million
Fiscal cost of Draught Relief (in NZD)	$172 million	$333 million

Targeted relief options in Australia face significant opposition from excluded manufacturers

61. In Australia brewers and distillers currently receive a full refund of any excise paid up to $350,000 each year. The Australian Government is increasing this excise 'remission cap' to $400,000 for all eligible alcohol manufacturers, effective from 1 July 2026, and is likewise increasing the Wine Equalisation Tax (WET) producer rebate to $400,000. This provides a form of tax relief to all small producers of alcohol products.[67]

62. A core intent of the remission scheme is to ensure consistent treatment between different alcohol products, and the producers of different alcohol products.[68] This contrasts with the New Zealand system, where all alcohol products already fall under a relatively uniform framework for alcohol excise tax.

63. The Australian Government has introduced a lower specific alcohol excise rate for beer stored in large containers, specifically containers:[69]

    a. of at least 8 to 48 litres inclusive and designed to connect to a pressurised gas delivery or pump delivery system

    b. that exceed 48 litres.

    These specific rates effectively provide a carve-out for kegged beer.

64. The Australian Government has also paused indexation for beer excise rates, introducing a 'freeze' for two years to support the recovery of the hospitality sector post-Covid.[70] This freeze was relatively simple to implement, given containers and delivery mechanisms were already defined as part of the framework.[71]

65. This freeze is projected to cost the Australian Government $95 million AUD over four years. Limiting this relief to kegged beer has received criticism from the spirits industry, with Spirits & Cocktails Australia reporting the proportion of consumers who prefer spirits are

[65] See UK Parliament "Beer and Cider: Excise Duties – Question for Treasury" (UIN 15520, tabled 23 February 2024) <https://questions-statements.parliament.uk/written-questions/detail/2024-02-23/15520>.
[66] Data provided to the Ministry for Regulation by HM Customs & Revenue.
[67] Prime Minister of Australia 'Albanese Labor Government to freeze draught beer excise' (Media release, 1 March 2025) <https://www.pm.gov.au/media/albanese-labor-government-freeze-draught-beer-excise>.
[68] Australian Government | The Treasury *Explanatory Statement – Excise remission scheme* (issued by authority of the Assistant Treasurer and Minister for Financial Services, September 2025) at 1.
[69] Australian Taxation Office "Excise on commercial beer" (15 May 2023) <https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/excise-on-alcohol/excise-on-beer/excise-on-commercial-beer>.
[70] See Maani Truu and Jane Norman "Draught beer excise won't increase with indexation for two years under Labor plan" (ABC News, 1 March 2025) < https://www.abc.net.au/news/2025-02-28/draught-beer-excise-frozen-two-years/104995622>.
[71] Based on information provided to the Ministry through engagement with the Australian Taxation Office.

disadvantaged by the tax relief provided to beer.[72] However, the Senate recently voted down an amendment to extend this relief to spirits manufacturers.[73]

66. The approach in Australia demonstrates the fiscal impact of providing relief to the brewing industry and highlights the response from other segments of the alcohol industry where kegged beer is treated preferentially.

67. Officials from New Zealand Customs have additionally raised with the Review that any freeze or exemption options will need to consider the potential impacts on international trade agreements. This is due to the significant market share in this country of beer manufactured in both the United States of America (USA) and Japan (14% of beer available for consumption in 2025 was imported).[74]

There is limited evidence to support increasing consumption at on-licence hospitality venues

68. On-licence hospitality venues are primary retailers for kegged beer.[75] In this context, consumption is supervised. In contrast, off-licence venues such as retail liquor stores allow consumers to purchase alcohol products for consumption elsewhere.

69. There is some evidence to indicate that alcohol sold off-licence (especially the availability of off-licence premises) is associated with hazardous consumption and consequently alcohol-related harm.[76] Since the 1990s, competitive off-licence pricing for alcohol products has resulted in an increasing imbalance in the off-licence and on-licence prices, with off-licence retailers supplying similar products at a significantly lower price point.[77]

70. However, there is no comprehensive body of evidence to indicate that on-premise consumption is comparatively "safe", for example:

    a. There is evidence to show that problematic heavy-drinking trends have evolved around the night-time alcohol-based hospitality industry. [78] Behaviours of concern include consumers 'pre-loading' (i.e., consuming cheaper off-licence alcohol prior to arriving at on-licence bars)[79], 'side-loading' (i.e., consuming alcohol purchased elsewhere on-premise, or leaving a licensed premise to consume alcohol purchased elsewhere before returning)[80], and binge-drinking.[81]

[72] See Spirits & Cocktails Australia "Lost opportunity as Senate Alcohol tax debate gagged" (News, 2 April 2026) <https://www.spiritsandcocktailsaustralia.com.au/lost-opportunity-as-senate-alcohol-tax-debate-gagged/>.

[73] See Restaurant & Café "Voting down tax changes a "Lost opportunity"" (8 April 2026) < https://restaurantandcafe.co.nz/voting-down-tax-changes-a-lost-opportunity/>.

[74]Statistics New Zealand "Alcohol available for consumption: Year ended December 2025" (25 February 2026) <https://www.stats.govt.nz/information-releases/alcohol-available-for-consumption-year-ended-december-2025/>.

[75] We estimate that on-licence sales make up 80% of kegged beer sales; more precise data about where beer is ultimately sold or consumed was not available.

[76] See M. Hobbs, L. Marek, J. Wiki, M. Campbell, B. Y. Deng, H. Sharpe, J. McCarthy, and S. Kingham "Close proximity to alcohol outlets is associated with increased crime and hazardous drinking: pooled nationally representative data from New Zealand" (September 2020) 65 Health & Place 102397.

[77] See Brett McEwan, Maxine Campbell, and David Swain "New Zealand Culture of Intoxication: Local and Global Influences" (January 2010) 25 New Zealand Sociology 15.

[78] Law Commission *Alcohol in Our Lives: Curbing the Harm: A report on the review of the regulatory framework for the sale and supply of liquor* (Report 114, April 2010) at 1.52-1.56, 2.17, and 9.28.

[79] Law Commission *Alcohol in Our Lives: Curbing the Harm: A report on the review of the regulatory framework for the sale and supply of liquor* (Report 114, April 2010) at 1.50.

[80] See Michael P. Cameron, Peter G Miller, and Matthew Roskruge *Side-loading prevalence and intoxication in the night-time economy* (December 2021) 15 Addict Behav Rep 100403.

[81] Law Commission *Alcohol in Our Lives: Curbing the Harm: A report on the review of the regulatory framework for the sale and supply of liquor* (Report 114, April 2010) at 2.41-2.49. See also Statistics New Zealand "Alcohol available for consumption: Year ended December 2025" (25 February 2026) <https://www.stats.govt.nz/information-releases/alcohol-available-for-consumption-year-ended-december-2025/>; and Taisia Huckle, Jose S. Romeo, and Sally Casswell *Changes and influences on adolescent drinking in New Zealand* (Health Promotion Agency, April 2020).

b. In 2017, analysis of 'last drink' data provided by New Zealand Police indicated that special events, taverns, and nightclubs posed the highest risk to the public.[82]

71. While excise tax contributes to the prices at both on-licence and off-licence alcohol sales, we are not confident that it the key factor driving a decline in on-licence consumption. Other more likely causes include:

a. the absence of complementary controls used internationally (e.g., minimum pricing), that could prevent price-slashing by off-licence retailers. [83]

b. how the current licensing system captures risk for different licence types.[84]

72. The Review is already considering a broader redesign of both the underlying risk assessment framework and the fees framework for the alcohol licensing system in New Zealand.[85] This work may have positive implications for the viability of on-licence venues that directly address some impacts raised by the brewing industry.

Options

73. The Review does not consider there is a case for providing tax relief to manufacturers of kegged beer. Creating an exemption within the existing system would contradict the current policy objectives for alcohol excise tax, and may not effectively achieve the aim of supporting both hospitality venues and on-premise drinking.

74. If Ministers disagree, and consider there is a case to provide excise tax relief specifically targeted to kegged beer, the following options are possible mechanisms:

a. **Option 1** introduces a temporary freeze on CPI adjustments to alcohol excise tax specifically for kegged beer.

b. **Option 1.a.** limits the application of the freeze to kegged beer that is domestically produced.

c. **Option 2** introduces a lower alcohol excise rate for kegged beer.

d. **Option 2.a.** limits the application of the lower alcohol excise rate to kegged beer that is domestically produced.

e. **Option 3** introduces a small producer alcohol excise rate for domestically produced beer.

f. **Option 3.a.** extends the application of the small producer alcohol excise rate to eligible producers of all kinds of alcohol products

g. **Option 3.b.** introduces a small producer remission / rebate threshold for eligible producers of all kinds of alcohol products.

75. We have assessed the options above against the Review's assessment criteria (detailed below). These criteria consider principles specific to the design and assessment of fees,

[82] See Allen + Clarke *2022 Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (Final report, 1 December 2022) at 64; and Ministry of Justice *Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (report, December 2017) at 25 (Figure 5).

[83] Minimum pricing complements a range of different alcohol excise tax structures (both specific and value-based rates); however, it is technically challenging to implement and enforce, requiring an extensive monitoring regime to be effective; see World Health Organisation *WHO technical manual on alcohol tax policy and administration* (5 December 2023) at 108.

[84] See Steve Randerson, Sally Casswell, Belinda Borell, Marta Rychert, Liz Gordon, En-Yi Lin, Taisia Huckle, and Thomas Graydon-Guy "Systemic inequities in alcohol licensing: Case studies in eight Aotearoa New Zealand communities" (January 2025) 44 Drug Alcohol Rev 459; and Allen + Clarke *2022 Review of the Sale and Supply of Alcohol (Fees) Regulations 2013* (Final report, 1 December 2022).

[85] As set out in the Sale and Supply of Alcohol Act 2012 and the Sale and Supply of Alcohol (Fees) Regulations 2013.

levies and taxes[86], and supported by the Guidance issued under section 26 of the Regulatory Standards Act 2025.

Criterion	Explanation
Effectiveness	How well does this option address the problem / opportunity and produce the desired results?
Efficiency	How well are the costs and benefits of the option balanced? Is value for money maximised, to the extent possible?
Feasibility	What would be required to implement the option, and how easy would it be? Are there any potential implementation risks that may undermine the effectiveness or efficiency of the option?
Liberties	What, if any, impact is there on individual rights and liberties? Will it unduly diminish liberties, personal security, freedoms, or property rights? Is it likely to introduce or increase taxes, levies, or takings? *This criterion includes where regulatory change would have an impact on the rights of 'legal persons' (which can include businesses). Alcohol excise tax directly targets businesses rather than individuals, and changes will therefore have a limited impact (if any) on freedoms.*

a. For the purposes of our options assessment, effectiveness means "how well this option would support the outcomes sought by the brewing industry", including:
    i. Competitiveness of kegged beer products relative to other beer products
    ii. On-premise consumption of alcohol relative to off-premise consumption of alcohol, and effects on hospitality venues and employment
    iii. This meaning is used because our assessment of the status quo and issues raised by industry did not indicate any underlying regulatory issues. This means it is impossible to assess how well the options resolve any problems identified.

b. While excise tax is charged to businesses, not to individuals, and all options presented are regarding decreases to excise tax, our view is that there would be impacts on liberties where tax relief means that lost Crown revenue is required to be cross-subsidised (e.g., using general taxation). This is because the social cost of alcohol production and consumption would be shifted onto parties that do not necessarily contribute to risk.

76. The table below sets out the options, alongside a description of their key impacts, advantages, and disadvantages, and the annual and 10-year fiscal cost to Crown revenue.[87] We have also undertaken a quantitative cost-benefit analysis of Options 1 through 2.a.; the estimated 10-year net present value (NPV) of each of these options is provided below.[88] The full cost benefit analysis is included in Appendix A.

[86] The Treasury *Guidelines for Setting Charges in the Public Sector* (guidance, April 2017) at 9-10; see also the Audit Office *Setting and administering fees and levies for cost recovery: Good practice guide* (published under section 21 of the Public Audit Act 2001, August 2021).
[87] 10-year fiscal costs are discounted at 8%.
[88] 10-year NPV estimates are discounted at 8%.

Option	Impact	Mechanism for change
Option 1: Introduce a temporary freeze on CPI adjustments to alcohol excise tax specifically for kegged beer.	*10-year NPV estimate:* **-$6.7 million**. This option would provide kegged beer manufacturers with time-limited relief from upward CPI adjustments to excise tax, reducing cost pressures on businesses in the short to medium term. The annual fiscal cost to Government would be ~$4.8 million (or $31.5 million over 10 years). For consumers, this would result in minimal changes to relative the affordability of kegged beer. Where excise makes up 5% of the retail price, if savings were fully passed through by producers and retail prices were not raised, and inflation were ~3% per annum, this would decrease the price of a 425ml pint of beer by ~ $0.03 over the freeze period.[89]	• Change to secondary legislation - amending the Excise and Excise-equivalent Duties Table through an Order in Council to define 'kegged' beer, likely based on both container size and the intended connection mechanism[90] ○ subsequently, amending the Excise and Excise-equivalent Duties Table through an Order in Council to exclude alcohol excise duties for kegged beer (as defined in the Act) from CPI-adjustments for a defined period (e.g., for 2 years).[91]
Option 1.a.: Limit the application of the freeze to kegged beer that is domestically produced.	*10-year NPV estimate:* **-$5.8 million**. This option would target the tax relief described in Option 1 to domestic beer manufacturers rather than multinational or overseas businesses. This would result in comparatively lower fiscal costs to the Government ($4.2 million annually, or $30.2 million over 10 years) as imported beer forms 14% beer available for consumption. As with Option 1, this would likely generate minimal savings for consumers and limited to domestically produced beer.	• Change to secondary legislation - amending the Excise and Excise-equivalent Duties Table through an Order in Council to define 'kegged' beer (as per Option 1) ○ subsequently, amending the Excise and Excise-equivalent Duties Table through an Order in Council to exclude alcohol excise duties for kegged beer (as defined in the Act) from CPI-adjustments for a defined period (as per Option 1). *To capture only domestic production, EED would be excluded from this the change.*
Option 2: Introduce a lower alcohol excise rate for kegged beer.	*10-year NPV estimate for a 20% reduction[92] to the specific excise rate:* **-$37.7 million**. This option would provide long-term tax relief for manufacturers, while permitting upward adjustments with inflation to prevent the fiscal cost increasing over time and maintain the real value of the relief. This option provides certainty around the fiscal cost for Government, which would be ~$24.4 million annually (or $176.9 million over 10 years). Where excise makes up 5% of the retail price, if savings were fully passed through by producers and retail prices were not raised, this would decrease the price of a 425ml pint of kegged beer by ~$0.16.[93] Kegged beer would become minimally more affordable for consumers than non-kegged beer.	• Change to secondary legislation - amending the Excise and Excise-equivalent Duties Table through an Order in Council to define 'kegged' beer (as per Option 1) ○ subsequently, amending the Excise and Excise-equivalent Duties Table through an Order in Council to create a lower excise duty rate for kegged beer (as defined in the Act).[94]
Option 2.a.: Limit the application of the lower alcohol excise rate to kegged beer that is domestically produced.	*10-year NPV estimate for a 20% reduction to the specific excise rate:* **-$32.9 million**. This option would provide the long-term tax relief described in option 2 but limited to domestic beer manufacturers. The fiscal cost of this option for the Government is comparatively lower, at between ~$21.0 million annually ($152.2 million over 10 years). Implementation costs for Customs remain the same. Like Option 2, this would result in a very small shift in the affordability of kegged beer for consumers, limited to domestically produced beer.	• Change to secondary legislation - amending the Excise and Excise-equivalent Duties Table through an Order in Council to define 'kegged' beer (as per Option 1) ○ subsequently, amending the Excise and Excise-equivalent Duties Table through an Order in Council to create a lower excise duty rate for kegged beer (as per Option 2). *To capture only domestic production, EED would be excluded from this the change.*
Option 3: Introduce a small producer alcohol excise rate for domestically produced beer.	*10-year NPV estimate for a 40% reduction to specific excise rates:* **-$27.6 million** This option provides targeted tax relief to domestic small producers of kegged beer based on a 25% or 50% discount to the specific excise rate. It prioritises support to businesses with smaller margins that may be more impacted by the current economic uncertainty. This option would have an estimated fiscal cost to Government of ~$17.7 million annually (~$128.1 million over 10 years). This option would have a comparatively greater (but still small) effect on consumer pricing than Options 1 and 1.a. for a more limited range of beers. Where excise makes up 5% of the retail price, if savings were fully passed through	• Change to secondary legislation - amending the Excise and Excise-equivalent Duties Table through an Order in Council to define 'kegged' beer (as per Option 1) ○ defining the production threshold for 'small producer' eligibility; the parameters could be volume-based, in line with practice in the United Kingdom[96]

[89] Based on a range of prices for 425ml of on-tap beer containing <5% ABV ($8.08 - $15) reported by Stuff "When you order 'a beer' how much do you get and how much does it cost around NZ?" (20 April 2023) <https://www.stuff.co.nz/life-style/food-drink/drinks/131807869/when-you-order-a-beer-how-much-do-you-get-and-how-much-does-it-cost-around-nz#:~:text=%E2%80%9CThat%20being%20said%2C%20the%20service,Photo:%20Stuff%20/%20Stuff>.

[90] Customs have confirmed that the Excise Equivalent Duties Table and Tariff do not currently identify 'kegs', and that there are no existing viable proxies for container size. A workable amendment to the Excise Equivalent Duties Table and Tariff could be modelled on the definition used in Australia for 'draught' beer, e.g., "*an individual container over 48 litres*" or "*a container of 8–48 litres (inclusive)* ***and*** *designed to connect to a pressurised gas delivery system or pump delivery system*"; Australian Taxations Office 'Excise duty rates for alcohol' (28 January 2026) <https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/excise-on-alcohol/excise-duty-rates-for-alcohol#ato-Alcoholratesforbeer>.

[91] This is the duration of the freeze on excise duties for draught beer in Australia.

[92] In Australia, the lower alcohol excise duty rates for kegged beer with different levels of ABV are set at between 19.7 – 69.4% of the duty rates for non-kegged beer with the same level of ABV respectively; see Australian Taxations Office 'Excise duty rates for alcohol' (28 January 2026) <https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/excise-on-alcohol/excise-duty-rates-for-alcohol#ato-Alcoholratesforbeer>.

[93] Based on a range of prices for 425ml of on-tap beer containing <5% ABV ($8.08 - $15) reported by Stuff "When you order 'a beer' how much do you get and how much does it cost around NZ?" (20 April 2023) <https://www.stuff.co.nz/life-style/food-drink/drinks/131807869/when-you-order-a-beer-how-much-do-you-get-and-how-much-does-it-cost-around-nz#:~:text=%E2%80%9CThat%20being%20said%2C%20the%20service,Photo:%20Stuff%20/%20Stuff>.

[94] The duration of the freeze on excise duties for draught beer in Australia is two years.

[96] The Small producer relief in the United Kingdom is available where to producers where "*the products you make in the current production year will contain 4,500 hectolitres or less of pure alcohol*"; see HM Revenue and Customs 'Check if you're eligible for Small Producer Relief on Alcohol Duty' (Guidance, 29 June 2023) <https://www.gov.uk/guidance/check-if-youre-eligible-for-small-producer-relief-on-alcohol-duty#who-can-get-the-relief>.

Option	Impact	Mechanism for change
	by producers and retail prices were not raised, this would decrease the price of a 425ml pint of domestically produced kegged beer by ~$0.32. [95]	○ amending the Excise and Excise-equivalent Duties Table through an Order in Council to create a lower excise duty rate for domestically produced kegged beer for small producers (as defined in the Act).[97] *To capture only domestic production, EED would be excluded from this the change.*
Option 3.a.: Extend the application of the small producer alcohol excise rate to eligible producers of all kinds of alcohol products.	*10-year NPV estimate for a 40% reduction to specific excise rates:* **-$40.2 million** Compared to Option 3, this option includes a fuller range of alcohol manufacturers in scope of the relief, mitigating risks from preferential treatment for a segment of the industry. This option would increase the affordability of a wider range of products for consumers and may benefit hospitality businesses where savings are passed through to on-premise venues. However, this option may unintentionally benefit off-premise businesses that retail small producer products. The wider scope of the relief increases the estimated fiscal cost to Government, at $26 million annually ($188.3 million over 10 years).	• Change to secondary legislation – (as above) defining the production threshold for 'small producer' eligibility; the parameters could be volume-based (as per Option 3) ○ Setting a cap on ABV could be used to limit eligibility for higher-alcohol products towards harm-minimisation[98] ○ amending the Excise and Excise-equivalent Duties Table through an Order in Council to create a lower excise duty rate for domestically produced alcohol products for small producers (as defined in the Act).[99] *To capture only domestic production, EED would be excluded from this the change.*
Option 3.b.: Introduce a small producer remission / rebate threshold for eligible producers of all kinds of alcohol products.	*10-year NPV estimate for a rebate capped at $400,000 per firm per year:* **$-57.6 million** Like Option 3.a., this option includes a fuller range of alcohol manufacturers in scope of the relief, mitigating risks from preferential treatment for a segment of the industry. A remission threshold would provide industry with more financial flexibility than a refund option (i.e., excise duties would not need to be paid by a business until the remission cap was reached). This option would increase the affordability of a wider range of products for consumers and may benefit hospitality businesses where savings are passed through to on-premise venues. This option would be associated with the highest estimated fiscal cost to Government, at $39 million annually ($282.6 million over 10 years).	• Change to secondary legislation – defining the production threshold for 'small producer' eligibility; the parameters could be volume-based (as per Option 3) ○ Setting a cap on ABV could be used to limit eligibility for higher-alcohol products towards harm-minimisation (as per Option 3.a.) ○ Subsequently setting a remission cap for small producers (as defined in the Act) similar to the $400,000 refund threshold for brewers and distillers in Australia.[100] *To capture only domestic production, EED would be excluded from this the change.*

77. The table below assesses the options above against the Review's assessment criteria relative to the status quo. Trade-offs are considered in more detail below the table, including key risks noted by both Treasury and Customs.

Option	Effectiveness	Efficiency	Feasibility	Liberties	Total score
Status quo	-	-	-	-	-
Option 1: Introduce a temporary freeze on CPI adjustments to alcohol excise tax and EED specifically for kegged beer.	**XX**	**X**	**0**	**0**	**-3**
Option 1.a.: Limit the application of the freeze to kegged beer that is domestically produced.	**XX**	**X**	**0**	**0**	**-3**
Option 2: Introduce a lower alcohol excise rate and EED rate for kegged beer.	**X**	**XX**	**XX**	**0**	**-5**
Option 2.a.: Limit the application of the lower alcohol excise rate to kegged beer that is domestically produced.	**XX**	**XX**	**XX**	**0**	**-6**

[95] Based on a range of prices for 425ml of on-tap beer containing <5% ABV ($8.08 - $15) reported by Stuff "When you order 'a beer' how much do you get and how much does it cost around NZ?" (20 April 2023) <https://www.stuff.co.nz/life-style/food-drink/drinks/131807869/when-you-order-a-beer-how-much-do-you-get-and-how-much-does-it-cost-around-nz#:~:text=%E2%80%9CThat%20being%20said%2C%20the%20service,Photo:%20Stuff%20/%20Stuff>.

[97] The duration of the freeze on excise duties for draught beer in Australia is two years.

[98] For example, in the United Kingdom, small producer rates are only available for products containing below a specified ABV of 8.5%; see HM Revenue and Customs 'Check if you're eligible for Small Producer Relief on Alcohol Duty' (Guidance, 29 June 2023) <https://www.gov.uk/guidance/check-if-youre-eligible-for-small-producer-relief-on-alcohol-duty#who-can-get-the-relief>.

[99] The duration of the freeze on excise duties for draught beer in Australia is two years.

[100] Prime Minister of Australia 'Albanese Labor Government to freeze draught beer excise' (Media release, 1 March 2025) <https://www.pm.gov.au/media/albanese-labor-government-freeze-draught-beer-excise>.

Option	Effectiveness	Efficiency	Feasibility	Liberties	**Total score**
Status quo	-	-	-	-	-
Option 3: Introduce a small producer alcohol excise rate for domestically produced kegged beer.	**X**	**XX**	**X**	**0**	**-4**
Option 3.a.: Extend the application of the small producer alcohol excise rate to eligible producers of all kinds of alcohol products.	**XX**	**XX**	**X**	**0**	**-5**
Option 3.b.: Introduce a small producer remission / rebate threshold for eligible producers of all kinds of alcohol products.	**XX**	**XX**	**XX**	**0**	**-6**

Qualitative assessment of the options, including outstanding risks

78. All options include a discount is applied to a small subset of producers. This preferential tax relief would artificially distort competition 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).

79. Moreover, for all options above, the use of Crown revenue to cover shortfalls in alcohol excise may result in an inefficient allocation of revenue, where this would have otherwise gone to different, more economically efficient, initiatives. Loss of revenue from alcohol excise tax is likely to be cross subsidised through other mechanisms, for example general taxation. This means that the cost of alcohol production and consumption would be increasingly transferred to general taxpayers, rather than being borne by manufacturers and consumers of alcohol products.

80. Where a discount is applied specifically to kegged beer (Options 1-1.a., 2-2.a., and 3):

    a. There would be minimal change to consumer prices on a pint of kegged beer (~$0.01–$0.37), 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 this is a 'safer' outcome.

    b. 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.

    c. This would not necessarily incentivise consumption of lower-alcohol products, 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 may not meaningfully reduce the risk of alcohol-related harm.

    d. 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.

81. 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.

    a. Conversely, where a discount to excise tax is temporary (Options 1-1.a.), resuming excise increases in the medium- or long-term could eventually lead to significant, one-off increases, potentially causing a price shock for both producers and consumers.

82. 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., DB breweries, Heineken, Asahi) rather than supporting the relative growth and sustainability of the domestic brewing industry.

83. Where an option targets only domestically-produced kegged beer or domestic producers (Options 1.a., 2.a., and 3–3.b.), s 9(2)(h)

s 9(2)(h)

84. Choosing any of Options 1-3.b. would introduce inconsistency and preferential treatment to a tax regime that is generally uniform across kinds of products, 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.

Implementation costs, risks, and timeframes

85. Customs have indicated that Options 1-1.a. would involve minimum implementation costs, but that Options 2-2.a. would require systems change to accommodate record-keeping about containers, subsequently increasing monitoring and audit costs. Options 2 – 2.a. would likely have the highest one-off, upfront costs and the highest ongoing costs. Application of the lowered rates to kegged imports could include changes to the Working Tariff Document, to preserve the relationship between alcohol excise duties and EED.[101]

86. Customs have confirmed the implementation costs for Options 3-3.a. would be straightforward, primarily relating to one-off systems changes. Operational processes and costs would be essentially unchanged. Higher costs may be incurred if Australian producers exporting to NZ were to be included, as this may require changes to the Customs and Excise Regulations 1996. For Option 3.b., Customs have indicated that the feasibility of this option would depend on information requirements, and how criteria for manufacturers are determined and defined. This is because existing administrative systems are designed primarily to track production and import volumes rather than other business information.

    a. Information provided to us by the Australian Taxation Office additionally suggests that Option 3.b. would lead to increased funding and resourcing requirements for monitoring and compliance by Customs over time. This is because introducing a remission threshold may increase the risk of evasion by some manufacturers, and the risk of anti-competitive behaviour (such as firm splitting) by others.

87. All options considered above would require at least 3-6 months of lead-in time for changes to the Excise Equivalent Duties Table and Tariff by Customs through an Order in Council. Customs have reported that industry will likely need between 6-12 months of lead-in time to adjust their systems subsequently. Generally, changes to the Excise Equivalent Duties Table and Tariff are implemented 6 monthly, (either on 1 January or 1 July). We therefore anticipate the options above could be implemented as of 1 July 2027 at the earliest.

Recommendations

88. The Review considers that the regulatory settings for alcohol excise tax are sound, and that the existing dual policy objectives are generally being achieved.

89. **We do not think there is a case for intervention through any of the options presented in this paper**. Introducing a distortion to alcohol excise duties for kegged beer is unlikely to meaningfully relieve cost pressures on beer manufacturers and is likely to have unintended consequences for the effectiveness of the broader alcohol excise tax system. Consequences

[101] The Ministry for Business, Innovation and Employment has the policy responsibility for New Zealand Tariffs.

might include competition implications (i.e., for producers of other alcohol products), substitution effects (where consumer demand shifts to craft beer), and effects on international trade (where an exemption either benefits or excludes imported beer). It is also unlikely to have any meaningful reduction in price for consumers.

90. If the Government wishes to provide the brewing industry with relief through changes to excise tax, **Options 1-1.a.** would be the most efficient way to achieve this while minimising trade-offs around consumption and harm. The Review notes that the fiscal, social, and economic costs from this option over 10 years are still significant (estimated as between $36-$41.8 million).

91. If the Government wishes to maintain the existing policy objectives for excise tax, and support the viability of on-licence hospitality businesses through other means, we recommend this is achieved through work already underway to recalibrate the alcohol licensing system.

Comments

92. We have engaged with Treasury and Customs regarding the policy intent and feasibility of any changes to the alcohol excise system. The Ministry of Health have also been informed of this work and have provided their views via comments and feedback we have received from Treasury.

93. If work is progressed to make changes to the current settings for alcohol excise duties:

    a. s 9(2)(h) [redacted]

    b. We would also need to undertake Te Tiriti o Waitangi analysis to assess the possible population impacts of changes to alcohol consumption where the price of alcohol products is reduced.

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Building consent requirements for marquees

The regulatory problem

1. The events sector raised several concerns during the Hospitality Review (the Review) about obtaining building consents or discretionary exemptions for temporary marquees[1] that are 100m^2 or more in floor area (large marquees). These concerns were related to the process, magnitude and cost of requirements, and inconsistency of requirements between building consent authorities (BCAs).

What are the legislative requirements?

A building consent is required for large temporary marquees

Under the Building Act 2004 (the Act), construction, alteration, demolition, or removal of a temporary large marquee requires a building consent and must also comply with the building code.[2] The Act is administered by the Ministry of Business, Innovation and Employment (MBIE).

Temporary marquees less than 100m^2 do not require a building consent but are still required to comply with the building code.[3]

A building consent is issued by the building consent authority (BCA) (usually the relevant territorial or unitary authority).[4]

A territorial authority or regional authority can give discretionary exemptions

The Act allows a territorial authority or regional authority[5] to exempt any building work (including large marquees) from requiring a building consent. A discretionary exemption can only be given if the territorial authority considers the completed building work is either likely to comply with the building code or unlikely to endanger people or any building.[6]

Building work is regulated for health and safety reasons

The purpose of the Act includes providing for the regulation of building work to ensure that people can use buildings safely and without endangering their health and can escape from a building if it is on fire.[7]

2. Table 1 sets out the events sector's concerns with marquee building consents and discretionary exemptions in more detail.

[1] A marquee is temporary if it is used for a period of not more than one month. See Building Act 2004, sch 1 cl 5.
[2] Building Act 2004, ss 7-9, 17, 40. The building code is the Building Regulations 1992, sch 1.
[3] Building Act 2004, s 41 and sch 1 cl 5.
[4] Building Act 2004, ss 48, 93.
[5] For ease of reference, we just refer to territorial authorities in the remainder of the paper.
[6] Building Act 2004, sch 1 cl 2. Note that only territorial and regional authorities can issue discretionary exemptions. A BCA that is not a territorial or regional authority cannot issue a discretionary exemption.
[7] Building Act 2004, s3.

Table 1 – Event sector's concerns with marquee building consents and discretionary exemptions

Area of concern	Specific issues raised
Process	• Processing times can vary from 2-10 weeks, with delays sometimes meaning an event cannot go ahead, with no compensation from the BCA. • The process is the same regardless of the size of the event. • Territorial authorities don't publish the basis on which they will grant or withhold a discretionary exemption.
Magnitude and cost of requirements	BCAs or territorial authorities require extensive supporting material in the consent or exemption application and can put significant conditions on a consent/exemption, which is costly. These costs can sometimes exceed the total commercial value of the job for lower-value events. For example, a BCA or territorial authority may require one or more of: • a design producer statement (PS1)[8] from a structural engineer for a marquee building consent, which costs $2,000-$5,000+ per structure[9] • an on-site structural engineer to be present during the event, which costs $2,000 per day[10] • a design review producer statement (PS2) late in the process.
Disproportionate regulatory burden	The building consent (or discretionary exemption) requirements are more complex than the requirements for some permanent structures (e.g., standalone structures up to 70m^2), which is difficult to justify on risk grounds.
Inconsistency of requirements between BCAs	Differences in building consent and discretionary exemption requirements between BCAs include: • requiring a PS1 versus an on-site structural engineer or just accepting the manufacturer specifications • different wind management thresholds (ranging from 90 km/hour to 110 km/hour) • varying requirements for monitoring and evacuation when the wind management threshold is met.

What is the evidence?

The Act and building code do not differentiate between temporary and permanent building structures

3. The requirements in the Act do not differentiate between temporary and permanent building work. All building work, regardless of whether it is a temporary or permanent structure, is required to have a building consent unless it is listed as being exempt.[11]
4. In practice, this means any temporary structure (including marquees) that is not exempt is required to get a building consent (or a discretionary exemption) every time it is erected,

[8] A PS1 is a formal document provided by a qualified design professional confirming that the design work complies with the building code and relevant standards. While PS1s are well-established and widely used they have under no particular status under the Building Act 2004. See Producer statements | Building Performance.
[9] Estimate provided by the New Zealand Events Association (NZEA).
[10] Estimate provided by NZEA.
[11] Building Act 2004, ss 40-41.

which could be multiple times per year. Conversely, a permanent structure will only require a building consent when it is built, altered, demolished or removed.

5. The requirements in the building code also do not differentiate between temporary and permanent building structures. Temporary and permanent building structures can have very different characteristics and health and safety risks, so some of the requirements in the building code are less relevant to temporary structures. For example, requirements for natural light are less relevant for temporary structures.[12]
6. All building work needs to comply with the building code, even if it is exempt from requiring a building consent.[13]

How has the marquee building consent exemption changed over time

The size threshold for marquee building consent exemptions has increased over time

Currently, a marquee that has a floor area of at least 100m^2 (or is erected for more than one month) is required to get a building consent or discretionary exemption. The size threshold has increased over time:

- when the Act came into force in 2004, all marquees with a floor area of at least 30m^2 were required to get a building consent[14]
- in 2008, the threshold was increased so that only public marquees with a floor area greater than 50m^2 and private marquees with a floor area greater than 100m^2 required a building consent[15]
- the threshold was changed to 100m^2 for all marquees in 2010.[16]

What was the policy rationale for increasing the size threshold?

MBIE advised us that, when the size threshold for exempt marquees was previously increased, the rationale was that the increase:

- will not increase risk to an unacceptable level because marquees are temporary, lightweight and relatively easy to set up and disassemble, and therefore have a lower structural risk than permanent buildings
- will allow BCAs to focus their time and resources on building work that presents a higher risk to people and property
- is consistent with MBIE's overall programme to reduce unnecessary consenting for low-risk structures, improve efficiency and productivity, while managing safety through building code and operational controls (rather than consent processes).

[12] Building Regulations 1992, sch 1 cl G8.
[13] Building Act 2004, s 17.
[14] Building Act 2004 (as enacted), sch 1, cl 1(f).
[15] Building (Schedule 1) Order 2008, cl 8.
[16] Building (Exempt Building Work) Order 2010, cl 7.

Territorial authorities often use discretionary exemptions for marquees but there is no consistent approach

7. We looked at whether a sample of eight territorial authorities[17] use discretionary exemptions for marquees. We found that:
    a. two territorial authorities use discretionary exemptions for all temporary marquees subject to the application meeting the territorial authority's documentation requirements (Wellington City Council, Queenstown Lakes District Council)[18]
    b. one territorial authority uses discretionary exemptions for temporary marquees if the application is from a Christchurch City Council-recognised marquee supply company (Christchurch City Council)[19]
    c. one territorial authority only uses discretionary exemptions for temporary marquees with an occupancy of less than 250 people (Auckland Council)
    d. four smaller territorial authorities (Gisborne District Council, South Wairarapa District Council, Nelson City Council, and Buller District Council) have discretionary exemption forms on their websites (that are not for marquees specifically), but there was no evidence that exemptions were routinely used for marquees.[20]
8. The four territorial authorities that routinely use discretionary exemptions for marquees (Wellington City Council, Queenstown Lakes District Council, Christchurch City Council, and Auckland Council) all require exemption applications for marquees to be supported by some level of documentation. This can include documentation on:
    a. engineering (for both the marquee itself and the ground connection – may be in the form of a PS1)
    b. fire safety (including an evacuation plan)
    c. site and floor plans
    d. sanitary features, lighting, heating, and accessibility.
9. While there is overlap in the documentation requirements between territorial authorities, each territorial authority describes the documentation requirements differently. This may make it more difficult for an events business to meet requirements when organising multiple events across different territorial authority boundaries (potentially using the same marquee).
10. In addition, because the Act does not specify how a territorial authority should assess whether building work meets the discretionary exemption criteria (that the building work is either likely to comply with the building code or unlikely to endanger people or any building), there does not appear to be a consistent approach (across the territorial authorities) in how this assessment is carried out.
11. The New Zealand Events Association (NZEA) also provided information from two territorial authorities that are NZEA members about their use of marquee discretionary exemptions.

[17] The sample of territorial authorities was selected so that it included rural, provincial and metropolitan councils and a mix of North and South Island locations.

[18] Both Wellington City Council and Queenstown Lakes District Council confirmed that they had issued no building consents for temporary marquees in the 12 months to 31 May 2026.

[19] However, Christchurch City Council told us that they would still consider discretionary exemption application from a company that they are not aware of, but the company would need to provide evidence they are competent, experienced, and have a good record of compliance. In practice, discretionary exemption applications come from companies that Christchurch City Council has dealt with previously, so they are well known to them already. Christchurch City Council confirmed they issued no building consents for a temporary marquee in the 12 months to 31 May 2026.

[20] If it is rare for large marquees to be erected in these territorial authority areas it may not be worth having a specific marquee discretionary exemption form.

This information further highlights the different approaches that are taken by territorial authorities:

a. Taupō District Council said that by default it does not issue discretionary exemptions for marquees. However, it had issued discretionary exemptions for major events such as IRONMAN New Zealand and the Supercars Championship. Taupō District Council is less willing to use a discretionary exemption when a marquee company has a history of failing final inspections because of concern that the marquee may not comply with the building code and could compromise public safety.

b. Tauranga City Council says it has a documented process for issuing discretionary exemptions for marquees (excluding circus big top tents). Discretionary exemptions are typically granted if the following documentation requirements are met:

    i. a site plan

    ii. engineering documentation (including a PS1, supporting calculations demonstrating compliance with clause B1 of the building code, along with any structural limitations such as wind ratings and flammability)

    iii. fire evacuation plans

    iv. installation timeframe

    v. landowner approval.

c. Tauranga City Council has also established a practice of issuing multi-year discretionary exemptions (up to three years) for repeat use of the same structure at the same site. The cost and processing time for a multi-year exemption are the same as for a single-use exemption, creating efficiencies for event organisers who hold multiple events as the same site.

There are also differences in processing time and cost of discretionary exemptions

12. We looked at the processing time and cost of marquee discretionary exemptions for the four territorial authorities in our sample that routinely use them. The Act does not specify a processing timeframe or how fees should be set for discretionary exemptions. The Act also does not set fees for building consents but does require a BCA to grant or refuse a building consent application within 20 working days.[21]

13. The discretionary exemption application processing time and cost for the four territorial authorities is summarised in Table 2 below. The fees do not include the cost of obtaining any documentation required by the territorial authority to apply for a discretionary exemption (e.g., for a PS1 or evacuation plan).

[21] Building Act, s 48. The time limit is 10 working days for some applications. If the BCA requires further information to process the application, the time period can be paused.

Table 2 – Discretionary exemption application processing time and cost for selected territorial authorities

Territorial authority	Usual processing time[22]	Fee[23]
Auckland Council	About 20 working days. Building consent applications may be prioritised over exemption applications when resourcing is tight.	$515 (base fee – will be charged for additional processing time) *(compared to $1,270+ for a building consent)*[24]
Wellington City Council	Within five working days.	$1,191.75 - $1,467.25[25] (fixed fee) *(compared to $2,612+ for a building consent)*[26]
Christchurch City Council	Between June 2025 and April 2026, 64% of marquee exemptions were processed within five working days of application and 88% were processed within 10 working days.	$490 (fixed fee)[27] *(compared to $2,550+ for a building consent)*[28]
Queenstown Lakes District Council	Five working days.	About $360 *(compared to $555+ for a building consent)*[29]

Discretionary exemptions for marquees have advantages but because the process is not defined there are inconsistencies and inefficiencies

14. The key advantages to an applicant of getting a discretionary exemption rather than a building consent are that it:
    a. costs less
    b. usually has a shorter processing time (except in the case of Auckland Council)
    c. may require less documentation
    d. does not require a building inspector to carry out an inspection and issue a certificate for public use or code compliance certificate before it is used, which can be difficult to arrange when a marquee is only erected for a short period of time.
15. However, because the Act does not specify how a territorial authority should assess whether building work meets the discretionary exemption criteria, there is no consistent approach

[22] Usual processing time is based on information provided directly to us from each territorial authority.
[23] Some fees are published on the relevant territorial authority's website, while we obtained other fees from the relevant territorial authority directly. We have compared discretionary exemption fees to the lowest commercial building consent fees in each case. Fees are current as at 31 May 2026.
[24] A building consent for a project with an estimated value of less than $5,000 costs $1,270. See: Building consent fees and charges.
[25] This fee includes a lodging fee ($175), a document check ($965.50 (for occupancy of 500 people or lower) or $1,240.50 (for occupancy greater than 500 people)), and Simpli application fee ($51.75).
[26] This is the estimated building consent fee for a commercial 1 or 2 building with a value of less than $10,000 assuming there are four hours of inspections (which is what Wellington City Council typically allocates for a project this size). The building consent fee includes fees for lodgement, plan check, district plan check, inspection, a Code compliance certificate, and Simpli online application. See: All building consent fees - Building and resource consents - Wellington City Council.
[27] Only available for exemptions requested by a Christchurch City Council-recognised marquee supply company. See B390-ExemptionInformationSheet.pdf.
[28] A building consent for a commercial project with an estimated value of less than $20,000 costs at least $2,550. Residential projects are cheaper. See: Building consent fees: Christchurch City Council.
[29] A building consent for a project with an estimated value of less than $5,000 costs at least $555 with a Project Information Memorandum (PIM). See: https://www.qldc.govt.nz/media/es2p0lhr/building-services-fees-and-charges.pdf.

across the territorial authorities in terms of what documentation is required and how the assessment is carried out. The events sector said that this makes it difficult to reliably predict outcomes of applications and that late-stage additional documentation requests can create uncertainty during event planning.[30]

16. The fact that four of the largest territorial authorities in the country routinely use discretionary exemptions for marquees, suggests that territorial authorities find the building consent process and requirements are not fit for purpose for temporary marquees. While the use of discretionary exemptions gets around the problem of requiring a building consent for temporary large marquees, it does introduce inconsistencies between territorial authorities, and these inconsistencies are likely to introduce inefficiencies.
17. In addition, different criteria by territorial authorities for whether discretionary exemptions are used for temporary marquees (e.g., Queenstown Lakes District Council always uses discretionary exemptions for temporary marquees, while Taupo District Council tends to only use them for major events) introduces further inconsistency.

What are marquee building permission requirements in Australia?

Marquee building permission requirements vary by state in Australia. For example:

- in New South Wales, a marquee:
    - is an ***exempt development*** (no planning or construction approval required) if it less than 300m^2 (or 200m^2 if it is for a private function in a residential zone) and it meets certain conditions including maximum height, distance from the boundary, hours of use, number of exits, and length of time erected (seven days or less)[31]
    - is a ***complying development*** (fast-tracked approval without the need for a full development application) if it is for a community event[32] and has a floor area of 500m^2 or less and meets certain conditions including total size of all marquees being used at the same time (floor area of 1,000m^2 or less), resisting load in accordance with three Australian and New Zealand Standards, distance from land boundaries and between marquees, and number of exits[33]
    - requires a ***full development application*** if it is not an exempt or complying development
- in Queensland, marquees with a floor area of 500m^2 are an accepted development (self-assessable) and do not require building approval. The owner is responsible for ensuring the work complies with applicable standards, including structural sufficiency and distance from boundary requirements[34]
- in Victoria, a temporary structure (including marquees) requires an occupancy permit if it has a floor area greater than 100m^2 and it is being used for public entertainment.[35] An occupancy permit application must use engineering principles to demonstrate the

[30] However, NZEA also said that their members' experience was that for territorial authorities that issue discretionary exemptions for marquees, a discretionary exemption is generally issued if documentation requirements are met.

[31] State Environmental Planning Policy (Exempt and Complying Development Codes) 2008, cl 2.117-2.120 (New South Wales, Australia).

[32] A community event is any event open to the public or a section of the public that is a ceremony, cultural celebration, exhibition, fete, fair, gathering, market or sporting event (State Environmental Planning Policy (Exempt and Complying Development Codes) 2008, cl 1.5 (New South Wales, Australia)).

[33] State Environmental Planning Policy (Exempt and Complying Development Codes) 2008, cl 4A.5-4A.6 (New South Wales, Australia).

[34] Building Regulations 2021, sch 1, cl 12 (Queensland, Australia). Also see: When you don't need building approval | Business Queensland.

[35] Public entertainment includes events which can be accessed by the general public (with or without tickets). Public entertainment does not include private or invite-only events and does not include use for other purposes such as retail, dining, office space etc.

safety of the marquee. The permit can be issued for a specific event or for state-wide use for a period of five years.[36]

While the current system is effective, it is not easy to comply with and may be inefficient and not proportionate

18. Our assessment of the current state of building consent requirements for marquees is described in Table 3.

19. We have assessed the current state against the Review's criteria, which are drawn from the Review's Terms of Reference. Our methodology for assessing the current state is described in Appendix A.

Table 3 – Assessment of the current state of building consent requirements for marquees

Criterion	Assessment
Effective Is the current state of building consent requirements for marquees effective?	✓✓ **Is effective** We have not found any evidence of marquee failures causing health and safety issues in New Zealand.
Efficient Is the is the current state of building consent requirements for marquees achieving benefits for the least cost?	× **May have some inefficiencies** The Act and building code do not differentiate between permanent and temporary structures and there is evidence that building consent requirements do not work for temporary structures such as marquees. Territorial authorities often use discretionary exemptions for marquees, which creates inconsistencies between territorial authorities and may create inefficiencies (especially for event organisers holding events across different territorial authority boundaries). There is likely to an alternative approach that is lower cost but with similar health and safety benefits.
Proportionate Is the current state of building consent requirements for marquees proportional to the size / impact of the system?	× **May not be proportionate** A large marquee needs a building consent or discretionary exemption each time it is erected, while a permanent building only needs a building consent when it is first constructed or has major alterations. These differences in frequency may not reflect the relative risk of each building type.
Adaptable Is the current state of building consent requirements for marquees evolving in response to new information?	× **Is somewhat adaptable, but some regulators may not be making full use of the adaptability available** Territorial authorities can issue discretionary exemptions, but territorial authorities differ in the extent to which they use this discretion for large marquees.
Easy to comply with Does the current state of building consent requirements for marquees make it easy for regulated parties to comply with relevant regulatory requirements?	× **Is not always easy to comply with** An events organiser needs to apply for a building consent or discretionary exemption each time they erect a large marquee (often with significant documentation requirements) which may lead to a substantial regulatory burden for event organisers who hold multiple events (especially if they need to apply to different BCAs or territorial authorities).

[36] Prescribed temporary structures | Victorian Building Authority.

Criterion	Assessment
Appropriate impact on individual rights and liberties Does the current state of building consent requirements for marquees have an appropriate impact on individual rights and liberties?	✓ **Has an appropriate impact on individual rights and liberties** While the current building consent requirements on marquees affect property rights by controlling what a person can or cannot do with their property (i.e., erecting a marquee), we do not consider that the current requirements unduly diminish individual rights and liberties. Some legislation of marquees is required to protect the safety of other people. The current marquee requirements make it more difficult for a person to erect a marquee on their property, but it does not stop them from doing so if they meet requirements that are in place to ensure the safety of people inside or near the marquee is protected.
Otherwise aligned with the Ministry's view of good regulatory practice	✓ **Otherwise aligns with the Ministry's view of good regulatory practice**

Problem identification and analysis

20. **Problem:** Current marquee building consent requirements (including the use of discretionary exemptions) are inefficient, may not be proportionate, and are not always easy to comply with.
21. **Impacts of the problem:** Based on the evidence collected by the Review, we think the key impact of this problem is that it makes it more difficult for hospitality businesses (including businesses in the events sector) to hold events with marquees. This is because it can be costly to get a building consent or a discretionary exemption. In addition, businesses holding events in more than one territorial authority area must spend time understanding how processes and requirements differ across territorial authorities.
22. **Underlying causes of the problem:** Based on the assessment above, we think the underlying causes that likely contribute to this problem include:
    a. the building consent requirements and process are largely designed for permanent structures and are not fit-for-purpose for temporary structures, including the need for sign off to get a certificate of public use or code compliance certificate. This is an issue inherent in the legislative design, where the Act and building code have been developed to cover both permanent and temporary structures, but do not cater well to the different needs of temporary structures
    b. the process for using discretionary exemptions is not defined in the Building Act leaving it open to variable interpretation by different territorial authorities. This is largely an issue of the legislative design not appropriately balancing regulated parties' need for certainty against giving regulators discretion.

What are the potential solutions?

23. We have considered four broad options (including the status quo) to address concerns with building consent and discretionary exemptions for temporary marquees. Within two of these broad options, we have considered two sub-options. The options are:

    a. Option 1: Status quo

    Temporary marquees with a floor area greater than 100m^2 require a building consent issued by a BCA or a discretionary exemption issued by the territorial authority. A

discretionary exemption can be issued if the territorial authority considers the temporary marquee is either likely to comply with the building code or unlikely to endanger people or any building. The Act does not define the process a territorial authority should follow when deciding whether to issue a discretionary exemption.

b. Option 2: Change marquee building consent exemption requirements so that more marquees are exempt

Change marquee building consent exemption requirements so that some (or all) marquees over 100m^2 are exempt from requiring a building consent. There are two sub-options under this option, which are not mutually exclusive.

2a: Increase the size threshold for when a temporary marquee is exempt from requiring a building consent

Change the current temporary marquee exemption[37] so that the size threshold is higher than 100m^2 (e.g., increase the threshold to 200m^2).

2b: Add a second building consent exemption for marquees that is conditional on chartered professional engineer involvement in the design

Add a secondary building consent exemption (for temporary marquees that are not exempt under the current temporary marquee building consent exemption) that is conditional on the design being carried out or reviewed by a chartered professional engineer. This secondary exclusion would fit best in Part 3 of Schedule 1 of the Act, which lists exclusions for building work where design is carried out or reviewed by a chartered professional engineer.

If both option 2a and 2b were implemented, option 2b could apply to some (or all) marquees larger than the revised size threshold implemented under option 2a.

c. Option 3: Improve consistency of how territorial authorities use discretionary exemptions for temporary marquees

Set rules or develop guidance on how territorial authorities use discretionary exemptions for temporary marquees to improve consistency across territorial authorities.

3a: Define discretionary exemptions process and requirements in the Act

Include a process, maximum timeframe, and more specific criteria for discretionary exemptions in the Act. This could apply only to discretionary exemptions for temporary marquees or all temporary structures, or could apply to all discretionary exemptions.

3b: Develop guidance on the use of temporary marquee discretionary exemptions

Develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees. The guidance could cover assessment process, what supporting material an applicant should be required to provide, and reasonable conditions to put on a discretionary exemption.

d. Option 4: Multi-use marquee approval system

Develop and implement a system that reduces the consenting requirements for each individual use of the marquee. This system could involve approving a specific marquee for a set period of time (e.g., five years) and requiring an approval each time the marquee is erected for site-specific conditions only (e.g., for the ground

[37] Building Act 2004, sch 1 cl 5.

connection but not the marquee itself). The site-specific approval would not require a building consent, code compliance certificate, or inspections.[38]

24. Some of these options could be progressed together:
    a. changing building consent exemption requirements (options 2a and/or 2b) could be progressed alongside improving consistency of how territorial authorities use discretionary exemptions for temporary marquees (option 3a or 3b), but only if the building consent exemption requirements do not exempt all temporary marquees
    b. a multi-use marquee approval system (option 4) could be progressed alongside changing exemption requirements (options 2a and/or 2b), with a multi-use approval (rather than a building consent) being required for temporary marquees that are not exempt
    c. if a multi-use marquee approval system (option 4) was implemented, there would be little (or no) need for discretionary exemptions for temporary marquees, so it is unlikely to make sense to progress option 3a or 3b (improving consistency of how territorial authorities use discretionary exemptions for temporary marquees) alongside option 4.
25. Option 4 (multi-use marquee system) is based on similar mechanisms already in place in both New Zealand and the State of Victoria (Australia):
    a. in New Zealand, the Act includes provision for a national multiple-use approval (branded *MulitProof*) that speeds up the building consent process.[39] MultiProof can apply to any building type (including marquees) but is mostly used for residential buildings. There is currently only one MultiProof approval for a marquee.[40] While MultiProof is already available to be used for marquees, it is likely to be more efficient and effective to design a scheme that applies specifically to marquees that does not require a building consent and code compliance certificate to be obtained (nor any inspections)
    b. the State of Victoria has temporary structure occupancy permits that can be issued for up to five years.
26. These two mechanisms are summarised in the box below.

MultiProof (national multiple-use approval) in New Zealand [41]

MultiProof is a statement by MBIE that a set of plans and specifications for a building complies with the building code. MultiProof is designed for practitioners who are planning to reproduce buildings based on a set plan and specifications.

MultiProof does not remove the requirement to get a building consent but halves the building consent processing time that a BCA is required to meet from 20 working days to ten working days.[42]

Under the Act, a BCA must accept a current MultiProof as evidence of building code compliance if every relevant condition in that MultiProof is met.

[38] As noted below, New Zealand already has a multi-use approval system that is provided for in the Act but this multi-use approval system has only be used once for a marquee still requires a building consent (and therefore a code compliance certificate), which is difficult to obtain for a marquee that is only erected for a short period of time.
[39] Building Act 2004, ss 30A-30H.
[40] This approval is for 35m diameter circus tent and was issued to Flaming Phoenix Entertainment Ltd in 2016. The register of MultiProof approvals is available here: Public Registers
[41] MultiProof | Building Performance
[42] Building Act 2004, s 48 (1A).

When deciding whether to grant the building consent for building work with MultiProof approval, the BCA needs to confirm and establish the:

- design matches the design approved in the MultiProof
- proposed site meets the conditions in the MultiProof
- site-specific features of the design comply with the building code
- inspections required.

Temporary structure occupancy permit requirements in the State of Victoria[43]

In the State of Victoria, an occupancy permit is required for certain temporary structures (including marquees with a floor area greater than 100m^2) that are used for public entertainment.[44]

An application must use engineering principles to demonstrate that the structure does not pose a hazard to occupants or structures and people in the area. The application must be submitted no less than 30 business days prior to the intended first use of the structure.

A permit can be issued for a specific event or for state-wide use for a period of five years.

Assessment of options

27. We have assessed the effectiveness, efficiency, feasibility, and impact on individual rights and liberties of each of the potential solutions against the status quo.
28. Our assessment of effectiveness and efficiency is only high level. A more detailed assessment of effectiveness and efficiency will require more extensive analysis of the health and safety risks for each option. Our high-level view is that health and safety risks:
    a. may increase relative to the status quo if the size threshold for a temporary marquee building consent exemption is increased (option 2a) because some temporary marquees with a floor area greater than 100m^2 would be exempt from requiring a building consent (or discretionary exemption) without requiring any chartered professional engineer involvement in the design. However, it is not clear how significant the increase in health and safety risks would be (and this would be dependent on how much the size threshold is increased). Higher size thresholds in Australia suggest there may be room to move the threshold up and still maintain an acceptable level of safety.
    b. may fall relative to the status quo if a second building consent exemption that is conditional on chartered professional engineer involvement in the design is introduced for marquees that aren't exempt under the existing building consent exemption (option 2b). This is because it will formally set a requirement that larger temporary marquees have a chartered professional engineer involved in the design of the marquee. While many larger temporary marquees are already required by a territorial authority to have engineering input to obtain a discretionary exemption, the requirements to obtain a discretionary exemption differ by territorial authority.
    c. may reduce slightly relative to the status quo if rules or guidance on the issuing of discretionary exemptions are implemented (option 3a or 3b). However, the reduction is likely to be small (with the main advantage of either of these options

[43] Prescribed temporary structures | Victorian Building Authority

[44] Public entertainment includes events which can be accessed by the general public (with or without tickets). Public entertainment does not include private or invite-only events and does not include use for other purposes such as retail, dining, office space etc.

being improved process) and the reduction may be smaller under option 3b than option 3a because territorial authorities would have a choice not to follow guidance.

d. are not expected to change significantly relative to the status quo if a multi-use approval system is introduced (option 4). A multi-use marquee approval system will still require site-specific approval for the marquee, instead of the discretionary exemption or building consent that is currently required.

29. Our first recommendation (set out in the next section) includes recommending that MBIE commission analysis of the health and safety risks.

30. Table 4 summarises our high-level assessment of each of the options against the status quo.[45] Because we consider that the status quo is already effective, we are not concerned that we've assessed no change or questionable change in effectiveness for each of the options. The 'questionable change' assessment is where we cannot make a final determination until formal health and safety expertise is added to the evidence base, which we are recommending is undertaken as part of implementing our recommendations.

Table 4 – Assessment of options relative to the status quo

Option	Effectiveness	Efficiency	Feasibility	Impact on individual rights and liberties	Overall assessment
1. Status quo	-	-	-	-	-
2a. Increase the size threshold for when a temporary marquee is exempt from requiring a building consent	?	✓✓	✓✓	-	✓
2b. Add a second building consent exemption for marquees that is conditional on chartered professional engineer involvement in the design	?	✓✓	✓✓	-	✓
3a. Define discretionary exemptions process and requirements in the Act	?	✓	×	-	-
3b. Develop guidance on the use of temporary marquee discretionary exemptions	?	✓	✓	-	✓
4. Multi-use marquee approval system	-	×	-	-	-

[45] To determine our overall assessment of each option we have averaged our assessments of the effectiveness, efficiency, and feasibility criterion, where a ✓ is worth one point, a × is negative one point, and a – or ? is worth 0 points.

Changes to building consent exemption requirements for temporary marquees are the most efficient and feasible

31. Our analysis indicates that options 2a and 2b are expected to have the largest impact on efficiency. This is because they will reduce the number of temporary marquees that require a building consent or discretionary exemption. This will reduce real resource costs including administration costs for hospitality businesses, building consent and discretionary exemption processing costs for territorial authorities, and the cost of obtaining documentation (such as PS1) for some marquees. In addition, because both options would reduce the need for discretionary exemptions it will introduce greater consistency in how temporary marquees are assessed across territorial authorities.

32. We have estimated the net present value (NPV)[46] of welfare benefits of variants of options 2a and 2b and found that:

    a. for option 2a: increasing the threshold to 200m^2 (from 100m^2) in the existing temporary marquee building consent exemption is estimated to have a NPV of welfare benefits of $1.1m (central estimate)

    b. for option 2b: introducing a secondary temporary marquee building consent exemption (that is conditional on chartered professional engineer involvement in the design) for marquees over 200m^2 is estimated to have a NPV of welfare benefits of $1.2m (central estimate).

33. These variants of options 2a and 2b could be combined so that:

    a. all temporary marquees with a floor area of 200m^2 or less would be exempt from requiring a building consent

    b. a temporary marquee with a floor area greater than 200m^2 would be exempt from requiring a building consent if the design was carried out or reviewed by a chartered professional engineer.

34. These two variants of options 2a and 2b are estimated to have a combined welfare benefit (NPV) of $2.3m (central estimate). We have not estimated the health and safety costs of these two variants (including any increased risk of fatalities), although we did complete a high-level assessment. If expert opinion is that fatality risk would materially increase if these two variants were implemented, the welfare benefit would be lower.[47]

35. Changing building consent exemption requirements for temporary marquees are also the most feasible. Building consent exemptions already exist in Schedule 1 of the Act, and option 2a would require a small change to the existing temporary marquee building consent exemption, while option 2b would involve introducing a new temporary marquee building consent exemption in the same form of existing building consent exemptions for other types of structures.

Developing guidance on discretionary exemptions for temporary marquees may also be beneficial

36. Our analysis indicates that developing guidance on the use of discretionary exemptions for temporary marquees (option 3b) would be more efficient that the status quo. Option 3b would improve the consistency of how discretionary exemptions are used across territorial authorities, including the process. However, it is not expected to improve efficiency as much as:

[46] NPV is calculated over a 10-year period using a 2% discount rate.

[47] We recommend that health and safety risks are assessed in the implementation of Recommendation 1 (see Table 5 below).

a. option 2a because it will still require businesses to apply for a building consent or discretionary exemption for all temporary marquees over 100m^2 (while under option 2a, some of these marquees would be automatically exempt)

b. option 2b, because there may still be some inconsistency in how territorial authorities use and process discretionary exemptions for marquees (as the guidance would be voluntary).

37. Defining the discretionary exemptions process and requirements in the Act (option 3a) rather than using guidance (option 3b) would reduce inconsistency across territorial authorities, but defining the process and requirements in the Act would limit the ability of territorial authorities to be agile and adaptive to change. For this reason, we consider that defining the discretionary exemptions process and requirements in the Act (option 3a) is not feasible.

38. We have estimated the NPV of developing guidance on discretionary exemptions (option 3b) and found it has a 10-year NPV of $170k. This is based on an assumption that guidance on discretionary exemptions would save applicants two hours per application (due to greater certainty in what is required) and is after estimated guidance development and implementation costs of $125k have been subtracted.

39. Option 3b could be implemented alongside option 2a and/or 2b, with the guidance only applying to marquees that are not automatically exempt.

Implementation of a multi-use marquee approval system would be effective, but it would be high cost and therefore is not as feasible as other options

40. If a building consent and exemption system did not already exist for temporary marquees, a multi-use marquee approval system may be the best option to effectively and efficiently manage the health and safety of temporary marquees. This is because it could enable the process and requirements for approving temporary marquees to be designed to manage the specific health and safety risks of temporary marquees instead of fitting it into a system that is predominantly designed for permanent building structures.

41. However, a building consent process with exemptions already exists and it is significantly cheaper to amend the settings in the current system than develop a new system from scratch. Based on development and maintenance cost estimates provided by MBIE, a multi-use approval system would need to avoid about 281 reassessments per year to cover the estimated costs and reach a positive 10-year NPV, which is unlikely based on our modelling. Therefore, we do not consider that option 4 is efficient.

What do we recommend?

42. We recommend that to improve the efficiency, proportionality, and ease of compliance of marquee building consent requirements, MBIE:

a. review the building consent exemption conditions for temporary marquees with a view to increase the size threshold and potentially introduce a secondary building consent for temporary marquees that are above that threshold

b. develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees (if the review in (a) does not result in all temporary marquees being automatically exempt).

43. Our two recommendations and their expected impacts are described in more detail in Table 5 and Table 6.

Table 5 – Recommendation 1

Recommendation 1 – MBIE review the building consent exemption conditions for temporary marquees with a view to increase the size threshold	
Description	We recommend MBIE assess: • how much the 100m^2 size threshold in the current building consent exemption for temporary marquees[48] (the *primary building consent exemption*) could be increased • whether a second building consent exemption (a *secondary building consent exemption*) should be introduced for temporary marquees that are larger than the revised size threshold that is conditional on the design being carried out or reviewed by a chartered professional engineer (i.e., marquees up to a larger threshold than the first bullet may also be exempted from building consent in circumstances where specified safety measures have taken place).[49] The assessment should include consideration of whether it is better to use a secondary building consent exemption or discretionary exemptions to manage the health and safety risks posed by temporary marquees above the size threshold in the primary building consent exemption. This work should include targeted consultation of industry and technical experts and detailed assessment of the health and safety risks of different size marquees (the Review was unable to carry out a detailed health and safety assessment.)
Expected benefits	*Overall:* Increased efficiency of temporary marquee approvals (building consents and discretionary exemptions) if fewer temporary marquees require a building consent or discretionary exemption. The number of marquees requiring a building consent or discretionary exemption will fall if the size threshold for the primary building consent exemption is increased and/or a secondary building consent exemption is introduced.
	For hospitality businesses: Hospitality businesses will be required to apply for fewer building consents and/or discretionary exemptions for temporary marquees. This reduces regulatory obligations and the costs to businesses of applying for building consents and/or discretionary exemptions (both the fee charged by the territorial authority or BCA and the cost of any requirements to get the building consent or discretionary exemption (e.g., a design producer statement (PS1) from a structural engineer)).
	For regulators and decision makers: Will need to assess fewer building consent and discretionary exemption applications for temporary marquees. This will free up resource to assess building consent applications for other types of building.

[48] Building Act 2004, sch 1 cl 5.

[49] This second exclusion would fit best in Part 3 of Schedule 1 of the Building Act. Part 3 lists exclusions for building work where design is carried out or reviewed by a chartered professional engineer.

Recommendation 1 – MBIE review the building consent exemption conditions for temporary marquees with a view to increase the size threshold	
Expected costs	There will be costs to MBIE through: • undertaking targeted consultation • assessing how building consent exemption conditions for temporary marquees should be changed • the policy development and enactment process for amendments to the Act. If a secondary building consent exemption is enacted, hospitality businesses will face the costs of engaging a chartered professional engineer when erecting a temporary marquee that is larger than the revised size threshold for the primary building consent exemption.[50]
Implementation	We recommend MBIE start this work as soon as possible. The review of marquee building consent exemption conditions could form part of a wider review of building consent exemptions in Schedule 1 of the Act.
Wider impacts / other considerations	Any changes made to building consent exemption conditions for temporary marquees will positively impact businesses and individuals outside the hospitality sector that use marquees that are over 100m^2 in floor area.

[50] However, in the current state, territorial authorities or BCAs often require a building consent or discretionary exemption application to include a statement by a structural engineer (e.g., a PS1), so the cost of engaging a chartered professional engineer is expected to be largely offset by the benefit of no longer requiring a design producer statement (PS1) from a structural engineer.

Table 6 – Recommendation 2

Recommendation 2 – MBIE develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees	
Description	If discretionary exemptions continue to be used for temporary marquees (i.e., the second part of recommendation 1 is not implemented), we recommend that MBIE develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees. The guidance should include guidance on process, what supporting material an applicant should be required to provide, and reasonable conditions to put on a discretionary exemption. The guidance should be: • developed in consultation with territorial authorities, industry, and technical experts • focussed on ensuring that territorial authorities are appropriately assessing the health and safety risks of temporary marquees, while not imposing unnecessary regulatory obligations on applicants • targeted at territorial authorities but should also be published so that applicants for temporary marquee discretionary exemptions can access it. This guidance will not be required if territorial authorities stop routinely using discretionary exemptions for temporary marquees. We expect discretionary exemptions will rarely be used for temporary marquees if a secondary building consent exemption (that is conditional on the design being carried out or reviewed by a chartered professional engineer) is introduced for temporary marquees that are larger than the size threshold in the primary building consent exemption.[51] Use of discretionary exemptions for temporary marquees would also reduce if the size threshold (currently 100m^2) in the primary building consent exemption is increased.[52]
Expected benefits	*Overall:* Increased effectiveness of temporary marque discretionary exemptions and improved efficiency of the discretionary exemption process. Effectiveness will increase because the guidance will help territorial authorities to base temporary marquee discretionary exemption decisions on an appropriate assessment of health and safety risks. Efficiency will increase because there will be greater consistency and understanding of the temporary marquee discretionary exemption process. In addition, the guidance will help territorial authorities to remove unnecessary requirements on applicants. Benefits will depend on the uptake of the guidance by territorial authorities.
	For hospitality businesses: Removal of unnecessary requirements in the discretionary exemption process will save hospitality businesses time and money. The guidance will also improve hospitality businesses clarity on the temporary marquee discretionary exemption process and what a territorial authority is likely to require (including supporting material and conditions) for a temporary marquee discretionary exemption to be issued.
	For regulators and decision makers: Increased clarity for territorial authorities on what they should consider when assessing a discretionary exemption for a temporary marquee.

[51] Recommendation 1 recommends that MBIE assess whether a secondary building consent exemption should be introduced.

[52] Recommendation 1 recommends that MBIE assess how much this threshold could be increased.

Recommendation 2 – MBIE develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees	
Expected costs	There will be costs to MBIE to developing the guidance. There may be some initial costs for territorial authorities to change their discretionary exemption processes and requirements to align with the guidance.
Implementation	This recommendation only needs to be progressed if territorial authorities continue to use discretionary exemptions for temporary marquees. We recommend that MBIE assess whether discretionary exemptions are likely to continue to be used for temporary marquees once it has completed the assessment required under recommendation 1.
Wider impacts / other considerations	The guidance would also be applicable to any application for a temporary marquee discretionary exemption from outside the hospitality sector. Territorial authorities may also apply some of the guidance to discretionary exemption applications for other types of buildings.

Appendix A: Methodology for assessing current state

44. We have assessed the current state of building consent requirements for marquees against the Review's criteria, which are drawn from the Review's Terms of Reference. These are described in Table 6 below.

Table 6 - Criteria for the assessment of the current state

Criterion	High-level description
Effective	The intervention achieves its intended benefits and policy objective(s).
Efficient	The intervention is achieving its benefits for the least cost[53] (including time taken). The benefits of the intervention (for both the government and regulated parities) outweigh the costs.
Proportionate	Regulatory requirements are aligned to the level of risk being managed. An appropriate balance is struck between regulatory control and operational freedom.
Adaptable	The intervention can sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance.
Easy to comply with	The regulatory requirements easy to find, easy navigate, and clear and easy to understand.
Appropriate impact on individual rights and liberties[54]	The impact, if any, the intervention has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.
Otherwise aligned with the Ministry's view of good regulatory practice[55]	Where relevant, the intervention otherwise aligns with the Ministry's view of good regulatory practice, including (but not limited to) transparency, accountability, supporting innovation, and independence.

45. To make our assessment of the current state, we have drawn from multiple sources of evidence, including direct and written engagement with hospitality businesses peak bodies, community organisations, and regulators; academic research; international comparisons; and economic analysis. Evidence is referenced, and we discuss areas where what we know is limited and where we have made informed judgements.

46. The meanings of our assessments are described in 7 below.

Table 7 - Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.

[53] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits or reduced regulatory outcomes (i.e., health and safety protection).
[54] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.
[55] This criterion covers additional aspects of good regulatory design and practice covered in Government Expectations for Good Regulatory Practice that are not already covered by the preceding criteria. These additional aspects are not always relevant to every part of the regulatory system, and so this criterion is used only where relevant.

Assessment	Description
××	In no way meets the criterion.

47. Based on these assessments, we identify any issues that contribute to a problematic current state. These problems, their potential underlying causes, and impacts, are analysed under each assessment, including considering whether the underlying causes are:

    a. inherent in the legislative design. This covers both the unintended consequences of design choices, and design choices that are working as intended but may no longer be effectively contributing to the purposes of the regulatory system

    b. regulatory practice issues. This covers regulator capacity and capability issues, stewardship issues, and the monitoring and evaluation of the system.

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Regulatory requirements for transport provided by hospitality businesses

The regulatory problem

1. Hospitality businesses, particularly clubs[1] and rural pubs, play an important role in their community. In addition to providing food, beverages, and social gathering spaces, some hospitality businesses provide transport for their patrons or members. This transportation supports community participation by improving access to hospitality venues, medical appointments and social activities, and helps reduce the risk of drink-driving.
2. In various instances around the country, businesses accept a gold coin donation or koha to help towards the running costs of the transport. However, under the current regulatory settings, these businesses are not allowed to accept any money for the service, including koha or donations, unless they have a Passenger Service Licence (PSL)[2], meaning their drivers have a passenger (P) endorsement on their driver's licence.
3. Transport and PSL requirements were raised during the Hospitality Review (the Review) by some submitters that manage or support clubs. Their view is the PSL requirements are disproportionate to the risks posed by type of service they run, particularly where transport is provided as an ancillary activity to support members, rather than run as a commercial transport service like a taxi. Submitters also noted the current requirements can be difficult to understand, with uncertainty about when a PSL or P endorsement is required, and what obligations apply to different transport arrangements.
4. Through further engagement with clubs, we found:
    - those providing transport are either running their service at a loss or in contravention of the regulatory requirements, or
    - they are meeting the regulatory requirements to be able to recover some of their costs but have paid a substantial amount in regulatory fees to do so.
5. Stakeholders advised these requirements likely discourage hospitality businesses (particularly clubs) from offering transport, particularly in areas where alternative transport options are limited.

Recommendation - allow hospitality businesses that provide transport to recover running costs with specified conditions, without triggering PSL requirements

6. When we first started looking into this issue, it was solely to assess whether the regulatory issue should be addressed for clubs. However, the more we examined the evidence, the more we think it makes sense to include any hospitality business (defined as a licensed premises in the Sale and Supply of Alcohol Act 2012[3]) that provides transport to their members or patrons, with

[1] Clubs are membership-based associations with a permanent club charter, formed mainly to participate in or promote a sport, recreational, or non-commercial social activity, and are not for commercial gain.[1] They are an important component of the hospitality sector in New Zealand. Examples of clubs include sports clubs, working man or cosmopolitan clubs, and branches of the Returned Services Association (RSA). These clubs are generally membership only, and not open to the public.
[2] Section 30 Land Transport Act 1998 requires operators of freight, vehicle recovery, rental and passenger transport services to hold an appropriate transport service licence. Types of transport service licences include large passenger service, small passenger service, goods service, vehicle recovery service and rental service licences.
[3] Section 5 Sale and Supply of Alcohol Act 2012.

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some conditions to ensure the service does not turn into a commercial enterprise. This would enable these businesses to accept a donation or payment to cover running costs, without triggering PSL requirements.

7. The table below provides a description, implementation considerations, the expected benefits and costs, and the impact (if any) the recommendation will have on other types of passenger services.

Table 1: Recommendation

Allow hospitality businesses that provide transport to receive donations to cover their running costs without triggering passenger service requirements	
Description	We recommend exempting licensed premises, as defined in the Sale and Supply of Alcohol Act 2012, from requirements for small passenger services (which are contained in the Land Transport Rule: Operator Licensing 2017), as long as the: • vehicle used is provided by the organisation or the driver • driver is either a volunteer or a staff member of the organisation whose primary responsibility is not driving, and • only payment made is for reimbursing the driver/organisation for the running cost of the vehicle and does not include payment for the driver's service.
Expected benefits	*Overall:* Improves the proportionality of regulation and creates a more flexible and adaptable regulatory system.
	For hospitality businesses: Those that choose to provide transport for their patrons or members will be able to accept donations or koha to cover their running costs, without incurring the ongoing costs of obtaining a passenger service licence. This provides cost savings for the small number of licensed premises that already have a passenger service licence, as they will no longer need one. It enables hospitality businesses to offer a service where some of their costs are recovered, without increasing road safety risks or passenger safety.
	For regulators and decision makers: Regulatory requirements will be aligned across similar transport services, resulting in ease of monitoring and enforcement. No expected impact on road or passenger safety.
Expected costs	The recommended change requires amendment to the Land Transport Rule: Operator Licensing 2017. We expect this work to be carried out within the Ministry of Cities, Environment, Regions and Transport's (MCERT)[4] current resourcing. There may be a slight reduction in revenue received from hospitality businesses that have gone through the process of getting a passenger service licence.
Implementation	The recommended to the Land Transport Rule: Operator Licensing 2017, is a rule change made by the Minister of Transport. Under section 161(2) of the Land Transport Act 1998, the Minister of Transport must: a. publish a Notice of Intention to change a Land Transport Rule b. consult any persons the Minister considers appropriate.

[4] Formerly the Ministry of Transport.

Allow hospitality businesses that provide transport to receive donations to cover their running costs without triggering passenger service requirements	
Wider impacts / other considerations	We expect no wider impacts to commercial passenger services, as hospitality businesses are already able to offer transport, so long as they do not receive payment. Opening this exemption up to all licensed businesses with safeguards, means commercial operators will not be able to game the system. If more hospitality businesses were to provide transport to their patrons, it would provide indirect road safety benefits to road users and patrons who live in areas where there are no alternative transport options i.e., taxis or Uber.

Background

8. A 'passenger service' is defined in two ways. as:
    a. *small passenger service* – the carrying of passengers for "hire or reward" in a motor vehicle, if it carries 12 people or less. These services include taxis, shuttles or app-based services like Uber carrying passengers for a specific charge (including part payments to cover fuel and donations), dial-a-driver services[5], and private hire services like tours, wedding cars, and limousines where the vehicle is hired out. This type of passenger service requires a small PSL.
    b. *large passenger service* – the carrying of passengers in a large vehicle, such as a bus, regardless of whether it is for "hire or reward". If the vehicle carries more than 12 people, you need a large PSL to operate it.[6]
9. The focus of this paper is on the regulatory requirements applicable to small passenger service vehicles only.
10. Some exemptions from small PSL requirements are permitted. For example, a small passenger service does not have to comply with the regulatory requirements if a fee or fare is not charged for the service. Traditional carpooling arranged between friends, or passenger services providing relief or assistance during a state of emergency are also exempt.[7]

The government intervenes to ensure people are safe when using passenger services

11. There are unique personal safety risks for both passengers and drivers when using passenger services. These risks arise because, when using commercial passenger services, passengers and drivers have little information about each other, and during the ride they are both isolated in the vehicle and could be vulnerable, e.g., passengers could be intoxicated and safety risks may exist for drivers from unruly passengers.

[5] A transport service where a professional driver is hired to drive a customer's own vehicle to a chosen destination.
[6] Interpretation of passenger service in section 2 of the Land Transport Act 1998: https://www.legislation.govt.nz/act/public/1998/110/en/latest/#DLM433613.
[7] Exempt passenger services are specified in Land Transport Rule: Operator Licensing 2017: https://www.nzta.govt.nz/assets/resources/rules/docs/operator-licensing-2017.pdf.

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12. The current system employs measures like P endorsements[8], work time limits, and in-vehicle cameras[9] to manage safety risks for passengers and drivers (see Table 2 for a full list). These measures aim to give everyone confidence they can safely use commercial passenger services.

13. PSL requirements also seek to manage potential spillover costs on road users and uninvolved third parties. These are costs (negative externalities[10]) caused by crashes and associated healthcare costs involving passenger service vehicles. These vehicles are required to meet high safety standards, including maintaining a current certificate of fitness.[11] This is because passenger service vehicles generally use the road more than private motor vehicles.

Legislative instruments

14. The following instruments make up the small PSL system:

    a. **Land Transport Act 1998 (the Act)**: administered by MCERT this is the primary legislation that sets responsibilities for holders of transport service licensing, PSL requirements, the assessment criteria (fit and proper person tests for drivers) for passenger services, work time restrictions and requirements for keeping records. The Act has provisions relating to P endorsement and sets offences relating to driving and penalties

    b. **Land Transport Rule: Operator Licensing 2017**: sets the requirements for obtaining and retaining a licence to operate a small or large passenger service, rental service, vehicle recovery service, or goods service, and specifies exempt passenger services

    c. **Land Transport Rule: Driver Licensing 1999:** sets out when a P endorsement is required and provisions relating to obtaining P endorsement

    d. **Land Transport Rule: Vehicle Standards Compliance 2002:** sets out inspection and certification requirements for motor vehicles, including certificates of fitness

    e. **Land Transport Rule: Work Time and Logbooks 2007:** sets out limits on drivers' work hours, rest periods, and logbook requirements to manage fatigue.

15. Land Transport Rules are considered secondary legislation, akin to regulations. They are administered and produced by the New Zealand Transport Agency Waka Kotahi (NZTA) on behalf of MCERT.

16. To operate a small PSL, there are requirements placed on both the owner/operator and the driver. This is to ensure both the driver and the passenger(s) are safe. The table below outlines these requirements.

[8] During the passenger (P) endorsement process, drivers are subject to a fit and proper person test which includes checking drivers' criminal history, traffic offences, and medical health. Once the Passenger (P) endorsement is approved, drivers are issued an ID card. The ID card must be displayed at the front of the vehicle (e.g., dashboard) visible to all passengers. This is a requirement for small passenger services only.

[9] Small passenger service vehicles operating in 17 specified urban areas (including Auckland, Hamilton, Wellington, Queenstown, Invercargill) must operate an approved in-vehicle camera or only provide services to registered passengers. Dial-a-driver operators, facilitated cost-share operators, exclusively pre-booked private hire services (weddings, tours etc.) are not required to comply with this requirement.

[10] Negative externalities are spill-over costs that are not borne solely by parties benefiting from the service, but also by uninvolved third parties.

[11] A certificate of fitness is a regular check on heavy vehicles (trucks, larger trailers, motor homes), all passenger service vehicles (taxis, shuttles and buses) and rental vehicles to ensure they meet required safety standards. Certificate of fitness is different to warrant of fitness which is a regular check on lighter vehicles. Passenger service vehicles are required to hold a certificate of fitness instead of a warrant of fitness.

Table 2: Legislative requirements for small passenger services

Responsibility	Requirement
Requirement for operators	Obtain a small PSL
	Maintain a record of complaints and report serious improper behaviour
	Ensure drivers are appropriately licensed and vehicles meet the required safety standards i.e. a Certificate of Fitness
	Display a PSL label in each vehicle
Requirement for drivers	Pass the fit and proper person requirements which includes criminal and medical checks
	Obtain a P endorsement
	Display Driver ID card
	Meet work time restrictions and maintain a logbook
	Operate under a small PSL holder
Requirements for passenger service vehicles	In-vehicle cameras in some urban areas (or only carry registered passengers)
	Maintain a current certificate of fitness

17. Under the Land Transport Rule: Operator Licensing 2017, there are 14 exempt small passenger services.[12] For this analysis, we are focusing on the two that most closely align with the transport provided by clubs and other hospitality businesses. These are:

    a. *6.1(1)(a)* - small passenger services operated by district health boards, local authorities, and incorporated organisations registered under the Charities Act 2005, where the:

        i. vehicle used is provided by the organisation or the driver, and

        ii. driver is either a volunteer or a staff member of the organisation whose primary responsibility is not driving, and

        iii. only payment made is for reimbursing the driver/organisation for the running cost of the vehicle and does not include payment for the driver's service.

    b. *6.1(1)(f)* - small passenger services, provided by an organisation offering alcohol, meals, or refreshments for consumption on licensed premises, where a fee or fare is not required of its passengers. This exemption applies to licensed hospitality businesses like clubs, restaurants, cafés etc.

18. Section 6.1(1)(a) offers clubs a pathway for exemption if they are a registered charity. However, our analysis shows this scenario only applies to approximately 3% of clubs (premises with a club licence), meaning the reach of this exemption is small for the group we are considering.[13] The exemption provided under 6.1(1)(f) does not allow hospitality businesses to recover any costs without triggering the PSL requirements, which does not address the regulatory problem.

[12] Full list of exempt services is found at section 6 of the Land Transport: Operator Licensing Rule 2017.

[13] As per the Alcohol Regulatory Licensing Authority: Licence Register of Active Licences 2022-2025, there are 1,630 premises with club licences. We cross-analysed the premises with club licences with the Charities Register and found 52 clubs are also registered charities.

How does it work in practice

19. As stated, hospitality businesses carrying members in small vehicles are considered small passenger services if the transport is offered for "hire or reward". However, they do not need to comply with PSL requirements if a fee or fare is not charged for the service.

20. As part of the Review, we conducted a short, targeted survey of clubs to understand the scale of the issue, whether they provide transport, and what, if any, barriers they face (or have faced) to operate a transport service for their members.[14] We received 65 responses from different types of clubs across urban, provincial and rural locations in New Zealand.[15]

21. We only engaged with clubs as no other hospitality businesses raised this issue during the Review.[16] However, as stated, we think it is highly likely transport is being provided to patrons of other licensed premises such as rural pubs, and our assessment has led us to the conclusion that if an exemption is introduced for clubs, it should also apply to other hospitality businesses (with some conditions).

22. Of the clubs that responded to our survey, 88% said they offer transport services to their members. While some clubs referred to having a PSL it was unclear exactly how many of them hold this type of licence. However, only 19% of them use P endorsed drivers to operate their transport, suggesting only a small number of clubs hold a PSL. Over half of the respondents (63%) receive donations, mostly a gold-coin donation, to help cover the running costs of the service, which also suggests there is a low level of compliance with the current regulations.

23. "Hire or reward" is not defined in the legislation which has led to a reliance on case law.[17] "Hire" indicates there is specific compensation for carrying passengers, and "reward" means a 'valuable consideration' in return for a service provided even when there is no obligation to pay.[18]

24. As there is no clear definition in the legislation, it is difficult for a business to interpret and understand the requirements. Our survey revealed clubs interpret what for "hire or reward" means differently. One club that responded to our survey said they had to engage directly with NZTA to understand what to do, but most clubs (85%) said they had not engaged with NZTA to clarify regulatory requirements for operating a transport service.

Compliance with passenger service requirements comes with initial and recurring costs

25. The table below details the fees involved in obtaining and retaining a PSL. The costs do not capture any associated administrative costs (arranging transport), vehicle maintenance costs, or payments for people driving transport services (if drivers outside the club are hired).

Table 3: Relevant fees for passenger service licences

Description	Costs
At the business/operator level	
Application fee for TSL	$439.00 – only one person in control, or $583.80 – more than one person in control

[14] An online survey was sent to a club industry body to be circulated among their members. The survey was open from 04 March to 20 March 2026.
[15] Clubs New Zealand, the club peak body has a membership of more than 300 clubs across the country.
[16] Correspondence with hospitality peak body to determine if this was an issue affecting other types of hospitality businesses.
[17] Case law referred to is: Civil Aviation Authority v Heli Logging Ltd & others HC NWP CRI-2005-043-2361 [19 September 2006] and Land Transport Safety Authority v Off-Road Adventures Queenstown Ltd DC Queenstown CRN7059003836, 28 October 1997.
[18] https://nzta.govt.nz/commercial-driving/taxis-shuttles-buses-and-other-passenger-services/hire-or-reward

Description	Costs
Police vetting fee as part of the TSL application	$9.70 for each person that will be in control of the service
Annual transport service licensing fees	$98.87 for each vehicle operated under the TSL
Certificate of Fitness (every 3-12 months)	Set by the service providers but approximately $150-$300 each time
At the individual/driver level	
P endorsement	Application fee + vetting fee for 1 year – $223.60 Application fee + vetting fee for 5 years – $262.40

Source: Fees published on NZTA website as of March 2025

26. Based on the fees above, the minimum indicative compliance cost for a club transport service using one vehicle and one driver is approximately $921 per year.[19] This cost would allow a club to charge a fee for the service.

Analysis

Problem Analysis

Methodology

27. We assessed the current state of the regulatory requirements for club transport against the Review's criteria, which are drawn from the Review's Terms of Reference. These are described in Table 4 below.

Table 4 - Criteria for the assessment of the current state

Criterion	High-level description
Effective	The intervention achieves its intended benefits and policy objective(s).
Efficient	The intervention is achieving its benefits for the least cost[20] (including time taken). The benefits of the intervention (for both the government and regulated parities) outweigh the costs.
Proportionate	Regulatory requirements are aligned to the level of risk being managed. An appropriate balance is struck between regulatory control and operational freedom.
Adaptable	The intervention can sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance.
Easy to comply with	The regulatory requirements are easy to find, easy navigate, and clear and easy to understand.

[19] This assumes the certificate of fitness costs $150 and valid for 12 months.
[20] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits.

Criterion	High-level description
Appropriate impact on individual rights and liberties[21]	The impact, if any, the intervention has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.
Otherwise aligned with the Ministry for Regulation (the Ministry)'s view of good regulatory practice[22]	Where relevant, the intervention otherwise aligns with the Ministry's view of good regulatory practice, including (but not limited to) transparency, accountability, supporting innovation, and independence.

28. To make our assessment of the current state, we have drawn from the responses we received to our survey of clubs, direct and written engagement with an individual club and the club peak body, desktop research, international comparisons and economic analysis. Evidence is referenced as we discuss the details of our assessment later in this section.

29. The meaning of our assessments is described in Table 5 - Assessment scorings.

Table 5 - Assessment scorings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.
××	In no way meets the criterion.

30. Based on this assessment, we identified issues with the current requirements as they apply to club transport. These issues are described in Table 6.

[21] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.

[22] This criterion covers additional aspects of good regulatory design and practice covered in Government Expectations for Good Regulatory Practice that are not already covered by the preceding criteria. These additional aspects are not always relevant to every part of the regulatory system, and so this criterion is used only where relevant.

Table 6: Assessment of the current requirements for PSL requirements

Criterion	Assessment
Effectiveness Are the current requirements resulting in outcomes that are effective at meeting the policy objective?	× **Ineffective** The current PSL regulatory system ensures passenger and driver safety through mechanisms like P endorsements, work time limits, certificate of fitness and in-vehicle camera requirements (in some locations), or by only picking up registered passengers. However, these safety measures are designed to regulate commercial passenger services, like taxis and shuttles. Currently, there are 14 exemptions in effect which largely apply to charities, schools, early childcare education centres, home and community support services, and local authorities. Many of these enable the organisation to receive payment to cover the cost of running the vehicle only i.e., it cannot pay for the driver's service. This means an assessment has been made that the current requirements act as a barrier for those providing low-risk transport options in the community. Hospitality businesses i.e., those operating as a licensed premise, such as a club, also have an exemption, but they cannot receive any payment. From our assessment, the only difference is the serving of alcohol. Of the clubs that responded to our survey and offer transport to their members, only 19% used passenger (P) endorsed drivers, indicating a high-level of non-compliance with the current requirements. Despite potential high levels of non-compliance, we found no evidence of increased risk to passenger safety. This indicates applying PSL requirements to club transport has no material change on the policy objective of keeping passengers safe.
Efficiency Are the current requirements achieving its benefits for the least cost?	×× **Inefficient** The status-quo imposes (high for small businesses) compliance costs on clubs, meaning most are running their transport at a loss, are contravening the regulatory requirements, or are paying disproportionately higher costs to get a PSL than they can cost recover. The intention of the PSL requirements is to promote road safety and protect drivers and passengers. However, we found no evidence of an increase in harm due to non-compliance. There is also no evidence the risk increases if a hospitality business takes a donation, fee or koha to cover their running costs. Clubs that responded to our survey said the associated compliance costs significantly outweigh any revenue they generate. 84% of clubs are not recovering the costs of running the transport services and none are making a profit.
Proportionality Are the regulatory requirements aligned to the level of risk being managed?	×× **Not proportionate** The regulatory requirements for clubs to offer transport to their members are disproportionate to the potential risk posed. This type of service is not the same as a commercial passenger service, such as a taxi, which is evident in the fact that provision of the service is not a club's core business. It is not run for commercial gain, and an exemption already exists provided they do not charge a "fare or fee" (exemption 6.1(1)(f)). Current rules allow exemptions for services operated by charities and other community-based entities, who can receive money to cover running costs with certain conditions (exemption 6.1(1)(a)). But this does not apply to clubs or other hospitality businesses, which creates disproportionate levels of compliance requirements. For many, the club or pub, are important community hubs where people gather to socialise, eat, drink, hold meetings, and play games.

Criterion	Assessment
Adaptability Does the intervention sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance?	× **Not adaptable** On the face of it, current PSL requirements do not take into consideration different kinds of services. However, there are 14 exemptions currently in place, which suggests there has been some adaptability for organisations where NZTA knows the threshold for obtaining a PSL is a barrier. The exemption pathway for licensed premises, such as clubs, is inconsistent. They are treated as a commercial passenger service when providing transport to members or patrons, if they receive as little as a gold coin donation, but as a non-commercial entity if they do not.
Ease of compliance Are the regulatory requirements easy to find, clear and easy to understand?	×× **Not easy to comply with** Our survey showed some clubs have difficulty understanding the regulatory requirements for passenger transport services. Key definitions such as for "hire or reward" relied on in the regulations are not defined. This means these key terms are left to case law to determine and are difficult for businesses to understand. Clubs told us they find the current rules costly and impose significant compliance requirements on what they consider to be a community-minded service, particularly when no other viable alternative exists.
Impact on individual rights and liberties	*Not applicable* While it is not applicable, differential access to alternative transport services, based on payment of a koha or donation, raises fairness and access issues.
Otherwise aligned with good regulatory practice	× **Not aligned with good regulatory practice** Current PSL requirements do not align with good regulatory practice because: • there is lack of timely information and support to help regulated parties understand and meet their regulatory obligations. From our survey of clubs, we understand current regulatory requirements are not clear to them. This means clubs or other businesses interpret the application of the requirements differently. While some clubs engage with NZTA to clarify the requirements, most do not. This highlights a lack of transparency and an information asymmetry in relation to understanding the regulatory requirements • the passenger service system does not seem well monitored to better align the proportionality of requirements with the risks posed by services offered by licensed premises.

Transport provided by clubs is non-commercial and community-focused

31. Of the clubs that responded to our survey, 96% offer transport to their members (noting that those who offer or want to offer the service were the target of the survey). This was mainly running them to the club and back home again. However, 30% said they also offer welfare trips, e.g., transporting members to their healthcare appointments, the supermarket, or the airport etc. Other services include transporting members to social or sporting events or other club-related meetings or events. One club explained their transport service:

> *"[…] provides a service to our members and allows the elderly and vulnerable to get out and socialise. It also ensures we are minimising the risk of someone deciding to drive their own vehicle while under the influence."*

32. Some clubs pointed out there are no alternative transport options in rural areas, and their elderly members rely on club transport services to access healthcare. One rural club explained:

> *"We are located in a rural district where many people live outside the town centre, and there is little to no public transport available in the evenings. Because of this, a club transport service plays an important role in reducing drink driving and ensuring members can travel to and from the club safely."*

33. Drivers in a club setting are club employees or volunteers who manage the club or work behind the bar. Their primary role is not as a driver. The Review found 75% of clubs use employees to drive, while 18% use both employees and volunteers. One club said the manager drops off anyone that needs a ride home.

34. Club transport is mostly pre-arranged between members and the club/drivers. Some clubs have set days and times they offer transport options (e.g., club event nights), whereas others arrange transport for members casually as needed. From respondents, 58% of clubs advertise their transport service in newsletters, on their website, or through social media, while 11% do not advertise, but the availability of the service is known to members.

Operating transport services is not cost-effective for clubs

35. Transport offered by clubs is generally community-focused and operated for the benefit of members. We heard that 84% of clubs do not generate enough money to cover the running cost of the service. One club told us what they earn from the transport service is normally about $120 per week while the cost of running the service exceeds $400 per week.

36. In the survey, a very small number of clubs provided their specific running costs. They all indicated running the service at a loss, some at a significant loss (with one indicating $80,000 per year and two over $100,000 per year). None of the clubs we heard from are breaking even, let alone making a profit from the transport service they offer. However, despite the costs, clubs and their members value the service provided, especially in areas where there are none or few transport options. Without this service, clubs may struggle to attract new members and some members, particularly the elderly and vulnerable, would find it difficult to participate in club activities, as they rely on the transport service to get to and from the club.

37. Some clubs try to recover running costs, with 63% of respondents receiving donations or covering the cost of transport as part of the membership fee. Donations ranged from a gold coin through to $10, depending on the distance of travel. Other clubs encouraged donations to the club's welfare fund, cross-subsidised from other revenue streams, or undertook fundraising. Some clubs expressed how and what they charge for the transport service:

> *"About 25% of members pay a gold coin for service, others ride free of charge."*
>
> *"The donations are few and far between – approx. $50/week, so doesn't really cover much."*
>
> *"It [donations] helps a bit with cost of Fuel but not staffing."*
>
> *"Our van runs at a loss every year. We take 10 cents from every drink sold on the bar and put that towards the running costs. We also fundraise."*

38. Some clubs charge variable fees (e.g., $130 for airport trips) and clubs who rent out their vehicle to other groups receive higher payments (e.g., people hiring their vehicle pay $100 and return the vehicle with a full tank of fuel).

39. We also heard that some clubs depend on fundraisers (e.g., raffle draws) or cross-subsidise from other revenue streams to fund their transport.

Clubs find compliance requirements a burden and cost prohibitive…

40. Clubs point out that complying with PSL requirements is either cost prohibitive, but they run the service anyway, or it creates additional costs (i.e., to maintain a current certificate of fitness) on top of the usual costs (i.e., fuel, vehicle insurance, maintenance etc.) of running a vehicle. Our survey showed that most choose to operate a transport service without meeting the regulatory requirements.

> *"We have looked into registering as a Small Passenger Service Licence, but that does come with extra initial costs and regular ongoing costs."*
>
> *"P class drivers are expensive and make the offering more expensive."*

41. We asked clubs about any issues or barriers they face in operating transport services. The issues they raised were the:

    - cost of operating the service
    - inability to charge for the service (without being considered a commercial passenger service)
    - passenger service requirements
    - unavailability of drivers.

> *"The main barrier is the cost of operating the vehicle. However, under the current rules, we are unable to charge passengers even a small contribution without potentially being considered a commercial passenger transport service."*
>
> *"Not being able to charge people to use the service, it's a huge cost and we take our responsibility to our members seriously, it would be great if it could be classed differently so people have to pay."*

42. Many clubs have a pool of between two to five drivers to help operate the transport. Some clubs have one main or designated driver, with additional employees or volunteers covering during busy periods or driver unavailability.[23] This means if clubs were able to charge a fee, even if only to cover running costs, all potential drivers would need to hold a passenger (P) endorsement. This could potentially limit the number of drivers clubs have available, and if the club was covering the cost of the endorsement, would add to the clubs' compliance costs.

How New Zealand regulates passenger services broadly aligns with international practice…

43. The rationale for regulating commercial passenger services in Australia (Victoria, Queensland and New South Wales), the United Kingdom (UK) and Canada (British Columbia and Ontario) are like that of New Zealand. The focus is on ensuring the safety of passengers and drivers, with an emphasis on promoting the safety of children and other vulnerable members of the community.

44. Like New Zealand, many international jurisdictions set operator, driver and vehicle requirements for passenger services:

[23] While the pool is 2-5 drivers, none of them are full-time drivers, they are either employed in other duties or are members that volunteer.

a. in Victoria, Australia, vehicles offering booked and un-booked and services for hire or reward are required to be registered as commercial passenger vehicles, undergo regular inspections and provide roadworthy certificates. Drivers are required to hold a Commercial Passenger Vehicle accreditation which includes a driving history check and a medical assessment[24]

b. in the UK, a Public Service Vehicle Operator's Licence is required for vehicles designed or adapted to carry nine or more passengers and payment is taken for carrying passengers. Vehicle testing and fitness requirements also apply.[25]

45. Some jurisdictions have stricter requirements for passenger services than those in New Zealand, e.g., Queensland, Australia requires compulsory third-party insurance for booked hire service licences[26] and Ontario, Canada requires taxicab or limousine drivers to undergo a training programme.[27]

46. Some jurisdictions allow exemptions for charitable passenger services (Queensland, Australia), vehicle pooling services (Victoria, Australia) and transport services operated on behalf of childcare centres (Ontario, Canada).[28] This aligns with how New Zealand's passenger services regulatory system approaches exemptions.

… however, some jurisdictions treat not-for-profit, low-risk services differently to New Zealand

47. As we have seen, New Zealand allows exemptions for small passenger services provided by community or not-for-profit entities. In Queensland, Australia, community transport services are exempt from operator accreditation and driver authorisation requirements, provided:

a. there are no more than two vehicles available at any time, and each vehicle can be driven with a Class C (car) driver licence

b. the service is not available to the general community, regardless of the number and type of vehicles used.[29]

48. Queensland also allows a special type of driver authorisation (restricted driver authorisation) that operators of community or courtesy transport services (that are not exempt) can issue to their drivers. This driver authorisation is designed to support smaller, low-risk services by reducing regulatory requirements compared to larger commercial operations. There are no fees for issuing restricted driver authorisations.[30]

49. In the UK, organisations that provide transport on a not-for-profit basis can apply for permits that allow them to operate for hire or reward without the need for a full public service vehicle operator licence.[31]

[24] https://safetransport.vic.gov.au/on-the-road/cpv-driver-accreditation/apply-for-your-driver-accreditation/
[25] https://assets.publishing.service.gov.uk/media/5a7ac948e5274a319e77ab74/PSV_Operator_Licensing_Guide.pdf
Smaller vehicles (eight or less passenger seats) operating for hire or reward are licensed by local authorities under a private hire or taxi regime. However, smaller vehicles can be classed as Public Service Vehicles in some circumstances.
[26] https://www.tmr.qld.gov.au/business-industry/taxi-and-limousine/industry-information/booked-hire/vehicle-requirements-for-a-booked-hire-service-licence
[27] https://www.toronto.ca/services-payments/permits-licences-bylaws/limousine-service-company-owner-driver/taxicab-or-limousine-driver-vehicle-for-hire-driver/
[28] https://www.ontario.ca/page/intercommunity-passenger-transportation.
[29] A passenger service is considered not available to the general community if it is restricted to specific groups, such as those based on age, disability, medical condition or memberships, e.g., transport provided by a sporting club for officials, team members, and their parents or guardians to attend training or events.
https://www.tmr.qld.gov.au/business-industry/accreditations/operator-accreditations/operator-accreditation-categories-fees-and-exemptions#exemptions.
[30] https://www.tmr.qld.gov.au/business-industry/accreditations/operator-accreditations/operator-accreditation-responsibilities/restricted-driver-authorisation.
[31] https://www.gov.uk/government/publications/section-19-and-22-permits-not-for-profit-passenger-transport/section-19-and-22-permits-not-for-profit-passenger-transport.

50. None of the jurisdictions we looked into allow exempt businesses to receive donations, even if it is a gold coin donation.

Options to make it easier for licensed premises to offer transport to members and patrons

The problem and likely underlying causes

51. **Problem:** Overall, our assessment of the current state shows the current regulatory system, as it applies to hospitality businesses, does not meet any of the Review's criteria. There is an exemption available to all hospitality businesses, provided they do not charge or receive a donation to cover their operating costs. We started analysing this issue from a club's perspective. However, the more we examined the evidence, the more we think it makes sense to include any licensed premises that provides transport to their members or patrons, with conditions to ensure the service does not turn into a commercial enterprise.

52. **Likely underlying causes of the problem:**

    a. transport offered by hospitality businesses are treated as a commercial enterprise, even though they are small-scale and present no more of a risk than a fully licensed driver carrying passengers in a private motor vehicle, or whether they charge a fee to cost-recover or not

    b. the cost of complying with the current requirements are prohibitive for clubs (and other licensed premises that wish to offer transport), which means they either do not offer the service, are struggling to recoup operating costs, or in contravention of the regulations

    c. current PSL requirements create disproportionate compliance requirements and regulatory barriers for many clubs (and likely other hospitality businesses) compared to similar services (i.e., transport services operated by charities)

Options to address this problem

53. At a minimum, we think clubs should be exempt from PSL requirements and be allowed to recover their running costs. However, we have also considered whether licensed premises, particularly in places where there are no other transport options, should also have their exemption extended to be able to recover their running costs. A wider approach has many benefits for hospitality businesses, their patrons and members, and wider road users.

54. The options we have considered are discussed in Table 7.

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Table 7: Description of options considered

Option	Description
Option 1 ***Exempt clubs from PSL requirements by amending the existing exemption for charities to allow them to receive donations to cover their running costs***	Under this option, clubs could offer transport to their members and be able to receive a donation to help recover their running costs, without triggering PSL requirements. This is similar to the existing exemption for charities and other community organisations. Clubs would be defined using the current definition in the Sale and Supply of Alcohol Act 2012.[32] Current rules for large passenger services would remain. This option would be implemented by including 'passenger services operated by clubs' in the existing exemption under section 6.1(1)(a) of the Land Transport Rule: Operator Licensing 2017. To align with other services covered under exemption 6.1(1)(a), the exemption for clubs would have following conditions. The: a. vehicle used is provided by the organisation or the driver b. driver is either a volunteer or a staff member of the organisation whose primary responsibility is not driving c. only payment made by the organisation to a driver who provides the vehicle is for reimbursing the cost of running the vehicle, and does not include payment for the driver's service d. only payment made by the passenger is for reimbursing the organisation or the driver for the cost of running the vehicle and does not include payment for the driver's service.
Option 2 ***Exempt all licensed premises from PSL requirements by amending the existing exemption for licensed premises to allow them to receive donations to cover their running costs***	Under this option, the current exemption would be expanded to allow all licensed premises to recover their running costs. Current rules for large passenger services would remain. The exemption would amend section 6.1(1)(f) of the Land Transport Rule: Operator Licensing 2017 to remove 'where a fee or fare is not required of its passengers'. To safeguard against any potential commercial enterprise taking advantage of this exemption, the following conditions would be added: • the only payment made by the organisation to a driver who provides the vehicle is for reimbursing the cost of running the vehicle, and does not include payment for the driver's service • the only payment made by the passenger is for reimbursing the organisation or the driver for the cost of running the vehicle and does not include payment for the driver's service.

[32] Club means a body corporate that has as one of its objects, participating in or promoting a sport or other recreational activity, or not for gain, or holds permanent club charter.

Options analysis

55. We have assessed the options identified against the criteria described in the Table 8 below.

Table 8: Options criteria

Criterion	High-level description
Effectiveness	How well does the option address the problem / opportunity and produce the desired results?
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 to the extent that is feasible
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?
Impact on individual rights and liberties	What, if any, impact is there on individual rights and liberties? Will it unduly diminish liberties, personal security, freedoms or property rights?

56. We assessed the options against the status quo, using the same scorings set out in Table 5. A summary of the options analysis is outlined in Table 9 below.

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Table 9: Options analysis

Option	Assessment criteria				Overall assessment
	Effectiveness	Efficiency	Feasibility	Impact on individual rights and liberties	
Status- Quo The current exemption would continue, but no licensed premises would be able to recover costs without triggering PSL requirements	× As per our assessment in Table 6.	×× As per our assessment in Table 6.	- Most of the respondents to our survey of clubs did not support the status quo.	*Not applicable* Some members and patrons can rely on transport services and others cannot. This is an issue, particularly in rural areas where there is often no viable alternative transport option.	× **Discarded** based on our problem assessment in Table 6 and due to low rating compared to other options.

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Option	Assessment criteria				Overall assessment
	Effectiveness	Efficiency	Feasibility	Impact on individual rights and liberties	
Option 1: Exempt clubs from PSL requirements by amending the existing exemption for charities to allow them to receive donations to cover their running costs	✓✓ This option expands the current exemption available to community organisations by including clubs, enabling them to receive donations to cover their running costs. This exemption: • supports cost recovery and sustainability for clubs offering transport to members • does not increase the risk if costs can be recovered. As evident from our survey, drivers and passengers in club settings generally know each other. Employees and volunteers usually undergo some type of vetting i.e., criminal conviction checks • removes compliance costs (for those that have obtained a PSL) • places non-compliant clubs into compliance, without increasing any risk • removes barriers for clubs not currently offering transport options • potentially increases the availability of transport options for club members, particularly in rural areas where there are no viable alternatives. This may prevent drink-driving[33] • increases opportunities for social inclusion by providing members (particularly the elderly and vulnerable members). This option aligns with some international jurisdictions that allow low-risk and not-for-profit services exemptions or reduced regulatory requirements. Including the current conditions contained within exemption 6.1(1)(a) would ensure clubs could not operate on the same scale as a commercial operator. It also prevents commercial operators from 'gaming' the system.	✓✓ This option delivers significant cost savings for clubs who are currently complying with small PSL requirement, as well as avoided compliance costs for those not currently complying. Annual benefits of avoided compliance costs are estimated to be ~$14,000–$52,000 and net benefit (net present value) across 10 years ~ $127,000 -$474,000.[34] This option reduces unnecessary regulatory burden while maintaining proportionality to risk.	✓✓ This option can be implemented through a change to the Land Transport Rule: Operator Licensing 2017. It is secondary legislative change, managed by NZTA and approved by the Minister of Transport.	*Not applicable for clubs* While not applicable for clubs, providing clubs with an exemption to cost recover, provides more consistency across the country for club members. Some clubs may still choose not to offer transport, but this will not be because the regulatory barriers are too high and costs prohibitive.	✓✓ **Viable option** if the outcome is to focus solely on clubs.

[33] Quantifying the drink-driving benefit directly requires assumptions about the share of passenger trips that would otherwise involve drink-driving and the crash probability of those trips; data on both are unavailable. We therefore undertook a break-even analysis against the estimated safety cost of exempting club transport services. The exemption would need to prevent approximately one death-equivalent crash bundle every 191–2,575 years to offset the estimated safety cost, with the 191-year threshold corresponding to the upper-bound safety-cost scenario.
[34] We estimated 10-15% transport offering clubs currently comply with PSL requirements. This is inferred from indirect survey evidence of 19% P-endorsement uptake and 12% engagement with NZTA. We considered six compliance cost items for the benefit estimate: PSL application, police vetting for persons in control, certificate of knowledge), PSL annual fee, certificates of fitness and p-endorsement renewals. We used conservative refresh rates (new clubs/drivers entering the regime), 1–3% for new clubs entering the regime; 5–10% for driver/persons-in-control churn.

Option	Assessment criteria				Overall assessment
	Effectiveness	Efficiency	Feasibility	Impact on individual rights and liberties	
Option 2: Allow hospitality businesses that provide transport to receive donations to cover their running costs without triggering passenger service requirements	✓✓ This option expands the current exemption 6.1(1)(f) available to all licensed premises offering alcohol, meals, or refreshments for consumption, like bars and restaurants. This lifts the restrictions licensed premises currently have on receiving a donation to cover their running costs. This exemption has many of the same benefits as Option 1, and would provide an exemption for all licensed premises, including clubs and rural pubs, where patrons often have no alternative transport options. In urban areas, we do not expect licensed premises to compete with commercial passenger services. As our survey showed, the ability to recover some running costs, does not make a transport service financially viable. There would need to be other incentives. For clubs and rural pubs, this would be offering a transport option to ensure members and patrons could attend their establishment, be able to drink alcohol, and get home safely. As with Option 1, to ensure commercial operators cannot 'game' the system, the conditions in exemption 6.1(1)(a) would be replicated in exemption 6.1(1)(f).	✓✓ Amending the exemption to enable all licensed premises to offer transport and recover running costs, is more efficient than a narrow exemption for clubs. Under Option 2, the net monetary benefits from avoided compliance costs may be greater than those estimated under Option 1 as the exemption applies to all licensed premises, not just clubs. Even though licensed premises, like bars and restaurants, are commercial entities, limiting what they can charge for transport services to only reimbursement of running costs, means they would not be able to run their service as a commercial passenger service. We expect proportionality of requirements to risks would still be maintained under Option 2.	✓✓ Like Option 1, this option can be implemented through a change to the Land Transport Rule: Operator Licensing 2017. It is secondary legislative change, managed by NZTA and approved by the Minister of Transport.	*Not applicable for clubs or other licensed premises this option will affect* Even with an exemption from PSL requirements, some licensed premises may choose not to offer transport services, but this will be because there are viable alternatives for their patrons, not because the regulatory barriers are too high and costs prohibitive.	✓✓ **Preferred option** because of higher monetised and non-monetised benefits than those under Option 1.

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Recommendation

57. As shown in Table 9, there is little separating Options 1 and 2. All licensed premises currently have an exemption so long as they do not cost recover. The choice then comes down to amending the current exemption to only allow clubs to cost recover through fees or donations, or all licensed premises.

58. On balance, our recommendation is Option 2. There is no material difference between this option, and the current exemption licensed premises already have. It simply allows licensed premises to cost recover without triggering the current compliance costs. Our view is that only licensed premises in rural areas, where there are few transport options would likely offer such a service (if they do not already do so). In towns and cities where there are services such as taxis and Uber, there is no incentive for licensed premises to offer such a service. This expanded scope increases the road safety benefits by potentially preventing more incidents of drink driving.

59. To ensure no licensed premises can operate a transport service on the same scale as a commercial operator, we recommend including the following conditions would be added:

    - the only payment made by the organisation to a driver who provides the vehicle is for reimbursing the cost of running the vehicle, and does not include payment for the driver's service
    - the only payment made by the passenger is for reimbursing the organisation or the driver for the cost of running the vehicle and does not include payment for the driver's service.

Implementation

60. The recommended change requires an amendment to the Land Transport Rule: Operator Licensing 2017 which can be made by the Minister of Transport. Before this happens, there are requirements under section 161(2) of the Land Transport Act 1998, that must be undertaken. The Minister of Transport must:

    a. publish a Notice of Intention to change a Land Transport Rule

    b. consult any persons the Minister considers appropriate which may include representative groups within the land transport system or elsewhere, and government departments and Crown entities.

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Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Regulatory stewardship

The regulatory problem

1. As part of the Hospitality Review (the Review), we identified two pieces of older legislation and 358 bylaws that warranted looking at to consider if they were still relevant. The legislation is the Hotel Association of New Zealand Act 1969 and the Innkeepers Act 1962.

2. We considered these Acts to determine whether these instruments meet the Review's criteria of effectiveness, efficiency, proportionality, appropriate limitation on individual rights and liberties and otherwise aligned with the Ministry's view of good regulatory practice. We also considered the range of bylaws that applied to hospitality businesses, from the perspective of whether they were relevant and / or duplicative to national level regulation, and the extent to which they unnecessarily complicated the regulatory landscape for hospitality businesses.

Executive summary

3. Regulatory stewardship is the governance, monitoring and care of our regulatory systems.[1] It aims to ensure all parts of a regulatory system work together to achieve its goals and remain fit for purpose over the long term.[2]

4. Outdated regulation can create a difficult regulatory environment to navigate for any business. Difficulty understanding regulatory requirements may constrain growth and waste businesses' time and resources.

5. The breadth and variation in local bylaws may also be difficult for businesses to navigate, especially those that operate in more than one territorial authority (TA). An activity may be permitted in one area but prohibited in another, and the rationale for variation is often not clear from the bylaw itself. Bylaws are not always the most effective tool for local government, but the cumulative effect of 358 hospitality-related bylaws creates inconsistency across regulatory systems.

6. This paper is divided into two parts: the first part assesses potentially outdated legislation identified by the Review and the second part discusses local bylaws.

7. Below is our Table of recommendations and comments from our analysis of this area.

Recommendation 1 – Repeal the Hotel Association of New Zealand Act 1969	
Description	We recommend repealing the Hotel Association of New Zealand Act 1969 (HANZA) as the statutory body it established no longer exists. Additionally, powers in the Act have not been used in over 10 years.
Expected benefits	*Overall:* Improves effectiveness of the hospitality regulatory system by removing obsolete primary legislation that no longer achieves any policy objective. Supports good regulatory stewardship by ensuring the statute book remains up to date and fit for purpose.

[1] A regulatory system is defined as a set of formal and informal rules, norms and sanctions, and the actors who interact with them, that work together to shape people's behaviour or interactions in pursuit of a broad goal or outcome.
[2] See 'Regulatory stewardship' <https://www.regulation.govt.nz/for-agencies/regulatory-stewardship/>.

Recommendation 1 – Repeal the Hotel Association of New Zealand Act 1969	
	For hospitality businesses: Creates a clearer, more efficient regulatory system by removing legislation that no longer reflects the current structure of the hospitality sector.
	For regulators and decision makers: Reduces the volume of legislation requiring stewardship, monitoring, and periodic review. Aligns with expectations for regular legislative review and repeal of redundant legislation, including under the Regulatory Standards Act 2025.
Expected costs	Not applicable.
Implementation	A repeal of HANZA could be done in two ways: • **Parliamentary Council Office (PCO)'s Legislation Repeals Project:** the aim of this project is to repeal outdated legislation and improve the ability to find and use relevant legislation. • **By the lead agency or the Ministry for Regulation:** if PCO could not for whatever reason lead this work, MoJ as the regulatory steward could undertake the repeal process, or it could be led by the Ministry for Regulation.
Wider impacts / other considerations	We believe repealing HANZA would have low risk because the Act only applies to the statutory body, which no longer exists.

8. **We recommend retaining the Innkeepers Act 1962**. We believe the Act continues to fulfil its purpose, and the current regulatory settings are appropriate. We also note that any amendments to the Innkeepers Act could compromise business certainty. Having said this, an appropriate opportunity should be taken to make minor amendments to the Innkeepers Act (which do not change the policy intent) to modernise it and remove outdated and unnecessary provisions in today's society.

9. **We support MCERT's work to use more effective mechanisms to create local rules; however, note that the current volume and level of variation of bylaws create a difficult regulatory environment for businesses to navigate, particularly for those operating across multiple regions.** Bylaws provide territorial authorities with some flexibility to respond to local circumstances, but they can result in unnecessary inconsistency across regions. We consider that encouraging TAs to use alternative tools is an effective long-term approach to reduce inconsistencies created by historic bylaws.

Part 1: The Review's assessment of outdated legislation

Legislative instruments

Hotel Association of New Zealand Act 1969

10. Through the Review's engagement and assessment of primary legislation, the Hotel Association of New Zealand 1969 (HANZA) was identified as an area of potentially outdated legislation. The Act is administered by the Ministry of Justice (MoJ).

11. The policy intent of HANZA was to formally establish the Hotel Association of New Zealand (HANZ), the national industry body for hotels in New Zealand.[3] Its purpose was to provide HANZ with a legal status, as well as a statutory framework to organise, promote, and regulate the conduct of its members. Included in the statutory framework is a constitution and disciplinary powers to investigate breaches and take disciplinary action against members.[4]

12. In 1995, HANZ broadened its membership to include the wider hospitality industry, including bars and restaurants, leading to the creation of the Hospitality Association of New Zealand (which was later rebranded Hospitality NZ).[5]

Innkeepers Act 1962

13. The Review identified the Innkeepers Act 1962 as another area of potentially outdated legislation. The Innkeepers Act is also administered by MoJ.

14. It established a legal framework defining the liability and responsibility of accommodation providers and their guests, particularly in relation to property loss or damage. This was important because not all accommodation providers at the time were considered 'inns'[6] under the limited provisions of the Licensing Act 1908.

15. In addition, it supported insurance and risk management in the sector and clarified prior common law obligations.

Analysis of the current state and problem identification

Methodology

16. We have assessed both pieces of legislation against the Review's criteria. These are described in Table 1 below. Some criteria are more relevant in some areas than others, and this is reflected in the details of the assessment.

[3] HANZ started as the United Licensed Victuallers.[3] The United Licensed Victuallers was established in 1902 at a time when the sale and supply of alcohol was tightly controlled. In 1958, the organisation was renamed the Hotel Association of New Zealand to reflect a broader membership of accommodation providers.
[4] The Hotel Association of New Zealand Act 1969.
[5] See 'About Us' <https://www.hospitality.org.nz/about-us>.
[6] An inn is defined as any house or place that provides accommodation, for any traveller at a fair and reasonable price – this includes any licensed hotel.

Table 1 - Criteria for the assessment of the current state

Criterion	High-level description
Effective	The intervention achieves its intended benefits and policy objective(s).
Efficient	The intervention is achieving its benefits for the least cost[7] (including time taken). The benefits of the intervention (for both the government and regulated parties) outweigh the costs.
Proportionate	Regulatory requirements are aligned to the level of risk being managed. An appropriate balance is struck between regulatory control and operational freedom.
Adaptable	The intervention can sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance.
Easy to comply with	The regulatory requirements are easy to find, easy to navigate, and clear and easy to understand.
Appropriate impact on individual rights and liberties[8]	The impact, if any, the intervention has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.
Otherwise aligned with the Ministry's view of good regulatory practice[9]	Where relevant, the intervention otherwise aligns with the Ministry's view of good regulatory practice, including (but not limited to) transparency, accountability, supporting innovation, and independence.

17. To make our assessment of the current state, we have drawn from multiple sources of evidence. For this workstream this includes direct and written engagement with hospitality peak bodies, regulators, and regulated parties, and responsible policy agencies. Evidence is referenced, and we discuss areas where what we know is limited and where we have made informed judgements.

18. The meanings of our assessments are described in Table 2 below.

Table 2 – Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.

[7] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits.
[8] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.
[9] This criterion covers additional aspects of good regulatory design and practice covered in Government Expectations for Good Regulatory Practice that are not already covered by the preceding criteria. These additional aspects are not always relevant to every part of the regulatory system, and so this criterion is used only where relevant.

Assessment	Description
××	In no way meets the criterion.

Hotel Association of New Zealand Act 1969

19. Our assessment of HANZA is outlined in Table 3 below.

Table 3 – Assessment of the Hotel Association of New Zealand Act 1969

Criterion	High-level description
Effective	×× **In no way meets the criterion** The industry body established by the Act no longer exists and the framework in the Act has not been used since 2015.
Efficient	*Not applicable* We note that retaining obsolete legislation is not efficient, as regular review helps identify when rules are no longer fit for purpose.
Proportionate	*Not applicable*
Adaptable	*Not applicable*
Easy to comply with	*Not applicable*
Appropriate impact on individual rights and liberties	*Not applicable*
Otherwise aligned with the Ministry's view of good regulatory practice	×× **In no way meets the criterion** As discussed above, the issue does not stem from poor regulatory practice. It seems from the fact the purpose for which this Act was created i.e., to establish and govern HANZ, no longer exists. In our view, it is not good regulatory practice to retain legislation that no longer serves a purpose. This Act would likely be captured in MoJ's review of their legislation as now required by the Regulatory Standards Act 2025.[10]

20. Based on our assessment, **we recommend repealing the Hotel Association of New Zealand Act 1969.**

[10] Cabinet Office Circular CO (26) 2, Expectations for Good Law-making.

Innkeepers Act 1962

21. Our assessment of the Innkeepers Act is outlined in Table 4 below.

Table 4 – Assessment of the Innkeepers Act 1962

Criterion	High-level description
Effective	✓✓ **Fully meets the criterion** The Innkeepers Act maintains operational and property insurance for accommodation providers.
Efficient	✓✓ **Fully meets the criterion** Prior to the Innkeepers Act, liability for accommodation providers relied on common law, which was narrowly defined by the Licensing Act 1908. Amending or removing the Innkeepers Act would revert to common law, which could introduce unintended consequences (e.g., increased insurance premiums).
Proportionate	✓✓ **Fully meets the criterion** The Innkeepers Act defines liability for Innkeepers and guests. In the event of damage to property, the Innkeepers Act makes innkeepers liable for any damages caused by 'default or negligence' by another guest, the innkeeper, servants or agents.[11] Innkeepers are not liable if the loss or damage to the property of the guest if it was caused by the guest, the person accompanying the guest, Act of God, or the Queen's enemies.[12]
Adaptable	✓✓ **Fully meets the criterion** While the Innkeepers Act uses outdated phrases such as 'the Queen's enemies' and 'the innkeeper or his servant', the policy intent of the Act continues to be relevant in today's context.
Easy to comply with	✓ **Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place** As discussed above, the Innkeepers Act does not use modern language, which means accommodation providers may not be able to readily understand their legal obligations.
Appropriate impact on individual rights and liberties	✓✓ **Fully meets the criterion** The Innkeepers Act protects property of individuals and provides for compensation if property is sold that has been left behind at a hotel (after giving individuals six months to return and claim the property). An innkeeper's loss or damage liability should not exceed $300 for one article or $1,200 in the aggregate unless the property was stolen, lost, or damaged by the Innkeeper.[13] If a guest leaves behind property, hotels can sell unclaimed goods if the guest does not claim it within six months. If the guest requests for the proceeds made from that sale, the innkeeper must pay the surplus proceeds remaining after costs and expenses of making the sale to the guest. If the proceeds are not claimed by the owner within three months after the sale, that amount is paid to Inland Revenue.

[11] See Innkeepers Act 1962, s 4.
[12] This term is from historic common law (e.g. actions during armed conflict or hostilities against the State).
[13] See Innkeepers Act 1962, s 8.

Criterion	High-level description
Otherwise aligned with the Ministry's view of good regulatory practice	✓✓ **Fully meets the criterion** The Innkeepers Act continues to be fit for purpose for the modern hospitality context.

22. Based on our assessment, **we recommend retaining the Innkeepers Act 1962**. We believe the current intervention is achieving its intended purpose. Additionally, we believe amending the Innkeepers Act may compromise business certainty of how liability insurance is assessed. This could create business uncertainty and increase insurance costs.

23. Despite this conclusion, we would recommend that the next time MoJ have a Regulatory Systems Amendment Bill, or other relevant legislation, the opportunity is taken to modernise the Innkeepers Act and remove some of the more outdated provisions that no longer have relevance in modern society.

Part 2: The Review's assessment of hospitality-related bylaws

Hospitality-related bylaws

Bylaws are rules developed and applied at a local level

24. A bylaw is a rule made by a TA under the Local Government Act 2002 (LGA), or other topic-specific legislation such as the Health Act 1956 and the Freedom Camping Act 2011. The LGA is administered by the Ministry of Cities, Environment, Regions and Transport (MCERT).[14]

25. The LGA specifies the procedure for making bylaws.[15] The procedure involves:

    a. determining whether a bylaw is the most appropriate way of addressing the perceived problem

    b. assessing whether a proposed bylaw is consistent with the New Zealand Bill of Rights Act 1990

    c. undertaking appropriate consultation, which includes using the special consultative procedure outlined in the LGA if the matter addressed by the proposed bylaw is of significant public interest, or likely to have a significant impact on the public.

26. TAs have broad bylaw-making powers where the purpose of the bylaw is to:

    a. protect the public from nuisance;

    b. protect and promote maintaining public health and safety; or

    c. minimise the potential for offensive behaviour in public places.[16]

27. They also have a number of specific bylaw-making powers, including for the purpose of alcohol control (often referred to as "liquor bans"). Additional criteria are required for TAs to create alcohol control bylaws, including:

    a. reasonably justifying a limitation on people's rights and freedoms

[14] Prior to 1 July 2026, the local government policy function was housed at the Department of Internal Affairs.

[15] See Local Government Act 2002, ss 155-157.

[16] See Local Government Act 2022, s 145.

b. ensuring there is evidence that the area the bylaw will apply in has a high level of crime and disorder caused or made worse by alcohol consumption

c. ensuring the proposed bylaw is appropriate and proportionate in the light of that crime or disorder.[17]

We have identified 358 hospitality-related bylaws

28. From MCERT's stocktake of New Zealand bylaws, there are over 700 bylaws in force across 78 TAs. A total of 358 bylaws apply to the hospitality sector, covering alcohol ban areas, alcohol fees, dog control, trading in public places, mobile or traveling shops, signs/advertising, and waste management. This is approximately 5 hospitality relevant bylaws per territorial authority.

29. The details of these include:

a. **95 bylaws related to solid and trade waste:** these bylaws regulate the storage, handling, and discharge of solid waste and trade waste to protect public health and infrastructure. It is particularly relevant to hospitality businesses that generate trade waste, such as fats, oils, and grease from commercial kitchens, which require grease traps. It also affects large-scale events where large amounts of waste must be controlled and managed.

b. **71 bylaws related to trading/nuisance in public places and mobile trading:** these bylaws manage activities in public places by creating controls to protect health and safety and prevent nuisance. These bylaws affect hospitality businesses and event organisers that need to be aware of noise levels from venues, concerts, or festivals, as well as through the regulation of mobile food vendors, food trucks, and trading at public events.

c. **62 bylaws related to dog control areas:** these bylaws aim to minimise danger, distress, or nuisance caused by dogs in public places. Dog control areas affect hospitality businesses and events that allow dogs on their premises or operate in public areas where dogs may be present.

d. **56 bylaws related to alcohol ban areas:** these bylaws control the consumption or possession of alcohol in public places to reduce alcohol-related harm. Alcohol ban areas can influence where hospitality businesses and events can be held if alcohol is sold or supplied at the event.

e. **39 bylaws related to traffic and parking:** these bylaws protect the public from nuisance and maintain public health and safety by controlling traffic and parking. This is relevant to hospitality businesses and events that require vehicle access, temporary road use and traffic management.

f. **20 bylaws related to signs and advertising:** these bylaws ensure signs and advertisements are maintained and displayed in a way that does not create hazards or obstruct public safety. This applies to hospitality businesses and events that use signs such as sandwich boards, temporary signage, or event banners. In some cases, permits are required to have a sign.

g. **10 bylaws related to alcohol fees:** these bylaws allow TAs to set fees for alcohol licences as permitted by the Sale and Supply of Alcohol Act 2012. Hospitality businesses and event organisers that intend to sell or supply alcohol are required to obtain an alcohol licence.

[17] See Local Government Act 2002, s 147A (1) Criteria b. and c. above do not apply in case of bylaws that will apply temporarily for a large-scale event.

h. **5 bylaws related to food grading:** these bylaws allow TAs to conduct audits or inspections under the Food Act 2014 to issue a Food Hygiene Grade. Food grading incentivises businesses that prepare or serve food to uphold high standards of cleanliness and food safety to obtain the highest grade, and these ratings are displayed in places where customers can see them.

Our assessment of bylaws as a regulatory tool in the context of a hospitality business

30. The Review did not assess each individual hospitality-related bylaw because each bylaw responds to different local issues. Our assessment of the use and cumulative effect of hospitality-related bylaws is outlined in Table 5 below.

Table 5 – Assessment of bylaws

Criterion	High-level description
Effective	✓ **Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place** Bylaws are not perceived as effective by businesses, particularly by businesses operating across multiple regions. For example, some TAs have bylaws that require food grading, while other councils do not. Businesses seeking to expand find it challenging to navigate different operating requirements and still remain financially viable. This applies across a range of sections, not just hospitality. However, during the Review we heard from TAs that communities often only think an issue has been dealt with if a bylaw has been passed.
Efficient	×× **In no way meets the criterion** Enabling local voice in local requirements is an important feature of bylaws, but in practice many bylaws are used to manage similar activities (e.g., dog control, alcohol control, trading in public places, etc.) across the country. While bylaws allow councils to apply national rules locally, the administrative burden placed on TAs to create and amend bylaws create inefficiencies for both regulators and regulated parties. For example, TAs can have different requirements or provisions for bylaws. For example, Gisborne District Council's Mobile Shops and Other Traders Bylaw 2014[18] requires every application for a mobile shop licence to accompany a letter of consent from neighbours, whereas Mackenzie District Council's Mobile Shops and Traders Bylaw 2021[19] does not include this requirement. Bylaws can be time-consuming and resource intensive to create. Some TAs have created consolidated bylaws to cover many subject matters within one bylaw, while other TAs have an individual bylaw for each subject area.

[18] See Tairāwhiti Mobile Traders Bylaw <https://www.gdc.govt.nz/council/plans-policies-and-bylaws/bylaws/tairawhiti-mobile-traders-bylaw-2025>.
[19] See Mobile Shops and Traders Bylaw <https://www.mackenzie.govt.nz/__data/assets/pdf_file/0007/589831/Mobile-Shops-and-Traders-Bylaw-2021.pdf>.

Criterion	High-level description
Proportionate	✓ **Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place** TAs are autonomous entities empowered to set objectives, plans and rules to cater to local needs. This comes with trade-offs, i.e., each TA sets rules or requirements slightly differently, leading to variations across regions. This variation is not inherently an issue, as it is intended that local voice is reflected and considered as part of local government's processes.
Adaptable	× **Does not meet criterion** Through MCERT's review of local bylaws, TAs said the bylaw system is out of date and not fit for purpose.[20] For some local issues, a bylaw may be the best option for a TA, but they are not the best option in all situations. This is because TAs have limited enforcement options, and because bylaws cannot be easily adopted or amended.
Easy to comply with	✓ **Partially meets criterion** As discussed above, the variation in bylaws has led to ambiguous and inconsistent decision-making across regions. This makes compliance difficult for business owners operating in multiple jurisdictions – although it is worth noting that businesses operating in one region will not have the same difficulty. Some issues like noise and nuisance are regulated by both bylaws and district plans. This creates complexity for businesses operating in one jurisdiction to navigate multiple regulatory systems.
Appropriate impact on individual rights and liberties	No grading Bylaws can affect individual rights and liberties, including the use of property and conduct in public places. However, the Review did not assess each individual bylaws against this criterion and therefore has not been graded on impact.
Otherwise aligned with the Ministry's view of good regulatory practice	✓ **Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place** While TAs aim to balance local voice with national consistency, this sometimes leads to impacts on businesses that operate in multiple regions.

31. MCERT's review of the bylaw system recommended several options to the responsible minister to encourage TAs to use other mechanisms (rather than relying solely on bylaws) to set requirements. This work is still being developed and likely will have impacts on bylaws both inside and outside of the hospitality sector.

32. Based on our assessment, **we support MCERT's work to use more effective mechanisms to create local rules.** While creating bylaws offers TAs some ability to create local rules, bylaws can create inconsistency nationally. As new tools are being developed, TAs can choose to adopt those instead of creating or renewing a bylaw. Encouraging TAs to use other tools to regulate the hospitality sector is an effective long-term pathway to reduce inconsistencies created by historic bylaws.

[20] See Local Government (System Improvements) Amendment Bill.

Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Decision making timeframes

The regulatory problem

1. A hospitality business needs to interact with several regulatory systems to open a new business, host and execute events, or expand and upgrade their premises. Engaging with the requirements across these systems can take significant investment and time from the operator, and without the appropriate regulatory approvals (licences / permits / registration), they are unable to trade in the manner they intend or carry out expansions or improvements.
2. During the Ministry for Regulation's (the Ministry's) initial engagement with the hospitality sector as part of the Hospitality Review (the Review) we heard the timeframes for decisions (particularly alcohol licensing and building consent decisions) can be long and unpredictable, creating uncertainty and delays for hospitality businesses.

Scope of this paper

3. In this paper, we look at the ways in which regulators set and communicate timeframes to regulated parties, and using the available data, assess whether communicated timeframes reflect reality. We also consider the potential impact of statutory timeframes, and whether they have potential to address the issues we found.
4. As underlying issues with the regulatory design of a system or regulatory practice contribute to protracted timeframes on licensing decisions, we examine these issues in the alcohol and food safety regulatory systems, and present options to address those issues in the respective supplementary papers.[1]
5. Analysis of the overall regulatory design and regulatory practice of the building and resource management regulatory systems were out of scope for the Review. We note recent changes to the Building Act 2004 which aim to speed up building consent times[2], resource management and building act reforms which should bring efficiencies overall to the system.[3]
6. In this paper, we do not consider whether specific timeframes that are either set in legislation or demonstrated through current practice are appropriate. This was assessed as part of our analysis of the alcohol and food regulatory systems and was out of scope for the resource management and building consent regulatory systems.

[1] Refer to the supplementary papers entitled; *An analysis of the current state and problems with how the sale and supply of alcohol is regulated in hospitality settings, Options and recommendations for improving how alcohol is regulated in hospitality settings, An analysis of the current state and problems with how the domestic food safety system is regulated in hospitality settings, and Options and recommendations for improving how food safety is regulated in hospitality settings.*

[2] Building inspection target comes into force – 22 August 2025; https://www.beehive.govt.nz/release/building-inspection-target-comes-force,

[3] Ministry for Cities, Environment, Regions and Transport, Resource Management reforms; https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/rmreform/, and Ministry for Businesses, Innovation and Employment, Liability changes and BCA reform announced; these reforms will make it easier for council Building Consent Authorities to group together; https://www.building.govt.nz/about-building-performance/all-news-and-updates/liability-changes-and-bca-reform-announced

Analysis paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Background

Hospitality businesses need to engage in regulatory systems and obtain certain licences before operating

7. Businesses need to make an application to the appropriate regulatory authority prior to selling food or alcohol. The regulatory authority assesses the application and makes a decision on issuing (or not) a 'licence'[4] to operate.

8. The four main legislative instruments that are the focus of this paper are:

    - Sale and Supply of Alcohol Act 2012 - generally requires businesses to obtain a licence to sell and / or supply alcohol to consumers
    - Food Act 2014 – generally requires businesses trading in food to be registered with the appropriate authority prior to trading
    - Building Act 2004 – generally requires businesses to obtain a building consent prior to undertaking certain building works and requires a code compliance certificate or a certificate of public use, prior to the building being open to the public
    - Resource Management Act 1991 – generally requires a resource consent when the project work is outside the scope of the District Plan, this includes when noise limits exceed those in the District Plan.

9. Territorial authorities (local council or regional council in some cases) are, in most cases, the regulatory authority that assesses and decides licence applications under these legislative frameworks. For the following regulatory areas, a territorial authority is:

    - for food safety, the registration authority[5]
    - for building consent, the Building Consent Authority [6]
    - for resource consent, the consent authority[7]

10. For the sale and supply of alcohol, District Licencing Committees (DLCs) are responsible for making licensing decisions on alcohol licence applications. Every territorial authority is required to have at least one DLC in place.[8] However, the territorial authority administers the alcohol licence application process.

[4] In this paper we refer to 'licences' collectively, noting that each regulatory system has uses separate terminology: 'licences' under the Sale and Supple of Alcohol Act 2012, 'registration' under the Food Act 2014, 'building consent' under the Building Act 2004, and 'resource consent' under the Resource Management Act 1991.

[5] Depending on the risk-based measure and whether a business operates across multiple territorial authorities, either the territorial authority or the Ministry for Primary Industries is the registration authority – see sections 18 and 19 of the Food Act 2014. For most hospitality businesses, the registration authority is the local territorial authority. For more information refer to Supplementary Paper – *An analysis of the current state and problems with how the domestic food safety system is regulated in hospitality settings.*

[6] Under Section 12 of the Building Act 2004, a territorial authority must perform the functions of the Building Consent Authority for its own city or district.

[7] A consent authority is a regional council, a territorial authority, or a local authority that is both a regional council and a territorial authority – refer section 2 of the Resource Management Act 1991.

[8] Under section 186 of the Sale and Supply of Alcohol Act 2012. For more information refer to Supplementary Paper – *An analysis of the current state with how the sale and supply of alcohol is regulated in New Zealand's hospitality sector.*

Obtaining a licence takes time

11. Hospitality businesses (the regulated party) may engage in only one licence application process (e.g. food registration only) or all four of these regulatory systems prior to trading, depending on business needs. Each of these processes requires upfront resource (in terms of time and money) from the regulated party, as well as other parties who may be involved, e.g. consultants, contractors, or builders.

12. Figure 1 below shows the general administrative process, at a very high-level, for obtaining a licence.

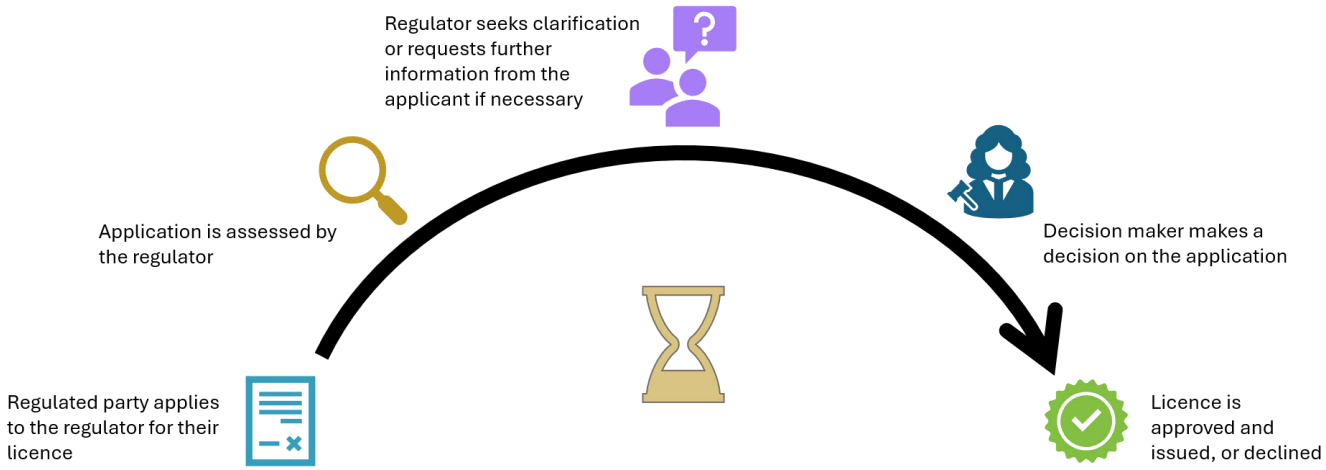

Figure 1: General administrative process for obtaining a licence

13. Depending on the regulatory system, there may be other statutory steps, mandatory or triggered, that can prolong the time it takes for a decision to be made on a licence application, including:

    - public notice and submission periods[9]
    - hearings[10]
    - inspections.[11]

14. There are many other factors that can influence the time it takes for a decision to be made on a licence application, and for the licence to be issued, irrespective of administrative or other statutory steps – see Table 1 below.

[9] For example, under the Sale and Supply of Alcohol Act 2012 and Resource Management Act 1999.
[10] For example, under the Sale and Supply of Alcohol Act 2012 and Resource Management Act 1999.
[11] For example, before a Code Compliance Certificate (CCC) can be issued under the Building Act 2004, a final building inspection may be required.

Table 1: Factors influencing licence application processing and decision times

Due to the regulator	Due to the regulated party
• Poor quality application forms - leading to poor quality applications and insufficient information to process • Constraints in the application system due to: - insufficient resources - capability - internal review and sign-out processes • Increased demand of services (application backlogs) • Concerns about risk and liability (risk averse regulator or decision maker) • Role clarity between different regulators	• Incomplete or poor-quality applications • Incomplete or poor-quality responses to information requests • Lack of understanding of the requirements • Payment delays

15. We heard through our review engagement that delays in trading, or operating fully, can prevent income and increase costs to businesses. When engaging in application and assessment processes with a regulatory authority, operators generally expect a timeframe from the regulator on how long the process will take.

There are benefits in regulators providing timeframes for licence application processes to regulated parties

16. The benefits of providing timeframes to regulated parties, whether statutory or through internal policy/practice are:

    - **transparency and accountability** - timeframes hold the regulator to account when delivering a service (assessment of and decision on a licence application)
    - **process efficiency** - defined timeframes for licence applications helps regulators balance and prioritise other responsibilities, such as providing advice, answering queries, and compliance activities
    - **certainty for regulated parties** - applicants know when they can expect a decision. This assists with business planning, costing, and when (or whether to) invest in the next stage of their business.

17. Timeframes can be set in legislation by way of statutory timeframes. Table 6 in Appendix A provides examples of New Zealand legislation where decisions on licence applications must be made within a timeframe set in either primary or secondary legislation.

18. Expected timeframes can also be implemented by regulators through internal policies and practices based on historic data or internal process planning and then communicated to regulated parties (e.g. “we aim to process your application within XX days”).

19. The benefits outlined above can be realised if the timeframes provided by the regulator are an accurate reflection of reality for the regulated party.

How does it work in practice

Alcohol regulatory system

20. Under the Sale and Supply of Alcohol Act 2012 (SSAA), if a hospitality business intends to serve alcohol, they are required to obtain an alcohol licence (on-licence).[12] The decision on an application for an on-licence is made by the local DLC. Refer to the Supplementary paper – *An analysis of the current state and problems with how the sale and supply of alcohol is regulated in hospitality settings* for more detail on the process.

Food regulatory system

21. Under the Food Act 2014, most food businesses need to be registered prior to trading in food. The decision on an application to register a food business is made by the registration authority (i.e., territorial authority or the Ministry for Primary Industries (MPI)).[13] Refer to the supplementary paper – *An analysis of the current state and problems with how the domestic food safety regulatory system is regulated in hospitality settings* for more detail on the process.

Building regulatory system

22. Under the Building Act 2004, a building consent is required prior to certain building work taking place.[14] The primary objective of the building consent system is to ensure building work is designed and carried out in line with the building code.[15] Compliance with the building code ensures buildings are safe, healthy, and durable.[16]

23. For regulated parties, the 'consent process' generally means the entire process from building consent application, undertaking the building works, and being issued a code compliance certificate.

24. For a hospitality business, a building consent would likely be required for:

- a new kitchen or bathroom fitouts where an additional sanitary fixture is created
- a new wood burner
- structural changes to the building.

25. Businesses undertaking events may also need a building consent and code compliance certificate for temporary structures like a large marquee (over 100 m^2 in floor area)[17] or marquees that are in place for over one month.[18]

26. Buildings that are intended to be used for the public (like a restaurant or café) that are affected by building work need a code compliance certificate, certificate for public use, or certificate of acceptance, before being used for the public.[19]

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[12] There are four types of licences: on-licence, club licence, special licence and off-licence.

[13] Further details on the process can be found in the Supplementary Paper - *An analysis of the current state and problems with how the domestic food safety system is regulated in hospitality settings.*

[14] Building Performance, Check if you need consent webpage; https://www.building.govt.nz/projects-and-consents/planning-a-successful-build/scope-and-design/check-if-you-need-consents

[15] The building code is set out as Schedule 1 of the Building Regulations 1992.

[16] Building Performance, Building Code compliance webpage; https://www.building.govt.nz/building-code-compliance

[17] Further details on how marquees are regulated can be found in the Supplementary Paper - *Building consent requirements for marquees*

[18] Building Performance, Tents, marquees, and similar light weight structures webpage, https://www.building.govt.nz/projects-and-consents/planning-a-successful-build/scope-and-design/check-if-you-need-consents/building-work-that-doesnt-need-a-building-consent/technical-requirements-for-exempt-building-work/8-shelters-shades-and-carports/8-5-tents-marquees-and-similar-lightweight-structures

[19] Refer section 363 of the Building Act 2004.

27. Building Consent Authorities (BCAs)[20] are responsible for ensuring an application for a building consent complies with the building code and that the building work has been carried out in accordance with the building consent for that work. They are responsible for issuing building consents, code compliance certificates, and certificates for public use.

Resource consent regulatory system

28. Resource consents are required for certain land use under the Resource Management Act 1991 (RMA). If a project does not comply with the rules of the district plan, then a business owner needs to apply for a resource consent under section 88 of the RMA. With respect to hospitality businesses, this can occur when a restaurant or bar wants to set up in an area not zoned for commercial property, or if they would like to put up a sign on the property (if it does not meet the district plan).

29. The following are specific descriptions of activities taken from the Ministry for Cities, Environment, Regions and Transport (MCERTs) National Monitoring System database (i.e., real examples of land use consent applications by hospitality businesses):

    - proposed new Japanese restaurant which falls within 30 m of a residential zone and does not meet nighttime noise limits for two adjacent sites
    - broadening of existing business to include bar, restaurant, or café on site
    - [name of restaurant] restaurant consent for outdoor seating.

Features of regulatory systems relating to the time it takes to make a licence decision

30. Across the regulatory systems we found there are generally four features relating to the time it takes to make a licencing decision.[21] These four features are:

    - whether timeframes are **set** in legislation (i.e., statutory timeframes)
    - whether regulators (territorial authorities) **communicate** hypothetical/expected (how long a regulated party should expect it to take) or real (how long decisions actually take) timeframes
    - whether the regulatory steward **monitors** the time it takes regulators to make licencing decisions, and
    - whether the regulatory steward **reports to the public** the time it takes regulators to make licencing decisions.

31. Table 2 below provides a high-level summary of these features across the four regulatory systems.

[20] All territorial authorities (except for the Chatham Islands Council) act as BCAs for their district.
[21] We chose a sample of eight territorial authorities across the North and South Island of New Zealand, representing metropolitan, provincial, and rural areas to use in our analysis. They are as follows: Auckland Council, Wellington City Council, Gisborne District Council, South Wairarapa District Council, Queenstown-Lakes District Council, Christchurch City Council, Nelson City Council, and Clutha District Council.

Table 2: Features relating to the time it takes to make a licencing decision across the four regulatory systems

		Alcohol licencing	Food registration	Building consent	Resource consent
Set timeframe **Is there a statutory timeframe?**		✗ There are no statutory timeframes for decisions made under the SSAA. However, there are certain statutory steps in the process that have associated timeframes (and therefore impact the minimum time an application can be processed). For example, there is a 25-working day public notification period where any member of the public can file an objection to a licence application.[22]	✗ There are no statutory timeframes under the Food Act 2014 by which a decision must be made on a registration application.	✓ BCAs have a statutory obligation to process a building consent or a code compliance certificate (CCC) application within 20 working days of receipt. If the BCA requires additional information, they may issue a request for further information (RFI). Issuing an RFI suspends the statutory timeframe ('stops the clock') until the requested information is supplied by the applicant. [23] There is no penalty for not meeting the statutory timeframe.	✓ The consent authority has a statutory obligation to process a resource consent application within a certain number of days of receipt. The statutory timeframe is dependent on the complexity of the application (notified or non-notified), and whether there is a hearing, and range from 10 working days (non-notified fast-track consent) to 130 working days (publicly notified consent with hearing).[24] In most cases, applications are non-notified and occur without a hearing –these applications need to be decided within 20 working days of receipt of the application.[25] If the consent authority requires additional information from the applicant, they may issue an RFI. Issuing an RFI suspends the statutory timeframe ('stops the clock') until the requested information is supplied by the applicant.[26] The penalty for not meeting the statutory timeframe is a discount of the application fee. A discount of 1% per day, up to a maximum of 50 working days is set under regulations.[27]
Communication **Are timeframes communicated to the public?**	**Hypothetical**	✓ Seven out of the eight territorial authorities we looked at provided indicative timeframes for alcohol licencing decisions on their websites.	✗ Two of the eight territorial authorities we looked at (Auckland Council and Wellington City Council) communicated indicative timeframes for food registration applications on their websites.	✓ All eight territorial authorities we looked at re-iterated the statutory timeframes on their websites.	✓ All eight territorial authorities we looked at re-iterated the statutory timeframes on their websites.
	Real	✗ None of the eight territorial authorities we looked at provided real timeframes for alcohol licencing decisions on their websites.	✗ None of the eight territorial authorities we looked at provided real timeframes for how long food registration takes on their websites.	✗ None of the eight territorial authorities we looked at provided real timeframes for how long consent or CCC applications take to process on their websites.	✗ None of the eight territorial authorities we looked at provided real timeframes for how long a resource consent application took to process on their websites.

[22] Sale and Supply of Alcohol Act 2012, s 102.
[23] Refer sections 48 and 93 of the Building Act 2004.
[24] See Appendix C
[25] Resource Management Act 1991, s 115
[26] Resource Management Act 1991, s 88C
[27] Resource Management (Discount on Administrative Charges) Regulations 2010.

	Alcohol licencing	Food registration	Building consent	Resource consent
Monitoring and public reporting **Does the regulatory steward monitor timeframes and report to the public?**	✗ A public register of new and renewed alcohol licences exists and must be maintained by the Alcohol Regulatory and Licencing Authority (ARLA).[28] Territorial authorities provide timeframe data as part of their reporting to ARLA. The public register holds this timeframe information, but no active monitoring or reporting on timeframes occurs by ARLA.	✗ MPI manage a register of all registered food business, data from which is provided by territorial authorities.[29] This dataset does not hold information about the date in which a registration application was received or decided upon. No monitoring or active reporting on the time it takes for TAs to decided on a food registration application occurs by MPI.	✓ The Ministry of Business, Innovation and Employment (MBIE) monitors the performance of BCAs compliance with statutory timeframes. [30] MBIE makes this information public through their quarterly performance reports. [31]	✓ The Ministry for Cities, Environment, Regions and Transport (MCERT)) monitors the performance of the resource management system and compliance with statutory timeframes, making this information public through their interactive National Monitoring Systems dashboard. [32]

[28] Sale and Supply of Alcohol Act 2012, s 65.
[29] Ministry for Primary Industries, Public Register of Businesses Operating Under Food Control Plans and National Programme; https://mpi.my.salesforce-sites.com/publicregister.
[30] Building consent data shows need for bold reforms – 21 March 2025; https://www.beehive.govt.nz/release/building-consent-data-shows-need-bold-reforms
[31]Ministry of Business, Innovation and Employment, Building Consent System Performance Monitoring – Quarterly update; https://www.mbie.govt.nz/building-and-energy/building/building-system-insights-programme/building-consent-system-performance-monitoring
[32] Ministry for Cities, Environment, Regions and Transport, National Monitoring System; https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/national-monitoring-system/

Analysis of the current state and problem identification

Regulated parties are not provided with useful information on how long a decision on their licence application will take

32. We heard from hospitality businesses that the time taken to receive a decision on their licence application was too long, causing frustration and uncertainty. The most prevalent regulatory systems where timeframe decisions were raised were the alcohol and building regulatory systems. Very few issues were raised in relation to the food safety regulatory system.

33. The quotes below highlight some of what we heard and some of the concerns hospitality businesses have with respect to decision timeframes:

> ***Food***
>
> *"obtaining a Food Act Registration is generally quite easy and quick" – [other interested party]*
>
> *"It is common for businesses requiring multiple licences, to not be aware of this or the process to follow for each licence. For example, the timeframes to obtain an alcohol licence are longer than gaining a food registration". – [Regulator]*
>
> ***Alcohol***
>
> *"Alcohol licensing can be a costly, time consuming and uncertain process." – [Business owner]*
>
> *"I have just opened a new hospitality business in the last 6 weeks. It took me almost 7 months to get a license when all requirements had been met within the first month" – [Business owner]*
>
> *"Delays in scheduling and conducting DLC hearings and in issuing decisions are a major source of cost and frustration for applicants and Councils alike" – [Organisation representing hospitality businesses]*
>
> ***Building consent***
>
> *"Getting a building consent for a hospitality fitout was painfully long and with some stupid requirements" – [business owner]*
>
> *"In our case, [name of] Council's compliance expectations were so rigid and repetitive that months of rent were lost before trading could even begin." – [Business owner]*
>
> *"Processing times have also been a frustration with council regulators in some areas not reviewing applications in a timely manner." – [organisation representing hospitality businesses].*
>
> ***Resource consent***
>
> *"We applied for a new Resource Consent in 2019 and it is still 'in process'. It is incredibly frustrating." [Business Owner]*
>
> *"Council need to get through resource consent applications more quickly and within their own time frame." [Business Owner]*
>
> *"Overly onerous regulations relating to trying to expand our venue. i.e.,- A very long timeframe and expensive resource consent process. They were looking at things that have nothing to do with our venue such as car parking." [Business Owner]*

Methodology

34. We have assessed the current state of timeframes for decision making against the Review's criteria, which are drawn from the Review's Terms of Reference. These are described in Table 3 below. Some criteria are more relevant in some areas of hospitality-related regulatory systems than others, and this is reflected in the details of the assessment later in this section.

Table 3: Criteria for the assessment of the current state

Criterion	High-level description
Effective	The intervention achieves its intended benefits and policy objective(s).
Efficient	The intervention is achieving its benefits for the least cost[33] (including time taken). The benefits of the intervention (for both the government and regulated parities) outweigh the costs.
Proportionate	Regulatory requirements are aligned to the level of risk being managed. An appropriate balance is struck between regulatory control and operational freedom.
Adaptable	The intervention can sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance.
Easy to comply with	The regulatory requirements easy to find, easy navigate, and clear and easy to understand.
Appropriate impact on individual rights and liberties[34]	The impact, if any, the intervention has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.
Otherwise aligned with the Ministry's view of good regulatory practice[35]	Where relevant, the intervention otherwise aligns with the Ministry's view of good regulatory practice, including (but not limited to) transparency, accountability, supporting innovation, and independence.

[33] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits or reduced regulatory outcomes.
[34] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.
[35] This criterion covers additional aspects of good regulatory design and practice covered in Government Expectations for Good Regulatory Practice that are not already covered by the preceding criteria. These additional aspects are not always relevant to every part of the regulatory system, and so this criterion is used only where relevant.

35. To make our assessment of the current state, we have drawn from multiple sources of evidence, including direct and written engagement with hospitality businesses peak bodies, community organisations, and regulators, as well as our own research. Evidence is referenced, and we discuss areas where what we know is limited and where we have made informed judgements.

36. As part of assessing the 'effectiveness' criteria, we compared the expected timeframes published on individual territorial authority webpages, or the statutory timeframes, with the actual time taken from when an application was lodged to when a decision was made (where data was available) for our eight sample territorial authorities. See Table 7 through to Table 10 in Appendix B for full comparisons.

37. The meanings of our assessments are described in Table 4 below.

Table 4: Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.
××	In no way meets the criterion.

38. Based on this assessment, we identify the issues that contribute to a problematic current state. These problems, their potential underlying causes, and impacts, are analysed under each assessment, including considering whether the underlying causes are:

    a. inherent in the legislative design. This covers both the unintended consequences of design choices, and design choices that are working as intended but may no longer be effectively contributing to the purposes of the regulatory system

    b. regulatory practice issues. This covers regulator capacity and capability issues, stewardship issues, and the monitoring and evaluation of the system.

Our assessment of the current state

39. Our assessment of the current state is described in Table 5.

Table 5: Assessment of the current state of decision-making timeframes on applications for licences affecting hospitality businesses

Criterion	Assessment
Effective Are the benefits of having stated timeframes for these regulatory systems effectively being realised?	× **Not effective in many cases** Our view is that, in general, for the four regulatory systems we looked at in relation to hospitality businesses, the current timeframes provided by the regulator do not align with reality, and therefore the benefits of having stated timeframes in the first place, are not realised. Those benefits being: a. transparency and accountability b. process efficiency c. certainty for regulated parties. We heard that hospitality businesses are frustrated with the process, particularly with the time it takes for decisions to be made on alcohol licences and building consents. We consider their frustration well founded. **Alcohol regulatory system** We found for decisions on alcohol licence applications; regulators were not generally meeting their self-imposed timeframes. Over the eight sample territorial authorities, the median number of total working days it took to decide on a licence application took 2 – 6 weeks longer than was provided on the territorial authorities' website as an expected timeframe (Table 7 in Appendix B). While we accept that most timeframes communicated were caveated using terminology like "at least XX working days", displaying a timeframe like this still sets up expectations for regulated parties, who will likely feel frustrated (and potentially lose money) if their expectations are not met. Using the full ARLA dataset,[36] we found that the median number of working days for a decision on all new on-licences and club- licences was 44 working days, the equivalent of approximately 9 weeks. [37] The timeframes for the on -licence and club licence renewals were the same. As part of our analysis we found there is a lack of transparent reporting of how long decisions take to make, with neither the individual territorial authorities nor the regulatory steward providing actual timeframe data. Through our analysis of the ARLA dataset, we also found approximately 13% of all new licence

[36] Ministry of Justice, Alcohol Regulatory and Licensing Authority, Register of licences & certificates | New Zealand Ministry of Justice. The data used was from the number of current active licences as at 28 November 2025 and included data from licence applications that were received from January 2022.

[37] The number of working days were calculated by subtracting the date of licence determination from the date of licence received, and took into account non-working days as per the SSAA – those being a Saturday, a Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, the Sovereign's birthday, Te Rā Aro ki a Matariki/Matariki Observance Day, and Labour Day; and if Waitangi Day or Anzac Day falls on a Saturday or a Sunday, the following Monday; and a day in the period commencing on 20 December in any year and ending with 15 January in the following year.

Criterion	Assessment
	applications took longer than 100 days (20 weeks).[38] This means there is a lack of transparency and even less certainty for regulated parties. While we have identified issues with the regulatory design of the processes underpinning the timeframes (refer to Supplementary paper – *An analysis of the current state and problems with how the sale and supply of alcohol is regulated in hospitality settings*) the lack of transparency, and therefore certainty for regulated parties, can harm the regulated party – regulator relationship. **Food regulatory system** Of the eight sample territorial authorities we looked at, only two provided information on the expected time it would take for a decision on a food registration application to be made (Table 8 in Appendix B). Through the Review's information request to territorial authorities, we found that typical timeframes from application to decision for food business registration ranged from 1 or 2 days to 24 days.[39] Some territorial authorities specifically noted that they do not record this type of information, and in most cases the responses were 'typical' number of days, rather than an average or median. This indicates that time to decisions for food registration is not monitored across all territorial authorities, or if it is monitored, not in the same way. While consistent monitoring on how long it is taking regulators does not appear to be occurring, this is unlikely to be a problem given how relatively quickly applications are decided (between 1 – 24 days). We think this is due to the design of the registration process itself in that the bar for registration is low and it is operating more akin to a notification system in many cases (refer to Supplementary paper - *An analysis of the current state and problems with how the domestic food safety system is regulated in hospitality settings*). However, despite the relatively quick time for decisions, regulators are not (in most cases, based on our sample) providing indicative timeframes, at least on their websites, to regulated parties. **Building regulatory system** Ninety-four-point five percent (94.5%) of all new building consent applications were decided within the statutory timeframe in the last quarter of 2025, with a median processing time of 13 working days. For code compliance certificates (CCC), 97.1% of all CCC's were processed within the statutory timeframe, with the median processing time much shorter at 4 working days.[40] These timeframes do not include the time it takes for regulated parties to respond to requests for information from the regulator (i.e., when the statutory 'clock' stops). For a more accurate reflection of how long application decisions were taking, MBIE began reporting on total elapsed time from the second quarterly report in 2025. In this context, total elapsed time refers to the date an application is

[38] Using our analysis of the number of working days taken to issue an on-licence, we took the number of licence applications that took greater than 100 days and divided this by the number of on-licences. We are aware the data in the public ARLA alcohol licence register may not be complete, and so this percent is a likely approximation.

[39] As part of the Review, we made information requests to all 67 territorial authorities about the food regulatory system. The request covered registration applications, requests for information, processing times, verification outcomes, and enforcement. We received 49 responses.

[40] MBIE, Building Consent System Performance Monitoring - Quarterly update, Building consent system performance monitoring Q4 October to December 2025; https://www.mbie.govt.nz/building-and-energy/building/building-system-insights-programme/building-consent-system-performance-monitoring

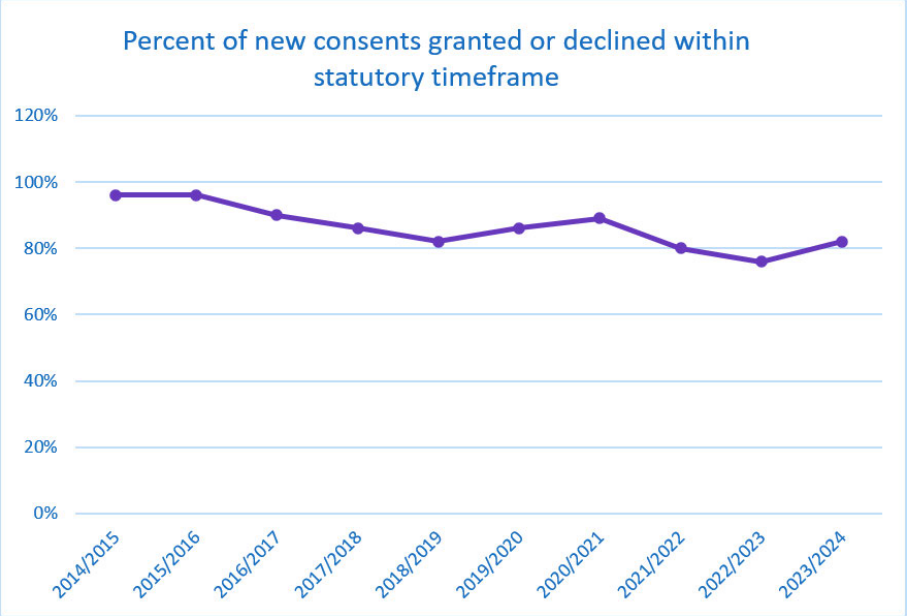
Criterion	Assessment
	received by a BCA, to the date a decision is made, including the time when an information request is sent to an applicant (these days are not counted if considering statutory days due to 'stop-clock' provisions). 1. When we looked across the eight sample territorial authorities, median total elapsed time (for all applications) for most territorial authorities was less than the statutory timeframe of 20 working days (2. Table 9 in Appendix B). This reporting combines total elapsed timeframes for both building consent and CCC applications. Given the median statutory processing time for CCC applications is less than for building consent applications, we think this is likely affecting the median total elapsed times (for all applications). As the full dataset was not available publicly, we were unable to split these two processes up. While in general statutory timeframes are being met, regulated parties are still frustrated with the time it takes for decisions to be made. We acknowledge there are ongoing improvements in the wider system to expedite the overall process. For example, the recent amendment to the Building (Accreditation of Building Consent Authorities) Regulations 2006 includes a new provision to see that the policies and procedures for BCAs ensure that a minimum of 80% of inspections are carried out within the period of 3 working days after an inspection is requested.[41] To improve transparency further, median total elapsed timeframes for building consent and CCC applications could be presented separately. **Resource management regulatory system** In the 2023/2024 year, there were 32,278 new resource consents processed, with 82% of new consents granted or declined within the statutory timeframe. The median number of statutory days to process new resource consents was 20 days. For our eight sample territorial authorities, we used the National Monitoring System data to establish the total number of elapsed days for section 88 (land use) non-notified applications that did not go to hearing.[42] We found that for all eight territorial authorities we looked at, the median number of total elapsed days was greater than the 20 statutory days (ranging from a median of 23 – 76 working days, Table 10 in Appendix B). While total elapsed time is not reported on the National Monitoring System dashboard (we calculated this ourselves), the dashboard itself is easy and intuitive to use. This makes it easy for regulated parties and interested people to see the percentage of resource consent decisions decided within statutory timeframes.
Efficient Is the status quo achieving benefits for	× **Is not efficient**

[41] Building (Accreditation of Building Consent Authorities) Regulations 2006, r 7A

[42] We calculated the number of total elapsed working days by subtracting the date the application was decided from the date the application was lodged, and took into account non-working days as per the RMA – those being a Saturday, a Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, the Sovereign's birthday, Te Rā Aro ki a Matariki/Matariki Observance Day, and Labour Day; and if Waitangi Day or Anzac Day falls on a Saturday or a Sunday, the following Monday; and a day in the period commencing on 20 December in any year and ending with 10 January in the following year.

Criterion	Assessment
regulated parties for the least cost?	In general, the benefits of transparency and certainty to regulated parties from providing timeframes is not being met. Largely because, as described above, the timeframe experienced do not reflect the expected timeframes communicated. There are costs associated with reporting and monitoring timeframes, and we see that in three out of four regulatory systems, regulators are already collecting this data and providing it to the monitoring agency (albeit with varying degrees of compliance). However, we found that monitoring data is either not being reported in an easy to access and understand way for the regulated party (i.e., directly on the territorial authority's website) or is not being reported on at all – limiting current direct benefits to the regulated party. **Efficiency of statutory timeframes** Of the four regulatory systems we looked at, two have statutory timeframes for decisions on applications (building regulatory system and the resource management regulatory system). As indicated above, we acknowledge the ongoing reforms in these areas, as well as the wider local government reforms which may improve overall efficiency of local government. Whether or not a statutory timeframe is met, in our view, is meaningless to regulated parties if it does not reflect reality (i.e., the total working days elapsed from the time the complete application is received, as opposed to not counting the days passed when the statutory 'clock' has stopped during information requests). There could be many reasons why regulators do not meet statutory timeframes.[43] Or, if the regulator does meet the statutory timeframe - the regulated parties continue to feel frustrated with the time it takes because of a perceived high level of 'gaming' in the system.[44] There are mechanisms to incentivise regulators to meet statutory timeframes (i.e., direct statutory consequences), for example monetary (fines or refunds on application fees), changes in decision making delegation, or triggering more frequent audits. The resource management regulatory system is an example of a regulatory licensing system in New Zealand where there is a statutory consequence for the regulator not meeting the statutory timeframe. This consequence is in the form of a discount of the application fee, being applied of 1% per day after the statutory deadline has passed, up to a maximum of 50 working days (i.e., up to a maximum of 50% discount on the application fee). This was introduced through the Resource Management (Discount on Administrative Charges) Regulations 2010 and were in force from 31 July 2010. This 'consequence' was introduced as an efficiency measure to improve the time it took for resource management consent applications to be made, because at

[43] For example, statutory timeframes are unreasonably short (i.e., the settings were not correct at the start), inefficient resources for the regulator, there are little direct consequences (other than reputational) when a statutory timeframe is not met.
[44] Examples of regulators 'gaming' the system include seemingly unnecessary or multiple RFIs to 'stop-the-clock' – giving the regulator more time to process an application outside of the statutory timeframe; a high level of back and forth in the 'pre-application' stage (when the regulated party is engaged with the regulator but the statutory clock has not started); or an application is deemed 'incomplete' last in the statutory process. Examples of regulated parties 'gaming' the system include submitting incomplete applications so that they are in the 'application queue'.

Criterion	Assessment
	the time (between 1999 and 2008) there was an increasing percentage of applications being "processed late" (from 18 to31%).[45] While we did not track the effect of this intervention from 2010 due to lack of publicly available data, however what we can see is that in the 2014/2015 and 2016/2017 years the percentage of decisions being made within the timeframe was close to 100% (at 96% for both years). This percentage has decreased over time to 82% for the 2023/2024 year as can be seen in the Figure 2 below.  *Figure 2: The number of new consents decided within the statutory timeframe has decreased over time* There may be several reasons why the number of decisions meeting the statutory timeframe is declining. However, what this shows is, at least for this regulatory system, the statutory timeframes and the associated consequence do not maintain timely decision making over time. Discounts applied on application fees for not meeting statutory timeframes are a high-cost tool for the regulator, and we see here that it is not achieving the desired benefit. While we have no evidence of this occurring, there is a risk regulatory authorities lift fees in other areas to offset the cost of applying discounts (i.e., cross-subsidising discounts because they know a proportion of applications will always be decided after the statutory timeframe has lapsed).
Proportionate	*Not applicable*
Adaptable	*Not applicable*

[45] New RMA efficiency measure takes effect, 2 August 2010; https://www.beehive.govt.nz/release/new-rma-efficiency-measure-takes-effect

Criterion	Assessment
Easy to comply with	*Not assessed here.* *In our view, an assessment of whether regulators find it easy to comply with statutory or self-imposed timeframes involves an assessment of the overall regulatory design of the regulatory system in question, and current practice within.* *We undertook these assessments, at least in relation to the aspects of the regulatory systems the affecting hospitality sector, for the alcohol and food regulator systems. These assessments can be found in the following supplementary papers:* - *An analysis of the current state and problems with how the sale and supply of alcohol is regulated in hospitality settings* - *An analysis of the current state and problems with how the domestic food safety system is regulated in hospitality settings*
Appropriate impact on individual rights and liberties	*Not applicable*
Otherwise aligned with the Ministry's view of good regulatory practice	× **Not aligned** We found, overall, a lack of transparency from regulators in communicating timeframe decisions to regulated parties. Consistent with our assessment on effectiveness and efficiency above, our view is hospitality businesses are not consistently receiving 'real-world' (i.e., total elapsed time) information from regulators on how long a decision on a licence application will take. Data integrity issues aside, information is available and total elapsed working days can be calculated; however, this information is not reported and therefore is not accessible for regulated parties.

Problem identification and analysis

40. **Problem**: Some decisions take too long, and published expected timeframes do not accurately reflect actual processing times or provide certainty for regulated parties.

41. **Impacts of the problem:** We think the impacts of this problem include:

    a. loss of trust between regulated parties and the regulator from protracted decisions

    b. loss of business reputation with the public due to expired licences, despite applying for renewals at the appropriate time

    c. financial implications for businesses waiting for a decision to operate.

42. **Underlying causes of the problem:** We think the underlying causes that likely contribute to this problem include:

    a. the current processes (regulatory design) that underpin each application type

    b. territorial authorities are not incentivised to consistently monitor or report to the public how long decisions take

    c. territorial authorities may not have the resource to consistently review and update, where information is not available

    d. territorial authorities may not have the resource to assess applications and make decisions quicker

    e. lack of consequence for not meeting predicted (or in some cases, statutory) timeframes.

Underlying cause fixes should be progressed, not statutory timeframes

43. As indicated, the underlying issues with the regulatory design of a system or regulatory practice can contribute to protracted timeframes on licensing decisions. With respect to the alcohol and food safety regulatory issues, we examine these issues and present options to address them in the respective supplementary papers.[46]

44. We considered the introduction of statutory timeframes in both the alcohol and food regulatory systems (noting that we did not consider decision making timeframes to be a significant issue in the food regulatory system). We discounted these as an option, instead opting for addressing the underlying causes of the issues we found. This is because statutory timeframes do not necessarily lead to more certainty for regulated parties if the processes and practices that have led to protracted timeframes in first place have not changed, and could lead to unintended consequences, such as poor decision making.[47]

[46] Refer to the supplementary papers entitled; *An analysis of the current state and problems with how the sale and supply of alcohol is regulated in hospitality settings, Options and recommendations for improving how alcohol is regulated in hospitality settings, An analysis of the current state and problems with how the domestic food safety system is regulated in hospitality settings, and Options and recommendations for improving how food safety is regulated in hospitality settings.*

[47] Initiation of deadlines for the completion of drug reviews by the US Food and Drug Administration led to a concentration of drug approval decisions close to the deadline. Those that were approved in the weeks preceding the deadline were more likely to be withdrawn due to safety issues. Carpenter D, Zucker EJ, Avorn J. Drug-review deadlines and safety problems. N Engl J Med. 2008 Mar 27;358(13):1354-61. doi: 10.1056/NEJMsa0706341. PMID: 18367738.

45. For the building and resource management systems, which already have statutory timeframes, we have not provided recommendations as a result of our scope and the implications much broader than the hospitality sector. However, we recommend that decision making timeframes are specific areas of consideration for future work reviewing those systems.

46. We consider that once the underlying problems which are resulting in protracted decision-making timeframes are addressed in the alcohol regulatory system, measures to improve transparency should be introduced so that hospitality businesses can operate with greater certainty, decision makers can be held more easily accountable if overall timeframes are too long and regulators can have sufficient evidence to make changes they might need to for performance improvement. We have made a *Comment* on this in the Review's Final Report which is provided below.

COMMENT - FUTURE WORK TO IMPROVE DECISION-MAKING TIMEFRAMES

In our view, the most efficient, effective, and feasible way for hospitality businesses to have greater certainty on how long decisions take on their applications (i.e., food registration, alcohol licensing and renewal, building and/or resource consent) — is for the regulator to publish how long it takes to make decisions on these application types.

This means instead of publishing the expected timeframe, restating the statutory timeframe, or not publishing a timeframe at all, the regulator publishes real data on how long applications take from receipt of correct information to issuing a decision.

This practice is becoming more common, and expected, from regulators in New Zealand. For example, the Department for Internal Affairs publishes an interactive dashboard on the time it takes for birth, death, and marriage certificates to be issued, as well as passports. Or the Environmental Protection Authority's simple static webpage, which is updated regularly, on how long it takes to process a new hazardous substance application.

With respect to hospitality businesses, we think the type of data that should be made available to the public is the:

- full number of working days from receipt of application to decision (without 'stop-clock' time elapsed)
- the number of working under statutory timeframes elapsed from receipt of application to decision (if applicable, with 'stop-clock' time elapsed)
- percentage of applications meeting statutory or expected timeframes.

We think territorial authorities should work on publishing dashboards that cover all licensing decision activities in one place (rather than duplicating across the different activities). Given current local government reform, RMA reform, as well as any changes to regulatory processes as a result of the Review, this work could be packaged and progressed as part of work currently underway.

In the interim, we encourage territorial authorities to publish static webpages with this data — starting with alcohol licensing decisions, as this was an area the Review received a lot of feedback on. We note that data on resource consent and building consent application timeframes is currently available on Ministry for Cities, Transport, Environment and Regions and the Ministry of Business, Innovation and Employment websites.

Appendix A - Examples of New Zealand Legislation with authorisation powers under a statutory timeframe and associated statutory consequences for the regulator if that timeframe is not met

Table 6: Examples of New Zealand legislation with statutory timeframes for licencing decisions, and any statutory consequences associated

Legislation	*Process*	*Example statutory timeframes for decisions*	*Statutory consequence for not meeting the statutory timeframe*	*Public facing information monitoring timeframes?*
Hazardous Substances and New Organisms Act 1996	Application for approval of a new hazardous substance	10 - 100 working days, with 'time-waiver' provisions	None	Yes The Environmental Protection Authority publishes full application processing times, updated each quarter, on a dedicated webpage.[48] The information published includes number of days from; date lodged to formal receipt, formal receipt to date decided, date decided to decision notified.
Agriculture Compounds and Veterinary Medicines (ACVM) Act 1997	Application for approval of a new trade name product	25 – 70 working days with 'time-waiver' provisions	None	Yes Since February 2026 the ACVM Group publish monthly product registration reports as PDF documents on their website. [49] The information published includes the median working days from pre-screen to approval.
Overseas Investment Act 2005	Application for consent for overseas investments in sensitive New Zealand assets	10 - 200 working days *Timeframes set under secondary legislation [50] but are also subject to Ministerial Directive (under section 34 of the Overseas Investment Act 2005). Land Information New Zealand (LINZ) have been directed to assess 80 percent of consent applications with in half the time frame in the regulations.[51]*	None However, information must be included in the annual report about the extent to which timeframes are met.	No However, LINZ publishes the number of applications that are 'in-progress' at the end of each month on their website. [52]

[48] Environmental Protection Authority, How long it takes to process a new application; https://www.epa.govt.nz/hazardous-substances/substance-approvals-and-group-standards/applying-for-a-new-approval/timeframes-to-process-a-new-application/
[49] Ministry for Primary Industries, Monthly ACVM product registration reports for industry; https://www.mpi.govt.nz/agriculture/agricultural-compounds-vet-medicines/acvm-news-and-resources/monthly-acvm-product-registration-reports-for-industry
[50] Schedule 5 of the Overseas Investment Regulations 2005
[51] Ministerial Directive Letter - 6 June 2024_0_0.pdf
[52] Land Information New Zealand, Assessment timeframes ; https://www.linz.govt.nz/guidance/overseas-investment/apply-consent-variation-or-exemption/how-we-assess-your-application/assessment-timeframes

Legislation	*Process*	*Example statutory timeframes for decisions*	*Statutory consequence for not meeting the statutory timeframe*	*Public facing information monitoring timeframes?*
Medicines Act 1981	Application for approval of clinical trials *(note - there are no statutory timeframes for the decision-making processes for approval of new medicine applications)*	45 days from the date of application (clinical trials)[53]	None	Yes While a statutory timeframe exists for the approval of clinical trials, there are no statutory timeframes for the approval of new medicine applications. Medsafe publish target evaluation timeframes[54] as well as their performance against those timeframes as PDF documents on their website.[55] The information published includes mean working days for total evaluation time (from application lodged to consent and includes the time it takes for applications to respond to information requests).
Building Act 2004	Application for building consent / code of compliance certificate	20 working days, with 'stop-clock' provisions [56]	None	Yes MBIE monitor the performance of Building Consent Authorities and have recently starting publishing data on how long it takes to process applications for building consent and code of compliance certificates.[57] These are published as a summary on MBIEs website, as well as in PDF documents which contain more granular detail. The information published includes median total elapsed time in working days for all application times (from the date an application is received to the date a decision is made, including both processing time and the time applicants take to respond to information requests).

[53] Section 30(4) of the Medicines Act 1981
[54] Medsafe, Target Evaluation Times for NMAs and CMNs; https://www.medsafe.govt.nz/regulatory/EvaluationTimeframes.asp
[55] Medsafe, Medsafe's performance in the evaluation of new and changed medicines; https://www.medsafe.govt.nz/regulatory/Performance.asp
[56] Refer sections 48 and 93 of the Building Act 2004
[57] Ministry of Business, Innovation and Employment, Building Consent System Performance Monitoring - Quarterly update; https://www.mbie.govt.nz/building-and-energy/building/building-system-insights-programme/building-consent-system-performance-monitoring

Legislation	*Process*	*Example statutory timeframes for decisions*	*Statutory consequence for not meeting the statutory timeframe*	*Public facing information monitoring timeframes?*
Resource Management Act 1991	Application for resource consent	Between 10 and 130 working days[58] with provisions for 'time waivers', 'extensions', and 'stop-clocks' for information requests.	Regulations require territorial authorities to provide a discount for resource consent applications not processed within the statutory timeframes set out in the Resource Management Act 1991.[59] The discount of 1% per day, up to a maximum of 50 working days is set under the Resource Management (Discount on Administrative Charges) Regulations 2010.	Yes MCERT monitors the performance and implementation of the RMA using data from local authorities – the National Monitoring System. The information on resource consent timeframes is published through an interactive dashboard on their website. [60] Links to complete datasets for each year are also published in a downloadable excel format. The information published contains the number of median statutory days elapsed (does not include total working days elapsed).

[58] Ministry for Cities, Environment, Regions and Transport ,Timeframes; https://environment.govt.nz/publications/applying-for-a-resource-consent/timeframes/
[59] Resource Management (Discount on Administrative Charges) Regulations 2010; Discount on administrative charges regulations | Ministry for the Environment
[60] Ministry for Cities, Environment, Regions and Transport, National Monitoring System, https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/national-monitoring-system/

Appendix B – Expected or statutory timeframes do not reflect the actual time taken for a licence decision to be made in most instances

Table 7: Expected versus actual decision timeframes for new alcohol on-licence applications

Alcohol licences	Auckland City Council	Wellington City Council	Gisborne District Council	South Wairarapa District Council	Queenstown-Lakes District Council	Christchurch City Council	Nelson City Council	Clutha District Council
Expected [61]	Not indicated on the website	At least 35 working days[62]	~ 40 working days[63]	Minimum of 6 – 8 weeks[64] (30 – 40 days)	At least 6 weeks [65] (30 days)	Allow 5 – 6 weeks (25 – 30 days) [66]	Not indicated on the website	Minimum of 30 working days [67]
Actual [68]	41 days	65 days	52 days	61 days	54 days	34 days	47 days	62 days

Table 8: Expected versus actual decision timeframes for new food business registration applications

Food registration	Auckland City Council	Wellington City Council	Gisborne District Council	South Wairarapa District Council	Queenstown-Lakes District Council	Christchurch City Council	Nelson City Council	Clutha District Council
Expected [69]	Up to 25 working days to process application for registration.	Completing the pre-opening inspection within 2 weeks of receiving the completed application.	Not indicated on the website	Not indicated on the website	Not indicated on the website	Not indicated on the website	Not indicated on the website	Not indicated on the website
Actual [70]	11 – 14 days	2 – 3 days includes pre-opening visit	15 days	24 days	12 – 16 working days	No response	3 days	20 days

[61] As indicated on each respective territorial authorities webpage, if available
[62] https://wellington.govt.nz/certificates-and-licences/alcohol-licences/applying-for-a-new-alcohol-licence/after-your-application-is-submitted/assessment-process v
[63] https://www.gdc.govt.nz/__data/assets/pdf_file/0016/13138/form-3-application-for-on-licence-and-renewal-dec-2013.pdf "The issue of a licence will take approximately 40 working days if no objections, oppositions or other issues arise."
[64] https://swdc.govt.nz/wp-content/uploads/On-Licence-Application-change_2025.pdf
[65] qldc_guide-for-food-business-operators_jul24.pdf – "Applications for new licences should be lodged at least six weeks prior to the anticipated opening/takeover date."
[66] https://ccc.govt.nz/consents-and-licences/business-licences-and-consents/alcohol/timelines-and-trading-days
[67] https://www.cluthadc.govt.nz/repository/libraries/id:2c0gik8bh17q9s5atec4/hierarchy/Documents/Forms_Alcohol-forms-and-guides/Application%20-%20New%20On%20Licence.pdf
[68] Median total elapsed working days for all current new on-licence applications – 2022 – 2025 ARLA data set (November)
[69] As indicated on each respective territorial authorities' webpage, if available
[70] Average No. of working days [from receipt of application to issuing a decision] as stated by each respective territorial authority as part of the Ministry's information request.

Table 9: Expected versus actual timeframes for a decision for building consent, amendments, and code of compliance certificates

Building consent	Auckland City Council	Wellington City Council	Gisborne District Council	South Wairarapa District Council	Queenstown-Lakes District Council	Christchurch City Council	Nelson City Council	Clutha District Council
Expected[71] (statutory time frame)	20 working days							
Actual[72]	25 days	11 days	15 days	14 days	17 days	17 days	15 days	14 days

Table 10: Expected versus actual timeframes for a decision on a resource consent (non-notified application without a hearing)

Resource consent	Auckland City Council	Wellington City Council	Gisborne District Council	South Wairarapa District Council	Queenstown-Lakes District Council	Christchurch City Council	Nelson City Council	Clutha District Council
Expected[73] (statutory time frame)	20 working days (non-notified and no hearing)							
Actual[74]	67 days	31 days	76 days	33 days	29 days	26 days	48 days	23 days

[71] BCAs have a statutory obligation to process a building consent or a code compliance certificate application within 20 working days of receipt, refer Building Act 2024, s 48
[72] Median total elapsed working days (for all applications – residential and commercial, building consent, amendments, and code of compliance certificates) https://www.mbie.govt.nz/dmsdocument/31797-building-consent-system-performance-monitoring-q4-october-to-december-2025
[73] Resource Management (Discount on Administrative Charges) Regulations 2010, Schedule: Time limits for processing applications; Timeframes | Ministry for the Environment
[74] Median number of working days for non-notified section 88 consent applications for the 2023/2024 year – includes applications where section 37 of the RMA extensions was granted. National Monitoring System | Ministry for the Environment – dataset used 2023/24 complete. Working days includes all days except Saturday, Sunday, public holidays, and the period between December 20 and January 10 the following year.

Restricted Shop Trading

The regulatory problem

1. Shop trading regulation limits business' ability to trade on a sub-set of public holidays. The current legislation, the Shop Trading Hours Act 1990 (the STHA) may not be effective at achieving its original policy intent,[1] and is difficult to understand, and therefore comply with. This is because the regime has a high number of exemptions based on business type, geographical location or, in the case of Easter Sunday, locally implemented policies. Additionally, the Hospitality Sector Review (the Review) has questioned whether the original policy intent of restricted shop trading days continues to be valid.

Background

The government currently intervenes and restricts trading on certain days

2. The government currently intervenes to restrict shop trading on certain days for some businesses. This is done through the STHA, which restricts shops[2] trading on days traditionally recognised as having cultural and national significance for New Zealanders (referred to as restricted trading days). There are three-and-a-half restricted trading days where all shops must be closed: Anzac Day until 1pm, Christmas Day, Good Friday, and Easter Sunday.

3. The STHA was originally introduced to reduce trading restrictions. Prior to the 1990 legislation New Zealand also restricted Sunday trading. Decision-making about area or event-based exemptions were made by a centralised body and exemptions were granted by Orders in Council. The current restrictions on the three-and-a-half days was a compromise solution to balance the different interests of consumers, religious groups, and workers. This means the legislation's intent was to:

    a. remove all shop trading restrictions except for the three-and-a-half days of cultural and national significance; and
    b. ensure exemptions that already existed before 1990 would continue to apply on those three-and-a-half days.[3]

4. The STHA currently includes 28 exemptions, where shops, including most hospitality businesses, can open on those days.

5. Over the last 36 years, Members of Parliament (MPs) have tried to amend the law several times, particularly in relation to Easter Sunday trading. Some Member's Bills have successfully amended the STHA.[4] However, these changes have created an increasingly complex framework of exemptions and carve outs for businesses, like hospitality.

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[1] Ann-Marie Kennedy Thompson 'The New Zealand Sunday – Keep Sunday Free: An Historical Narrative of the Shop Trading Hours Legislation in New Zealand.'

[2] The STHA defines a shop 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] Woolworths (New Zealand) Ltd v Attorney-General [2001] NZLR 8.

[4] This includes the Shop Trading Hours Act Repeal Amendment Act 2001 (No. 16) and Shop Trading Hours Amendment Act 2016 (No. 39), which made exemptions for garden centres and some Easter Sunday trading.

The Review received submissions about the complexity and continued relevance of restricted shop trading

6. Through our initial engagement with the hospitality sector, submitters told us:
    a. the restricted trading framework is outdated and no longer reflects modern life in New Zealand
    b. Easter Sunday trading rules are particularly unclear and applied inconsistently throughout the country
    c. meal requirements when serving alcohol on restricted trading days added unnecessary confusion to the public and a compliance burden on businesses
    d. restrictions limited businesses' ability to trade during peak holiday and tourism periods.

During the Review period new legislation passed which addressed the identified problem for hospitality businesses

7. One of the problems the Review identified for consideration was the additional restrictions that applied to hospitality businesses that served alcohol on restricted trading days. These restrictions sat in the Sale and Supply of Alcohol Act 2012 (SSAA) and meant while hospitality businesses could open under the STHA, they could only serve alcohol to customers if they were on the premises to dine. We heard from regulated parties that these requirements were difficult for hospitality workers to comply with, disproportionate to the risks posed, and ineffective at achieving the original policy intent.

8. However, during the Review period, a Member's Bill passed and came into force which resolved the issue and covered what the Review was going to recommend: remove the additional restrictions in the SSAA on serving alcohol on restricted trading days, and amend the STHA to allow bars, pubs, and some clubs to open on restricted trading days.

While the hospitality issues have been solved, the Review has identified broader issues with the restricted shop trading framework

9. While the legislative changes addressed the hospitality issue, the information we have gathered as part of the Review raises questions about the effectiveness, efficiency and proportionality of the broader framework. While technically outside the scope of the Review, we felt it important to document our findings in this area in case its helpful for further work in the future.

Legislative instruments

The regulatory system for restricted trading days is in the Shop Trading Hours Act 1990

10. The STHA states that shops must close on the specified restricted trading days. However, there are a series of exemptions provided for in the legislation that permit certain shops to open on these days.

11. Exemptions include souvenir stores, duty free stores, pharmacies, art galleries or museums, and newsstands in public passenger terminals.[5] Garden centres are allowed to open on Easter Sunday. Other exemptions include tourist areas, such as Queenstown, that were exempted prior to 1990.[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.

[5] Shop Trading Hours Act 1990, ss 4(1)(b)(i), 4(1)(b)(ii), 4(1)(c)(i), 4(1)(d), 4(1)(e).
[6] The Shop Trading Hours Act 1990 was preceded by the Shop Trading Hours Act 1977.

12. The STHA is administered by the Ministry of Business, Innovation and Employment (MBIE), and enforced by the Labour Inspectorate, also based within MBIE. They can impose a maximum fine of $1,000 for unlawfully trading on restricted trading days, including the breach of local Easter trading policies.[7]

13. Enforcement is generally complaints-based, although the Labour Inspectorate also carries out proactive compliance audits. A suspected breach can be confirmed by the Labour Inspectorate, which may escalate the issue to the Employment Court.[8]

14. Data provided by MBIE said that just 25 suspected breaches of the STHA have been reported in the last five years, broken down as follows:

    - 64% from retail trade
    - 20% from wholesale trade
    - 16% were from other sectors, such as food services and accommodation.[9]

Analysis of the current state and problem identification

Methodology

15. We have assessed the current state of the STHA against the Review's criteria, which are drawn from the Review's Terms of Reference. These are described in Table 1 below. Some criteria are more relevant in some areas of the STHA regulatory system than others, and this is reflected in the details of the assessments later in this section.

Table 1 - Criteria for the assessment of the current state

Criterion	High-level description
Effective	The intervention achieves its intended benefits and policy objective(s).
Efficient	The intervention is achieving its benefits for the least cost[10] (including time taken). The benefits of the intervention (for both the government and regulated parties) outweigh the costs.
Proportionate	Regulatory requirements are aligned to the level of risk being managed. An appropriate balance is struck between regulatory control and operational freedom.
Adaptable	The intervention can sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance.
Easy to comply with	The regulatory requirements easy to find, easy navigate, and clear and easy to understand.
Appropriate impact on individual rights and liberties[11]	The impact, if any, the intervention has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.

[7] Ministry of Business, Innovation and Employment, *Labour Inspectorate complaints* <https://www.employment.govt.nz/resolving-problems/how-to-resolve-problems/labour-inspectorate-complaints>.
[8] Only seven breaches over the last five years have progressed to the Employment Court. The low rate of compliance breaches could indicate that most businesses are following STHA requirements.
[9] This information was obtained through engagement with MBIE.
[10] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits.
[11] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.

Criterion	High-level description
Otherwise aligned with the Ministry's view of good regulatory practice[12]	Where relevant, the intervention otherwise aligns with the Ministry's view of good regulatory practice, including (but not limited to) transparency, accountability, supporting innovation, and independence.

16. To make our assessment of the current state and the options analysis later, we have drawn from multiple sources of evidence, including direct and written engagement with hospitality businesses peak bodies, community organisations, and regulators; academic research; international comparisons; and economic analysis. Evidence is referenced, and we discuss areas where what we know is limited and where we have made informed judgements.

17. The meanings of our assessments are described in Table 2 – Assessment meanings below.

Table 2 – Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet the criterion.
××	In no way meets the criterion.

18. Based on this assessment, we identify the issues that contribute to a problematic current state. These problems, their potential underlying causes, and impacts, are analysed under each criteria including considering whether the underlying causes are:

    a. inherent in the legislative design. This covers both the unintended consequences of design choices, and design choices that are working as intended but may no longer be effectively contributing to the purposes of the regulatory system

    b. regulatory practice issues. This covers regulator capacity and capability issues, stewardship issues, and the monitoring and evaluation of the system.

Shop Trading Hours Act 1990

19. Our assessment of the STHA is outlined in Table 3 below.

Table 3 – Assessment of the Shop Trading Hours Act 1990

Criterion	High-level description
Effective Does restricted trading regulation achieve its policy intent of providing "rest" for workers and consumers?	✓ **Partially, or likely, effective** The current STHA stops some businesses from opening on restricted days, and therefore does meet its policy intent. However, in practice the STHA exempts so many shops for different reasons that achievement of the original policy intent has been eroded over time. The STHA operates to mean a sub-set of shop workers do not work on the restricted trading days. Many workers continue to work on those restricted days – both shop workers as a result of the exemptions in the STHA and

[12] This criterion covers additional aspects of good regulatory design and practice covered in Government Expectations for Good Regulatory Practice that are not already covered by the preceding criteria. These additional aspects are not always relevant to every part of the regulatory system, and so this criterion is used only where relevant.

Criterion	High-level description
	essential workers who continue to work on public holidays (albeit with employment law protections that mean they are paid time and half and are entitled to a day off in lieu[13]). Of New Zealand's nearly 2.9 million workers,[14] approximately 2.1 million do not work on public holidays, [15] and we estimate approximately 800,000[16] do. Workers who work on public holidays are employed across a range of industries, including but not limited to: • hospitality and accommodation (approximately 174,700)[17] • transport services (approximately 74,880)[18] • emergency services (approximately 35,000)[19] • hardware, building, and garden supply (approximately 26,040)[20] • museums and galleries (approximately 8,100)[21] • pharmacists and technicians (approximately 7,300).[22] While many shop workers still work on restricted trading days, the current framework is effective to the extent that some are provided with the day off and the original intent of preventing some commercial or material activity for consumers is achieved to focus on rest and spending time with family and friends. From our research into hospitality businesses, we found businesses often choose to close on at least one or more of the restricted trading days, particularly Christmas, i.e., they are allowed to trade but do not. This is because: • restricted trading days hold cultural significance to many New Zealanders, and many choose not to open so they and their employees can spend time with their families / have a day off work[23] • some employers decide to close for financial business reasons – i.e., the revenue and any other benefits from opening are not financially outweighed by the cost of opening.[24] This suggests that even when trading is permitted, businesses choose not to open, which indicates businesses and worker preferences are considered by some business owners. The STHA prevents retail businesses from these choices.

[13] Holidays Act 2003 ss 50(1) and 56(1)

[14] Reserve Bank of New Zealand *Labour market (M9)* (2025) <https://www.rbnz.govt.nz/statistics/series/economic-indicators/labour-market>.

[15] 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-proactiverelease-pdf>.

[16] This estimate does not include workers that are allowed to work under local Easter Sunday trading policies.

[17] Statistics New Zealand, Enterprises by industry 2000–2025.

[18] Statistics New Zealand, Linked Employer-Employee Data (LEED) by industry (2025)

[19] This includes New Zealand police officers, fire and emergency, and paid ambulance staff.

[20] This includes road, rail, water, air, space, and support transport services.

[21] Statistics New Zealand, Enterprises by industry 2000–2025.

[22] Health New Zealand does not have data on the exact number of pharmacy assistants and retail staff.

[23] In the 2023 census, 32% identified themselves as Christian and 52% as having no religion.

[24] The costs of opening include all regular costs of running a business, including paying staff and as most restricted trading days are public holidays workers are paid time and a half and are then afforded a day-off in-lieu (noting Easter Sunday is not a public holiday).

Criterion	High-level description
Efficient Does the restricted trading regulation achieve the benefits for the least cost?	**×× In no way efficient** As discussed above, the STHA outlines 28 exemptions (cafés, pharmacies, garden centres, etc.) and additional trading exemptions are made for some regions on Easter Sunday. In addition to the complex exemptions, Territorial Authorities (TAs) can adopt Easter Sunday trading policies[25] that allows shops otherwise required to close to open on Easter Sunday, which is a restricted trading day but not a public holiday. [26] Of the 67 TAs in New Zealand, 42 have an Easter trading policy, meaning a significant proportion of the country do not observe Easter Sunday as a restricted trading day. The Review heard mixed views from TAs, with some reporting economic benefits in high-tourism areas where their Easter Sunday policy allowed shops to open,[27] while others noted low business uptake,[28] and misaligned historic exemption boundaries.[29] For smaller councils, undertaking a review (which is a requirement every five years if there is one in place) of an Easter trading policy is resource intensive and consumes a significant amount of the council's time (although the Review notes this depends on how they choose to conduct the required review).
Proportionate Are the restricted trading requirements proportionate to the level of risk being managed?	**× Not proportionate** Restricted trading regulation is not designed to manage risks. It is designed to put in place a government policy position that some commercial activity should not be allowed to take place on days of religious and national significance. Having said that, we have considered whether the impact of the requirements is proportionally distributed across different business types – and consider that they are not (although this depends on what proportionality metric we are considering). The way the exemptions operate mean some public facing businesses, regardless are able to open (cafés and restaurants, small grocery shops, shops providing services not goods) while others (clothes shops, gift shops, larger grocery shops) cannot. Additionally, the requirements mean that businesses that operate online do not have any commercial impact while those that operate through bricks and mortar businesses are impacted. There are elements of proportionality based on business size in the current approach – in that some small businesses can open while larger businesses cannot. For example, small grocery shops can open while larger supermarkets cannot. Service based instead of goods-based businesses can also open – meaning small hairdressers, tattoo and other beauty industry shops can also open. This operates to mean that smaller businesses whose revenue is more affected by a day-long enforced closure than large businesses can open.

[25] Shop Trading Hours Act 1990, s 5A.
[26] Since 1936, Good Friday and Easter Monday have been recognised as the public holiday, because traditionally most people worked Monday to Friday.
[27] One Council told the Review 'On average, Easter weekends generate $7.5m in spend (Saturday to Tuesday), compared to $5.1m for other three-day long weekends.'
[28] Even though businesses were allowed to open on Easter Sunday, many businesses chose not to open. One council said that larger retailers like Mitre 10 choose not to open on Easter Sunday despite being allowed to open. Two councils revoked their Easter trading. policies because businesses chose not to take the opportunity to trade.
[29] The types of businesses in the area may have changed significantly, which can also affect the relevance of local exemptions.

Criterion	High-level description
	Having said that, the logic does not completely flow through – for example multi-national franchised food stops such as McDonalds, KFC, Burger King and Taco Bell are able to open. Some countries introduce proportionality into restricted trading in a different, and arguably more consistent way, by basing whether you can open on business size. For example, in the United Kingdom large retail stores (floor area over 280 square metres) are required to close on Christmas and Easter Sunday.[30] In New Zealand, most retail businesses, regardless of size are required to close on restricted trading days.
Adaptable Is the restricted trading regulation able to respond to technological, market, societal changes, and information about the regulatory system's performance?	× **Not adaptable** As discussed previously, the STHA framework has little ability to adapt to the social, technological, and economic changes that have taken place over the last 36 years. This is evident in the: • emergence of online shopping has allowed consumers to continue to make retail purchases on restricted trading days • number of amendments and Member's Bills[31] to the STHA indicate that the legislation has been adapting to societal changes over time. However, continued additions to the exemptions often increase complexity for TAs and businesses through introducing inconsistency in the framework (e.g., Easter being treated differently to the other days through local easter trading policies).
Easy to comply with Are the restricted trading requirements easy to find, navigate and understand?	× **Not easy to comply with** We heard from businesses that the framework was difficult to interpret and understand. This is also the position of peak bodies that represent the retail sector.[32] MBIE's Service Centre receive queries about the requirements, particularly about Easter weekend rules. Given the number of shop-based businesses in New Zealand the number of queries is not high, with 41 queries having been made in 2025.[33] Although, this only represents those that choose to make a query and does not represent those that sit down to figure it out by themselves or ask questions of peak bodies (such as Retail NZ and Hospitality NZ) or make queries to their Territorial Authority which would likely be the first port of call for many businesses. MBIE maintains a Reference Book to support its Service Centre staff to interpret the STHA.

[30] Christmas Day (Trading) Act 2004.

[31] Repeal of Good Friday and Easter Sunday as Restricted Trading Days (Shop Trading and Sale of Alcohol) Amendment Bill 2024 and Repeal of Good Friday and Easter Sunday as Restricted Trading Days (Shop Trading and Sale of Alcohol) Amendment Bill (2023).

[32] Retail NZ's position statement on restricted shop trading can be accessed here: https://retail.kiwi/speaking-up-for-you/position-statement-shop-trading-hours/

[33] Information obtained from MBIE's Service Centre.

Criterion	High-level description
Appropriate impact on individual rights and liberties Do restricted trading requirements unduly diminish liberties, personal security, freedoms, or property rights?	× **Does not have appropriate impact on individual rights** As discussed previously, the STHA does not apply equally across all business types. Some businesses are exempt from the STHA and may choose to open on restricted trading days. Retail businesses are not exempt and are required to close on restricted trading days. The STHA prevents retail business owners from trading on their property on certain days. In contrast, other exempt businesses, such as garden centres, museums, and many hospitality businesses, have discretion on opening on restricted trading days.
Otherwise aligned with the Ministry's view of good regulatory practice	× **Not aligned with the Ministry's view of good regulatory practice** A reliance on exemptions in any piece of legislation suggests it may not be fit for purpose. It may also highlight the need for stronger regulatory stewardship in this space. Things change over time, and the addition of more exemptions can (and have) undermined the original policy intent – this could otherwise be viewed as the legislation adapting over time. An example we identified that shows the complexity is hairdressers are allowed to open on restricted trading days, but they are not allowed to sell haircare products.

Problem identification and analysis

20. **Problem:** Our assessment found that the STHA as it applies to retail businesses do not meet the Review's criteria. The STHA restricts retail businesses to trade on a subset of public holidays, which is not entirely effective at achieving its original policy intent and is difficult to understand and comply with. We consider the problem primarily stems from regulatory design, not regulatory practice.

21. **Impacts of the problem:** Based on the evidence collected by the Review we consider the impacts of this problem are:

    a. the commercial impacts on businesses are not evenly distributed, with some commercial entities taking an (albeit small or moderate) financial hit for benefits that are not clear and / or not desired by the general population.

    b. there are businesses owners and workers who find it difficult to understand what they are allowed to do and when which could mean they unknowingly do not comply with the requirements, or close when they do not have to.

    c. we note that public opinion about the continuation of restricted trading days is not known and therefore any impacts of the problem on consumers are not entirely clear (albeit noting that there are a small number of restricted trading days each year)– while there have been some surveys and polls over the years,[34] and Select Committee processes for various amendments to the regime which provide

[34] Taxpayers' Union, "NEW POLL: Overwhelming majority of New Zealanders want Easter trading restrictions repealed" (25 June 2024) Taxpayers' Union <https://www.taxpayers.org.nz/new_poll_majority_nz_want_easter_trading_restrictions_repealed>.

insight,[35] there is no up to date view of public opinion about the entirety of the restricted trading regime.

22. **Likely underlying causes of the problem:**

a. **over-reliance on exemptions:** the STHA operates through 28 exemptions, which allows most businesses to operate on restricted trading days while retail businesses are required to close

b. **fragmented and inconsistent application:** TAs can adopt Easter Sunday trading polices that allow businesses to open only on Easter Sunday, but these rules differ across the country – this can compromise business certainty for regulated parties

c. **inability to adapt to social and technological change:** while the framework has adapted to some societal changes over time (a good example being the most recent amendment to the framework changing its treatment of alcohol being served on restricted trading days), the reliance on a growing number of exemptions makes the framework more complex and harder to understand, and therefore navigate and comply with. Additionally, the framework does not appear to have adapted well to changes such as the growth of online shopping, which allows retail businesses to trade despite the physical store being required to close.

d. **societal changes**: societal changes mean that the continued validity of restricted trading days is being called into question more regularly. 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.[36] 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.[37]

[35] Ministry of Justice, Departmental Report: Sale and Supply of Alcohol (Sales on Anzac Day Morning, Good Friday, Easter Sunday, and Christmas Day) Amendment Bill (report to the Justice Committee, 12 August 2025).

[36] 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>.

[37] See Geofrey Troughton (2024) "Christianity in New Zealand: Key Statistics and Trends." Strengthening the Church in New Zealand. New Vision New Zealand, Vol. 5.

Options identification and analysis

Methodology

23. We assess the options identified to address the problem against the Review's assessment criteria described in Table 4 below. Refer to Table 2 for the meaning of the assessments.

Table 4 - Criteria for the assessment of options

Criterion	High-level description
Effective	The option is likely to address the problem(s).
Efficient	The option is likely to address the problem(s) for the least cost.[38] The benefits of the option likely outweigh the ongoing costs to government and regulated parities.
Feasible	Implementing the option is likely to be achievable (i.e., the likely costs of making the change are proportional to the expected benefits) Any risks that may undermine the effectiveness or efficiency of the option are manageable.
Appropriate impact on individual rights and liberties[39]	The impact, if any, the option has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.

The Review has analysed two options against the status quo

24. While regulation that applies to retail businesses is not in scope of the Review, we have provided preliminary options to inform further work on the STHA given the evidence we have gathered. Our cost benefit analysis indicates that the existing restrictions prevent economic activity, particularly in high tourist traffic seasons. Our full assessment of the options in Table 5 below.

25. **Option 1 considers targeted changes to the STHA and associated guidance**. This could address the issue of current complexity and the framework being difficult to understand. We have not considered in detail what these targeted changes would be, and therefore our analysis is limited to assuming the changes would reduce the current complexity and general inconsistency.

26. **Option 2 considers removal of all trading restrictions.** If government no longer believes restricted trading days continue to serve a purpose, this resolves the issues of inconsistent application of the STHA around the country.

27. The key decision here is a base level policy decision – does government want to continue having restricted trading days, or not.

[38] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply trading off benefits and costs.

[39] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.

Table 5 - Assessment of options to improve the Shop Trading Hours Act 1990

#	Option	Assessment criteria			
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties
1	Targeted changes to the STHA and associated guidance	✓ **Partially meets the criterion** Option 1 retains restricted trading days, while updating the language and rules to reflect current use and practice of restricted trading days. These changes could include updating historic boundaries in areas that are exempt from the STHA, changing some of the language in the STHA to be more easily understood by businesses. By identifying targeted changes in the STHA, there will be less room for misinterpretation. However, we are uncertain if those changes would allow retail businesses to open on restricted trading days.	✓ **Partially meets the criterion** If the Government retains restricted trading days in some form, this Option 1 may suffice in the short-term. However, as more societal and technological advances continue to evolve and change the way we work, the STHA is likely to become even more outdated, requiring further amendments in the future.	✓ **Partially meets the criterion** While implementation could be resource intensive and time-consuming, Option 1 focuses on discrete changes rather than creating a new framework. As some STHA exemptions are tied to local trading policies (e.g., Easter trading bylaws), there may need to be additional work on how the targeted changes interact with local variation.	✓ **Partially meets the criterion** As discussed, Option 1 is likely to improve clarity in the short-term, which may support more informed decision-making by businesses and workers. However, if restricted trading days are retained, it remains uncertain whether the targeted amendments would change retail businesses' ability to exercise their rights and liberties, particularly for owners who also own the premises from which they operate. Additionally, there could be some tensions for workers who value a collective pause for religious or cultural reasons that could be pressured to work on formerly restricted trading days.
2	Remove all trading restrictions	✓✓ **Fully meets the criterion** Removing all trading restrictions would resolve the issues the Review identified with the STHA.	✓✓ **Fully meets the criterion** Removing all trading restrictions removes the need for a complex exemptions-based framework.	✓✓ **Fully meets the criterion** If government no longer sees relevance in retaining restricted trading days, removing them is	✓✓ **Fully meets the criterion** Removing all trading restrictions would expand business owners' property rights and workers'

#	Option	Assessment criteria			
		Effective	Efficient	Feasible	Appropriate impact on individual rights and liberties
		All businesses could choose to trade on restricted trading days, or not. However, there may be some uncertainty or changes to the days and hours worked by some workers on previously restricted trading days. These risks would be manageable if these changes are planned alongside employment law settings.	There could be some costs such as the loss of leisure time and the erosion of religious and cultural observance for some individuals which are borne by specific groups rather than society as a whole. We estimate this could yield a religious cost of approximately -$440,000 to -$13.1m per annum. However, our cost-benefit analysis estimates that benefits could range between approximately $800,000m to $65.1m per annum. This means if all businesses were allowed to open on restricted trading days, the benefits would likely to outweigh the total costs, with a positive net benefit over time.	the most straightforward option, instead of redesigning old legislation. Removing restricted trading days would reduce the need of ongoing regulatory stewardship of the STHA.	freedom to choose whether to work or rest on restricted trading days. Consumers would also have greater access to retail services. Our calculations suggest consumer spending could increase from approximately $1.6m to $19.6m per annum. As discussed above, there could be some tensions for workers who value a collective pause for religious or cultural reasons that could be pressured to work on formerly restricted trading days.

There may not be sufficient market failures for government to intervene

28. The rationale for government intervention in restricting shop trading on certain days is not grounded in mitigating risk or addressing market failures, as is typical in other regulatory systems. It reflects New Zealand's history as a predominantly Christian country and wanting to recognise a day of remembrance for service personnel who lost their lives.

29. The STHA currently applies to approximately 56,712 businesses in New Zealand today.[40] Of those, approximately 13,229 are retail businesses and are required to close on restricted shop trading days.[41]

30. The Review has concluded that:

    a. the risks that would exist if government did not intervene are minimal, and unlikely to outweigh any benefits

    b. there are no market failures that would exist in addition to those that already exist in the worker / employer relationship.

31. The Review has also considered whether there are any potential market power changes and concluded that any existing power imbalances between workers and employers would be largely unchanged.

32. As discussed previously, government intervened to guarantee certain workers, who might otherwise be scheduled to work on restricted shop trading days receive three-and-a-half days off to recognise these culturally significant days. Our analysis found approximately 106,200 retail employees receive these benefits, meaning many are already working on restricted trading days under STHA exemptions.[42] There are rules in the Holidays Act 2003 and Employment Relations Act 2000 to compensate those workers i.e., they are paid time and a half and receive time off in lieu on public holidays.

33. The main risk of removing restricted trading is that workers who are required to work on restricted shop trading days may find their wage does not compensate for their lost leisure time (i.e., a reduction in labour surplus). This means 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.

34. There are potential risks to the degradation of individual employment relationships, if employees and employers disagree on future arrangements after changes to the STHA are made. Further consideration and analysis are required to properly understand the interaction between employment law and any changes proposed to restricted trading.

Limitations and constraints

35. This analysis has been undertaken without public or targeted stakeholder consultation. The Review has not engaged directly with groups that may be affected by changes to restricted shop trading days, including retail workers, unions, worker advocacy groups, and faith-based organisations. As a result, this analysis does not fully capture the range of views held by these groups.

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[40] This includes hospitality, retail (includes supermarkets, clothing retailers, pharmacies, garden centres, etc.), museums, and galleries.
[41] Some of these retail businesses can open under STHA exemptions (local Easter Sunday trading policies, geographic exemptions, etc.) Statistics New Zealand, Enterprises by industry 2000-2025.
[42] Statistics New Zealand, Enterprises by industry and enterprise employee count size group 2000–2025.

36. It should be noted our assessment is based primarily on desktop analysis and existing information and evidence, including submissions received through the Review, academic literature, and international comparisons.

37. Our cost-benefit analysis in relation to non-monetised impacts such as the value individuals place on leisure time, religious observance, and cultural significance is based on assumptions. Some of these estimates were found through our desktop analysis. As a result, some of these impacts are inherently difficult to quantify, and results should therefore be interpreted as indicative rather than definitive.

38. We consider that any changes to the STHA, whether amending it or removing restricted trading days would require significantly more policy analysis, including a public consultation process.

Comment

39. The Review originally considered restricted shop trading because the STHA was brought to our attention through engagement with the sector. Our subsequent analysis identified broader issues with the ongoing policy justification of the STHA.

40. While out of scope of the Hospitality Review, our analysis has shown that there are potentially a wide range of views about whether restricted trading days are still needed. Public sentiment may have sufficiently changed to the extent that we should consider whether the restrictions are needed. What we do know, is that the current legislative framework is complex, difficult to interpret, and inconsistently applied. There would be implications for New Zealand workers if the Shop Trading Hours Act 1990 was changed, and therefore we consider that the public should be appropriately engaged before policy decisions are made.

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Liquid Petroleum Gas Storage

Executive Summary

1. The government regulates the storage of Liquid Petroleum Gas (LPG) for business and home use as part of mitigating harm to the public from hazardous substances.
2. Some hospitality businesses have raised that meeting their obligations under the Health and Safety at Work (Hazardous Substances) Regulations 2017 can impose unnecessary administrative and monetary costs.
3. We found that compliance obligations:
    a. broadly reflect how LPG is used in the New Zealand context
    b. are attuned with relevant international jurisdictions
    c. are tiered to match the level of risk in a given context.
4. Compliance for businesses also reflects their general obligations under relevant health and safety regulations, as well as the requirements for storing, handling, and using hazardous substances.
5. Based on this, **we do not recommend changes to the current regulatory settings** for LPG storage and use in the context of the Hospitality Sector Review (the Review).

Background

Many businesses use liquid petroleum gas as a fuel source, but there are safety risks

6. LPG is a convenient, efficient, and relatively 'clean' fuel source, often used by hospitality businesses for cookers, ovens, barbeques, cabinet heaters and patio heaters.[1]
7. In 2024, New Zealand extracted over 154 million cubic metres (Mm^3) of LPG.[2] Data indicates that over 195 Mm^3 of gas were consumed for commercial use over this same period.[3]
8. The main industry group for gas companies, Gas New Zealand (Gas NZ), estimates that LPG is used by 300,000 customers throughout New Zealand.[4] In the South Island, there is no piped infrastructure for natural gas, making LPG a particularly integral fuel source in this region.

[1] Using LPG produces less air pollutants than diesel, oil, wood, or coal, and emits about 20 per cent less carbon dioxide than heating oil and 15 per cent less than coal.
[2] Ministry of Business, Innovation & Employment *New Zealand Energy Quarterly – September 2025* (December 2025).
[3] Ministry of Business, Innovation & Employment *New Zealand Energy Quarterly – September 2025* (December 2025).
[4] Gas NZ "Future gas supply for households and small business" (1 October 2024) < https://gasnz.org.nz/news/gas-supply-for-households-and-small-businesses>.

9. All workplace users of LPG are subject to regulations that support public health and safety.[5] This is because LPG poses inherent safety risks:[6]

    a. LPG is extremely flammable and can cause a fire or explosion if ignited

    b. LPG is heavier than air. If LPG leaks, it will evaporate and form a large cloud of gas, which will settle in low spots such as drains or basements, displacing oxygen. This can cause a fire or become a suffocation hazard where there is incomplete combustion and carbon monoxide (CO) forms[7]

    c. LPG can cause cold burns if in contact with the skin.

Regulation mitigates risks to people working with hazardous substances and the public

10. The storage, handling, and use of LPG gas is regulated to mitigate the risk of injury or fatality to persons directly involved in these activities, as well as the wider risk to the public from any incidents involving LPG.

11. WorkSafe New Zealand (WorkSafe), the primary workplace health and safety regulator, has collected data about incidents involving LPG and members of the public. WorkSafe data indicates 46 fatalities and 309 injuries involving LPG gas over the period between 1993 and 2024 (1.4 fatalities per year).[8] Over half of the fatalities recorded involved a fire or explosion (24) and almost half (21) involved CO poisoning. Cooking equipment was involved in almost half (41%) of these fatalities.[9]

12. WorkSafe reports a significant reduction in the average annual fatalities and injuries for the period 2020-2024 compared with the period 1993-2024 (see table below):[10]

Consequence of incident	1993-2024	2020-2024
Fatalities	1.4 per year	0.4 per year
Injuries	9.7 per year	2.2 per year

13. The main causes of accidents resulting in injuries or deaths for the period 2020-2024 are recorded by WorkSafe as:

    a. malfunction (30%)

    b. assembly connection, installation and alteration (20%)

    c. lack of maintenance (10%)

    d. carelessness (10%)

    e. procedure (5%).[11]

[5] Use outside of workplaces is governed by the Hazardous Substances (Property Controls) Notice 2017 set by the Environmental Protection Authority.
[6] LPG is classified by the Environmental Protection Authority as a Flammable Gas Class 1 A: Extremely flammable gas (HSR001009); see also WorkSafe *LPG in industry* (Quick Guide, December 2021) at 1.
[7] For example, in an oxygen deficient environment where LPG is present in high concentrations (i.e., oxygen has been displaced, and there is limited ventilation), carbon monoxide (CO) may form, which can lead to CO poisoning and asphyxiation.
[8] WorkSafe – Energy Safety *Electrical and gas accidents: Energy Safety Annual Report* (2024) at 28-37.
[9] WorkSafe data does not include a breakdown of where incidents occurred (for example, in a restaurant, manufacturing plant, etc.).
[10] WorkSafe – Energy Safety *Electrical and gas accidents: Energy Safety Annual Report* (2024) at 31.
[11] WorkSafe – Energy Safety *Electrical and gas accidents: Energy Safety Annual Report* (2024) at 33.

14. It is worth noting that for the period 1993-2024, operation error is recorded as a significant cause of LPG accidents (14%); however, this has not been a major cause of accidents for the period 2020-2024.[12]

15. Trends in harm resulting from incidents involving LPG are similar between Australia and New Zealand.[13] This is notable given Australia (federally) and New Zealand take a broadly aligned approach to regulating LPG.[14] The trends include:

    a. fatalities have declined over the last two decades, and are currently at an all-time low

    b. fires / explosions are the dominant type of accident (64%), followed by CO poisoning (33%)[15]

    c. cookers, ovens, and stoves are the main equipment involved in fatal accidents (23%), with cabinet heaters involved in 14% of accidents[16]

    However, total fatalities in New Zealand (22) far exceed those in Australia (53) between 2005 and 2024 on a per capita basis.[17] Research suggests there is a need for improved data, stronger and more strategic oversight, and a more proactive regulatory approach to close this gap.[18] WorkSafe's Statement of Intent 2025-2029 sets out an approach to address these issues.

Legislative instruments

The regulatory framework has shifted from hazardous substances to health and safety

16. Workplace storage, handling, and use of LPG gas in cylinders, as well as individual controls on approved substances, were previously regulated primarily through the Hazardous Substances and New Organisms Act 1996 and associated regulations.

17. Workplace requirements, however, were shifted when the Health and Safety at Work Act 2015 (HSWA) and the Health and Safety at Work (Hazardous Substances) Regulations 2017 were enacted.[19] The Ministry for Business, Innovation and Employment (MBIE) administers HSWA and the HS Regulations through the regulator, WorkSafe. These form the basis for the compliance obligations placed on hospitality businesses that use LPG gas as part of their operations.

[12] WorkSafe – Energy Safety *Electrical and gas accidents: Energy Safety Annual Report* (2024) at 33.
[13] Gas Technical Regulators Committee *Fatal Gas Accident Data Report – Australia and New Zealand Financial Years 2005 – 2024* (2024) at Graph 1.3a [5].
[14] Both the New Zealand and Australian systems are based on the approach to workplace health and safety in the United Kingdom; see WorkSafe *Towards 2020: Progress Towards the Government's Working Safer Fatality and Serious Injury Reduction Target* (May 2017).
[15] Gas Technical Regulators Committee *Fatal Gas Accident Data Report – Australia and New Zealand Financial Years 2005 – 2024* (2024) at Graph 1.5a [7].
[16] Gas Technical Regulators Committee *Fatal Gas Accident Data Report – Australia and New Zealand Financial Years 2005 – 2024* (2024) at Graph 1.7a [9].
[17] Gas Technical Regulators Committee *Fatal Gas Accident Data Report – Australia and New Zealand Financial Years 2005 – 2024* (2024) at Table 4.2 [26].
[18] See Rebbecca Lilley, Brett Maclennan, Bronwen M. McNoe, Gabrielle Davie, Simon Horsburgh, and Tim Driscoll "Decade of fatal injuries in workers in New Zealand: insights from a comprehensive national observational study" (2021) 27 Injury Prev. 124.
[19] See WorkSafe "Hazardous Substances Regulations – Role of EPA and WorkSafe" (27 May 2019) <https://www.worksafe.govt.nz/topic-and-industry/hazardous-substances/regulations/role-of-epa-and-worksafe/>.

18. Location compliance certificates and staff training, requirements under HSWA, are the core obligations with associated costs for businesses, including hospitality businesses.

A range of legislation provides classification information and requirements for LPG

19. LPG is classified as a hazardous substance, the responsibilities and oversight of agencies, and the requirements relevant to businesses and gas suppliers, are set out in both primary and secondary legislation, including:

    a. the Hazardous Substances and New Organisms Act 1996 (HSNO)
    b. the Gas Act 1992
    c. the Health and Safety at Work Act 2015 (HSWA)
    d. the Hazardous Substances (Hazardous Property Controls) Notice 2017 (HPC Notice)
    e. the Gas (Safety and Measurement) Regulations 2010 (GSMR)
    f. the Health and Safety at Work (Hazardous Substances) Regulations 2017 (HS Regulations)
    g. the Health and Safety at Work (General Risk and Workplace Management) Regulations 2016 (GRWM Regulations)
    h. the Australian and New Zealand Standard (AS/NZS) 1596:2026.[20]

20. **Appendix 1** describes the provisions and requirements contained in the relevant primary and secondary legislation.

Related guidance supporting primary and secondary legislation

21. WorkSafe also provides a range of supporting material to help businesses and individuals comply with their obligations for storing and handling LPG.

22. Specific guidance for hospitality businesses sets out their role and responsibilities as a person conducting a business or undertaking (PCBU), with specific obligations about LPG safety, storing, installing, and filling LPG containers.[21]

23. The Hazardous Substances Calculator supports businesses to create a tailored inventory of key requirements they need to meet based on the kind and quantity of hazardous substances they use, handle, manufacture and store. [22]

How does it work in practice

24. The obligations that apply to a hospitality business depend on the amount and location of LPG (indoors or outdoors), and the building structure (standalone or attached to another building). In general, commercial premises in standalone buildings cannot store more than 100 kg of LPG indoors, and commercial premises in

[20] Previously AS/NZS 1596:2014; the legislation has not yet been amended with the release of the updated version.
[21] WorkSafe *LPG in hospitality* (Quick Guide, August 2018).
[22] WorkSafe "Hazardous Substances Calculator" <https://hazardoussubstances.govt.nz/calculator/>.

buildings attached to other occupied buildings can store a maximum of 20 kg of LPG indoors. Any LPG exceeding these quantities must be stored outside.[23]

25. The amount of LPG a business can store outside is uncapped, provided the way it is stored complies with the legislation, regulations, and relevant standards. This system is flexible to the needs of the business (which may vary based on their gas suppliers' delivery cycles, the business's location, and the use case for LPG).

26. How much LPG a hospitality business has on site will vary depending on the use case for each business – for heating water, for space heating (i.e., cabinet heaters), for cooking (ovens / stoves), etc., – and the delivery cycles available from the gas supplier.[24] More remote locations may be restricted to a less frequent delivery cycle and may have fewer gas suppliers available to choose between.

27. All hospitality businesses that store and use LPG have standard hazardous substance obligations about:

    a. preparing and maintaining an inventory[25]
    b. keeping a safety data sheet[26]
    c. training and supervision of workers[27]
    d. labelling[28]
    e. signage. [29]

28. The in-practice implications from these standard obligations, including estimated costs for businesses, are set out below.

29. Packaging[30] and personal protective equipment (PPE) requirements are relevant for gas suppliers, or for businesses that use a built-in (i.e., stationary / permanent) bulk storage system for LPG and are less applicable for hospitality businesses storing and using refillable LPG cylinders. [31]

Preparing and maintaining an inventory

30. Businesses that store or use LPG need to prepare and maintain an inventory of these substances. The inventory must include the chemical name, maximum quantity on site, location of the substance, specific storage requirements, the safety data sheet, and any hazardous waste.[32]

Keeping a safety data sheet

31. Businesses are required to keep a safety data sheet for LPG, and to make the information contained available to workers and any emergency service workers.[33]

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[23] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 11.42.
[24] Suppliers include Elgas, Genesis Energy, Vector Ongas, Mercury Energy, Metro Gas, Matagas, and Getgas.
[25] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 3.1.
[26] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 2.11.
[27] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 4.5.
[28] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 2.1.
[29] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 2.5; note that where LPG is used in a refrigeration system requirements apply irrespective of the volume stored.
[30] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 2.12
[31] Health and Safety at Work (General Risk and Workplace Management) Regulations 2016, reg 15.
[32] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 3.1 (2).
[33] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 2.11.

Training and supervision of workers

32. Hospitality businesses that store and use LPG are required to provide workers with training and practical supervised experience on safe handling, health and safety risks, equipment use, emergency management, and their regulatory obligations.[34]

Labelling

33. Businesses are required to appropriately label LPG in line with its classification under the HSNO Act.[35] This requires that LPG be labelled as flammable.[36]

General obligations about first aid supplies and training

34. First aid obligations are not specific to hospitality businesses, or to the storage and use of hazardous substances. Under the Health and Safety at Work (General Risk and Workplace Management) Regulations 2016 (GRWM Regulations), PCBUs (in this case hospitality businesses) have obligations to ensure first aid equipment is provided and accessible to workers, and that either:

    a. an adequate number of workers are trained to administer first aid at the workplace

    b. workers have access to an adequate number of other persons who have been trained to administer first aid.[37]

35. In meeting these obligations, businesses need to consider the nature of the work, the nature of any workplace hazards, the size and location of the workplace, and the number / composition of the workforce at the workplace.

36. The cost of first aid training and renewal (required every 2 years) varies by provider and generally ranges from about $115 - $275 per person for training (depending on the NZQA units included) and $145-$175 for a revalidation or renewal course and certificate.[38]

37. The cost for an individual business will depend on whether workers need to be trained in first aid (i.e., whether workers have access to other persons with first aid training), and how many workers need first aid training. WorkSafe provides information to help businesses decide how many trained first aiders they need, and what equipment and facilities they need to provide for their workers.[39]

Volume-based obligations for hospitality businesses

38. Depending on the volume of LPG being stored and used on site, some businesses also have additional regulatory obligations. The thresholds for additional obligations are based on the volume of LPG stored on site. Additional obligations are cumulative.

[34] See WorkSafe "Managing your hazardous substances - Information, instruction, supervision and training" (12 September 2017) <https://www.worksafe.govt.nz/topic-and-industry/hazardous-substances/managing/information-instruction-supervision-training/>.
[35] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 2.1.
[36] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 2.1(2).
[37] Health and Safety at Work (General Risk and Workplace Management) Regulations 2016, reg 13.
[38] Based on course costs information available from Lifecare, St Johns, A1 First Aid, and New Zealand Red Cross.
[39] See WorkSafe *First aid at work* (Quick Guide, February 2020) at 16.

Volume (kg)	Requirements that apply
> 50 kg	• A hospitality business is required to have 2 kg of dry chemical **fire extinguisher** on site.[40] This requirement may also be met by a hydrant system that has a 20mm diameter hose fitted with a spray nozzle that is long enough to wet all sides of the LPG tank. • If a business has more than 50 kg of LPG inside a building, they need **signage** – this needs to be accurate, easy to understand, and indicate that LPG is flammable, including precautions to prevent unintended ignition and immediate response actions to be taken in an emergency.[41]

> 100 kg	• A hospitality business is required to have a **site plan** indicating hazardous areas as part of **managing a hazardous substance location**.[42]
	• Hospitality businesses are required to have a **location compliance certificate** if they store more than 100 kg of LPG on site.[43]
	  ○ For LPG installations between 100 kg and up to 300 kg, Location compliance certificates issued by a specialised compliance certifier are valid for up to 3 years.
	  ○ Upon the expiry of an initial location compliance certificate, the gas supplier can undertake their own compliance checks and issue a plaque, valid for up to 3 years.[44] This replaces the requirement for a location compliance certificate while the plaque is in effect.[45]
	• Businesses must comply with obligations for **secured substances** to prevent public access.[46]

> 250 kg	• If a business has more than 250 kg of LPG outside a building, they need **signage**.[47]
> 300 kg	• A hospitality business is required to prepare an **emergency response plan**. The emergency response plan (including the site map) may be reviewed by Fire and Emergency New Zealand. • For LPG installations greater than 300 kg, Location compliance certificates must be issued each year by a specialised compliance certifier.

[40] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 5.3.
[41] Health and Safety at Work (Hazardous Substances) Regulations 2017, regs 2.5, 2.6(3) and (5).
[42] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 10.26.
[43] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 10.34.
[44] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 11.43.
[45] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 10.35.
[46] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 10.4.
[47] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 2.5.

39. The costs of compliance for these volume-based requirements varies depending on the nature of the business's operations, the scale of the site, the volume of LPG stored, whether it is stored inside or outside, and use of third parties to verify compliance. Below is an indicative indicator of costs:

    a. the indicative cost for 2 kg of dry chemical fire extinguisher starts from $74.95.[48] Under NZS 4503:2005 – Hand Operated Fire-Fighting Equipment, fire extinguishers are considered expired after 5 years

    b. the nature of the site and the hazardous substances involved will influence the cost of a site plan for each business, which may range from a few hundred dollars (e.g., for a small business using a relatively small volume of LPG for a single purpose) to a few thousand dollars (e.g. for a large business with complicated operations, multiple storage locations, and a large volume of LPG)

    c. Businesses can find a third-party location compliance certifier using the Register of Compliance Certifiers provided by WorkSafe. There are currently 42 location compliance certifiers for flammable liquids and gases nationwide, whose fees vary.[49] The limited data provided to the Hospitality Review (the Review) suggests location compliance certification may cost up to $1500 for each certification.[50] As set out above, this cost may occur either annually or up to every three years, depending on the volume of LPG in question

    d. businesses that hold > 300kg of LPG apply to WorkSafe for an extension of their compliance certificate from one year initially to up to 36 months.[51] Extensions are considered based on the business's ability to demonstrate the review and monitoring systems in place, the business's compliance history, and the amount of LPG being held on site. The cost for an extension is $525.[52]

40. WorkSafe provides guidance on the expectations and risk assessments for compliance certification.[53]

Analysis

Issues raised by stakeholders are primarily cost-related, and small-scale

41. The Review received three submissions from businesses (an accommodation provider and a food truck operator) and an industry peak body raising different issues around LPG storage / use requirements. These concerns form 1.6% of concerns raised through the initial consultation or direct engagement undertaken by the Ministry. Issues raised included:

    a. annual compliance checks include requirements for staff training, regardless of whether staff have changed

[48] Based on costs from Fire Protection Online.
[49] See WorkSafe "Register of Compliance Certifiers" (13 March 2026) <https://compliancecertifiers.worksafe.govt.nz/>.
[50] These costs were provided to the Ministry for Regulation by a range of hospitality businesses, primarily accommodation providers.
[51] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 8.2.
[52] Health and Safety at Work (Hazardous Substances) Regulations 2017, sch 2.
[53] See WorkSafe *Compliance Certifiers: Obligations when issuing certificates and refusals* (Quick Guide, November 2024).

b. location compliance certification requires there is a staff member with first-aid training on the register, adding additional costs

c. there should be greater enforcement of the NZ Standards for gas equipment and connections for food trucks and trailers

d. site plans are costly, and specialists are required to meet the highly specific requirements.

42. It is unclear overall how many hospitality businesses in total are affected by the regulations relative to the estimated number of commercial premises using LPG (roughly 300,000). However, there is no evidence to suggest this is a widespread or urgent issue for the hospitality sector.

43. Below, we examine the alignment between the current compliance obligations for businesses and:

a. wider health and safety requirements for businesses

b. the level of risk posed, i.e., the proportionality of the requirements

c. relevant international approaches to regulating LPG.

Staff turnover may increase training costs, but these obligations reflect wider health and safety obligations and risks inherent to LPG

Requirements for first aid training reflect broader obligations for all businesses

44. All businesses, including those using and storing hazardous substances, have minimum first aid obligations under the GRWM Regulations.[54] These general obligations would not fall away if LPG were not present on site.

45. The cost of first aid training is relatively low on a per person basis (see paragraph 35). Staff turnover in the hospitality sector ranges from 27.6% – 41% for different business types[55], and this may create recurring costs where new staff do not hold a current first aid training certification. However, as discussed further below, first aid training, and appropriate training about hazardous substances, are key risk mitigation measures where a business uses LPG.

Staff training requirements reflect risks inherent to hazardous substances

46. The requirements for staff training under the HS Regulations reflect the nature of different hazardous substances and the risks involved with their storage and use. LPG is classified as an extremely flammable substance, and comes with unique risks for users (e.g., asphyxiation, explosions). Businesses are provided with some flexibility around how they meet the training requirements, for example through training provided by a third-party providers or instructions on-the-job.

47. Training requirements apply to staff directly handling LPG.[56] This means that generally, front of house staff who are not involved in handling LPG or changing over cylinders would not fall under these requirements. The PCBU may still wish to

[54] Health and Safety at Work (General Risk and Workplace Management) Regulations 2016, reg 13.
[55] David Williamson and Candice Harris *Hospitality and Tourism Employment: Rebounds and Roads Forward 2024* (Ministry of Business, Innovation & Employment, 2024) at 24.
[56] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 4.5.

provide a proper induction about storage areas, safety data sheets and the hazardous area (for example, by informing staff about ignition sources), but training is typically limited to relevant staff.

48. Staff training obligations are not specific to the requirement for location compliance certification. However, records of staff training may be assessed by a location compliance certifier.[57] This means employers may be required to produce records or proof of staff training every year, or every three years, depending on how much LPG is stored on site.

49. Staff turnover in the hospitality sector ranges from 27.6% – 41% for different business types.[58] A requirement to provide proof or records of staff training is important for ensuring long-term staff remain familiar with the risk management practices, and new staff are inducted properly. The regulations provide businesses with flexibility in how they carry out training and instruction, while ensuring safety risks continue to be mitigated through ongoing staff education.

Site plan requirements are integral to emergency management planning

50. Site plans are required for both businesses and domestic premises where the volume of LPG stored on site exceeds 100 kg. The way the hazardous zone is set up, and the specified distances (e.g., from walls, other tanks), vary depending on the volume of LPG held on site. A site plan is a health and safety control and sets out the location of hazardous substances as part of a map of the premises. Site plans are a key part of mitigating risks to the public and staff where an incident may take place.

51. While site plans are checked as part of annual location compliance certification, the requirement also falls under emergency management planning obligations, including for evacuation schemes. For example, under the Fire and Emergency New Zealand (Fire Safety, Evacuation Procedures, and Evacuation Schemes) Regulations 2018, evacuation schemes are also required for buildings:

    a. where 100 or more people can gather
    b. where 10 or more people work
    c. where six or more people sleep, unless the building is made up of three or fewer household units.[59]

    This means many hospitality businesses, particularly accommodation providers, would need to meet site plan and evacuation requirements regardless of hazardous substances.

52. The nature and scale of the business (and the site) and the hazardous substances involved will influence the cost of a site plan for each business, which may range from a few hundred to (in more extreme cases) a few thousand dollars. This is a one-off cost. While there are criteria that need to be met for a site plan, businesses are responsible for procuring the relevant services from a third-party. This provides

[57] WorkSafe *Information, training and instruction for workers handling hazardous substances* (Quick Guide, November 2017) at 5.
[58] David Williamson and Candice Harris *Hospitality and Tourism Employment: Rebounds and Roads Forward 2024* (Ministry of Business, Innovation & Employment, 2024) at 24.
[59] Fire and Emergency New Zealand Act 2017, s 75.

businesses with the flexibility to choose services that are appropriate to the scale and complexity of their operation.

Requirements for businesses are tiered based on the volume of LPG on site, and there are opportunities to seek exemptions where risk permits

53. The requirements for the storage and use of LPG are designed to be proportionate to the volume of LPG stored, and the risk associated with how it is stored (e.g., indoors versus outdoors). The requirements for different volumes of LPG are consistent for both domestic and commercial premises.[60]

54. For accommodation providers, the use case for LPG may involve significantly larger quantities of LPG onsite (i.e., > 300 kg). This may be due to the way the business uses LPG. For example, for water-heating across multiple units, or due to the gas supplier's delivery cycle frequency, which may be less frequent for remote locations. In either case, a larger volume of LPG means the business falls under a different risk profile and therefore has more compliance obligations.

55. There are provisions in place to make compliance more straightforward and adaptable – for example:

    a. there is flexibility about how training requirements are met

    b. businesses can seek a compliance plaque from the relevant gas supplier for < 300 kg of LPG where gas suppliers offer this service

    c. businesses that hold > 300 kg of LPG can apply to WorkSafe for an extension of their compliance certificate to up to three years.[61]

Requirements for businesses are aligned with international practice where relevant, and target how businesses use LPG in New Zealand

New Zealand's regulations broadly align with international practice

56. The volume thresholds for LPG that trigger different compliance obligations are similar in both New Zealand and overseas. This is particularly the case where the use case for LPG is similar (for example, between Australia and New Zealand).

57. In the United Kingdom, Canada, and most Australian states, businesses have similar obligations for staff training and instruction, first aid, hazards risk assessment, ventilation, and emergency management planning. Australian states have similar requirements for business site plans and maps through their use of the joint AS / NZS Standards.[62]

58. In the United Kingdom, Codes of Practice are produced for businesses and consumers using LPG; these have a similar guidance and technical specifications to the joint AS / NZS Standards.[63]

59. Licensing / compliance certification requirements are not consistent internationally. Requirements for storage licences, compliance plaques, and certificates of

[60] See Hazardous Substances (Hazardous Property Controls) Notice 2017.
[61] Health and Safety at Work (Hazardous Substances) Regulations 2017, reg 8.2.
[62] See generally AS/NZS 1596:2026 The storage and handling of LP Gas; and AS / NZS 5601: 2022 Gas installations – general installations.
[63] See generally Code of Practice 07 (2021): Storage of Full and Empty LPG Cylinders and Cartridges (United Kingdom); and Code of Practice 33 (2023): Use of LPG Cylinders (United Kingdom).

inspection vary across the Australian states, and in Canada and Victoria, Australia, the licensing regime only applies to stationary bulk storage[64] in a rail / transport context.

New Zealand's regulations provide businesses with relative flexibility around the volume of LPG being stored and used

60. The relative absence of licensing requirements in comparable jurisdictions (see paragraph 59 above) is balanced by tighter controls on the amount of LPG allowed on site, or by other regulatory regimes targeted to mitigate risk. For example:

    a. the Canadian Occupational Health and Safety Regulations specify that the quantity of a hazardous substance for use in a workplace should be limited (if feasible) to the quantity required in one workday[65]

    b. in the United Kingdom, the Gas Safe Register was implemented as part of a regime change designed to ensure the safety of appliances using gas. This includes a focus on risk mitigation that targets equipment, rather than premises, and responsibilities for gas suppliers.[66]

61. Compliance certification requirements for New Zealand provide businesses with the flexibility to store and use larger quantities of LPG than are generally prescribed elsewhere. This balances the significant use of LPG as a fuel source in New Zealand (see paragraph 7) with the need to ensure risks are appropriately mitigated.

Recommendations

62. Our analysis does not indicate there is a regulatory problem underpinning the issues reported by hospitality businesses.

63. The evidence suggests the regulatory settings for LPG are:

    a. **informed by wider health and safety regulations** that apply to businesses generally

    b. **proportionate to the risks** associated with the use of different volumes of LPG

    c. **aligned with international practice** where applicable.

64. While the Review did not undertake substantive public engagement on this issue in the time available, the information we have received from businesses suggests issues raised about costs are not widespread. Hospitality New Zealand has confirmed the regulatory settings for LPG are not commonly raised concerns for the sector, with most complaints being from accommodation providers.

65. We have engaged with WorkSafe to test our understanding of the regulations and the in-practice implementation of the rules for LPG storage and use. Engagement with the Environmental Protection Authority and the Ministry for the Environment as the

[64] The requirements apply to bulk quantities where the amount of LPG exceeds 2000 imperial litres, and the tank system is built-in, i.e., stationary. See the Liquefied Petroleum Gases Bulk Storage Regulations C.R.C., c. 1152.

[65] Canadian Occupational Health and Safety Regulations (SOR/86-204),10.1 Part X – Hazardous Substances s 10.11.

[66] See also Liquid Gas UK *Use of LPG Cylinders* (Code of Practice 33 - 2023, July 2023).

respective administrative and policy agencies for the Hazardous Substances and New Organisms Act 1996 was not required.

66. **We do not recommend changing the regulatory settings**.

Comments

67. **Appendix 2** sets out the use case for LPG, relevant regulations, and key obligations for businesses (especially around certification or licensing / permits) in several international jurisdictions for comparison.

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Security Guards

The regulatory problem

1. Through engagement with the hospitality sector, the Hospitality Review (the Review) understands that some security guards[1] have been required by their employer to display their Certificate of Approval (CoA), in addition to their identification (ID) badge, when on duty in a hospitality business. As the CoA contains personal details, stakeholders were concerned that regulatory requirements were placing security guards at risk of harm.

Background

2. Security guards play a crucial role in ensuring patron and staff safety in hospitality establishments where alcohol is served or repeated safety incidents have occurred. They play a role in protecting against property damage, providing initial medical emergency response, assisting law enforcement, and generally maintaining order and compliance in entertainment precincts. Security guards at hospitality venues face higher levels of risk when dealing with drunk and / or violent patrons, particularly late at night.
3. During our initial engagement with the sector, an issue was raised with the requirement to display identification and a Certificate of Authority when providing private security creates safety concerns for security guards. The Review considered whether current regulatory requirements put security guards at risk in hospitality venues. It did not consider any other issues with private security regulation.

Legislative instruments and how it works in practice

4. The Private Security Personnel and Private Investigators Act 2010 (the Act) governs private security. It defines the different types of security personnel and establishes the Private Security Personnel Licensing Authority (the Licensing Authority), a statutory authority appointed by the Governor-General on the recommendation of the Minister of Justice.
5. Under the Act, there are several operational bodies that enforce the regulatory requirements. These are:
    a. the Licensing Authority
    b. the Complaints, Investigation and Prosecution Unit (CIPU), within the Department of Internal Affairs
    c. the New Zealand Police.

[1] For the purposes of the legislation, security guards at hospitality venues are classified as crowd controller. They are employed to screen who enters the venue, maintain order in a venue, and can remove a patron if necessary. See section 11 and 19 of Personal Security Protection Personnel Investigators Act 2010.

6. The Licensing Authority has various obligations, including issuing CoAs, hearing complaints, and making disciplinary decisions about CoA holders. Complaints, investigations, and prosecutions are carried out by CIPU.

7. Under the requirements, private security guards must produce their CoA on demand to:

    a. the Licensing Authority

    b. any New Zealand Police constable

    c. someone authorised as a CIPU investigator

    d. any person with whom the certificate holder is dealing with in the course of performing his or her duties as a responsible employee.[2]

8. The ID badge must always be visible while performing their duties[3], and contain:

    a. a unique identification code

    b. a photograph of the CoA holder

    c. the class of work they are authorised to carry out and the licence or certificate expiry date.[4]

9. However, a certificate holder has the discretion to take off their badge if they reasonably believe that wearing it would threaten his or her safety or the safety of any person.[5]

10. Failure to comply with these provisions can result in disciplinary action by the Licensing Authority. Separately, if a certificate holder intentionally contravenes section 66(1), they commit an offence and are liable on conviction to a fine not exceeding $2,000.

Analysis

11. The issue raised with the Review is whether security personnel must display their CoA in addition to their ID badge (which only contains the information detailed in the section above) while executing their duties.

12. The policy intention of the Act reassures the public that security guards are qualified and certified to carry out their duties. However, requiring CoAs to be displayed at all times puts security guards at risk, as it contains details such as the security guard's personal details. This could enable someone identify the employee when they are not working.

13. Our analysis shows that employers requiring personnel to always display their CoA, have misunderstood the requirements as outlined in the Act. This is in part caused by incorrect information that was displayed on the New Zealand Security Association's (NZSA) website.

[2] Refer to section 66(1) of the Act.

[3] Most personnel choose to wear their ID badges on a lanyard around their neck or in a sleeve pouch on their arm.

[4] Refer to section 68 of the Act.

[5] Refer to section 67(4) of the Act.

14. If a member of the public feels unsafe or is uncertain that a person is a licensed security guard, it is reasonable to require a CoA be produced. However, the disconnect is where the Act was incorrectly interpreted to require CoAs to always be displayed, similar to ID badges. Because ID badges largely must always be on display, the NZSA believed that CoAs also were required to also be on display.

15. We identified NZSA misinterpreted the Act's requirements for CoAs and the Review determined this was not an issue with the Act. The Review approached the Licensing Authority to discuss the misinterpretation. The Chair has approached the NZSA and the information on their website has since been corrected.

Recommendations

16. This issue has been resolved, and no other recommendations are required.

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Other issues raised in the Hospitality Review

Introduction

1. This paper discusses three issues that were raised in the Hospitality Review (the Review) that warranted a deeper look and are not covered by other supplementary papers. These issues are:
    a. noise control
    b. consent and permit requirements for advertising signs
    c. outdoor dining permits.
2. The remainder of this paper is split into three sections. In each section we discuss the issue, evidence that the issue exists, and the options and recommendations to address that issue (where required).

Noise control under the Resource Management Act 1991 (RMA)

What is the problem?

3. Hospitality businesses and peak bodies raised issues about noise provisions in district plans and excessive noise directions. These issues are summarised in Table 1 below.

Table 1 – Noise control issues raised by hospitality businesses and peak bodies

	District plan noise provision issues	Excessive noise direction issues
Raised by hospitality businesses	• Noise limits in district plans are sometimes not appropriate for the areas where they apply. • District plan noise provisions are too complicated.	• Residents and hotel operators complain about noise in inner city / entertainment areas (in some cases when they have only recently moved into the area and/or have not installed wall insulation).
Raised by peak bodies	• Noise limits (and the times of day they apply) vary across different district plans.	• Residents and hotel operators complain about noise in inner city / entertainment areas (in some cases when they have only recently moved into the area and/or have not installed wall insulation). • The penalties for excessive noise directions are too high and too strictly enforced.

What are the legislative requirements?

Noise pollution is a negative externality. It imposes an external cost on other people, including health problems such as sleep deprivation and stress. The RMA is administered by the Ministry for Cities, Environment, Regions and Transport (MCERT) and includes three broad tools for managing noise (including vibration):

- **noise emission standards** can be prescribed in a national environmental standard, district rule, resource consent, or regional rule[1]
- **abatement notices** can be issued by enforcement officers (authorised by the territorial authority)[2] for noise that exceeds a reasonable level[3]
- **excessive noise directions** can be issued by enforcement officers and constables when they receive a noise complaint, and they agree (following investigation) that the noise is excessive. An excessive noise direction prohibits the people bound by the direction from emitting excessive noise from the place for a period of up to eight days.[4]

The RMA does not define what a reasonable level of noise is. It defines excessive noise to be "any noise that is under human control and of such a nature to unreasonably interfere with the peace, comfort, and convenience of any person (other than a person in or at the place from which the noise is being emitted)".[5]

Enforcement officers and constables have various powers to reduce noise levels or impound noise equipment if someone fails to comply with an abatement notice or excessive noise direction.

The RMA is being reformed

The RMA is currently being reformed and will be replaced by the Planning Bill and National Environment Bill. Noise controls are set out in the Planning Bill, which includes the ability to set noise standards nationally.

MCERT have indicated that these standards are likely to include noise emission limits for different zones (e.g., residential, commercial). Territorial authorities will then be able to define the location and boundaries of zones within their district/city, but there will be a high bar for territorial authorities to overcome to set noise standards that are different to the national standard.

The RMA reform may also introduce requirements for new residential development in zones with higher noise thresholds to meet set noise insulation requirements.[6]

What is the evidence?

District plans set noise limits for different zones

4. Currently, territorial authorities set noise limits, usually by zones, in their district plans.[7] If an activity is going to breach one or more of the relevant noise limits, the person undertaking that activity needs to obtain a resource consent.

[1] Resource Management Act 1991, s 16(2). Note that while the RMA allows noise emission standards to be prescribed in a regional rule, noise is currently managed at a district level.
[2] Resource Management Act 1991, s 38.
[3] Resource Management Act 1991, ss 322-325B.
[4] Resource Management Act 1991, ss 326-328.
[5] Resource Management Act 1991, s 326(1). Note that the definition excludes certain noise emitted from aircraft, vehicles, and trains.
[6] There are already some noise insulation requirements in clause G6 of the New Zealand Building Code. These requirements set minimum sound insulation performance between properties that touch each other (side to side, and above and below), but are not dependent on whether a building is in a low or high noise area.
[7] Throughout this paper when we refer to a district plan we also include Auckland Council's unitary plan.

5. Each territorial authority sets their noise limits separately, except when a district plan applies to more than one territorial authority.[8] While the RMA allows for noise emissions to be set in a national environmental standard this is not currently occurring.[9]

6. We reviewed some district plans and found that noise control provisions can be long (e.g., Auckland Council's chapter on noise and vibration is 37 pages) and there is variation across plans in how the noise provisions are set out (e.g., Auckland Council sets out the noise level limits in the chapter on noise and vibration, while the Wairarapa Combined District Plan has a separate chapter for each type of zone that includes the noise level limits for the relevant zone).

District plans can also set requirements for new builds to have noise insulation

7. We also reviewed three district plans to determine whether they included provisions for new builds to have noise insulation. All three of these district plans did include some provisions for certain new builds to be constructed in a way that limits the health and safety impacts of noise:

    a. Auckland Council's unitary plan requires new bedroom, sleeping areas, and other noise sensitive spaces in business zones to be constructed to comply with internal noise level limits (when doors and windows are closed) and to meet mechanical ventilation or cooling requirements[10]

    b. Wellington City Council's district plan sets acoustic insulation standards for habitable rooms used by a noise sensitive activity,[11] with new builds and alterations in high and moderate noise areas required to be designed, constructed, and maintained to achieve a minimum external to internal noise reduction[12]

    c. the Wairarapa Combined District Plan set various sound insulation requirements on new buildings and alterations to existing buildings if they have a noise sensitive activity and are in certain zones around helicopter, aerodrome, and railway activities.[13]

8. We have not reviewed the district plans for all territorial authorities, so we do not know what proportion of district plans include noise insulation requirements. However, even within the small sample of district plans we did review there were differences in how noise insulation requirements are set. A key difference is that Auckland Council's noise insulation requirements are based on an internal noise level limit, while Wellington City Council's noise insulation requirements are based on a minimum external to internal noise reduction. The Wairarapa Combined District Plan includes a mix of both approaches.

[8] For example, the Masterton District Council, Carterton District Council, and South Wairarapa District Council have a combined district plan.

[9] However, the RMA reform is expected to introduce national standardisation of noise limits.

[10] Auckland Unitary Plan, s E25.6.10.

[11] Noise sensitive activities include residential activity, educational activity, healthcare facility or hospitality activity, congregation within a place of worship, and activity at a marae. Wellington City District Plan, Part 1, Introduction and General Provisions, Definitions.

[12] Wellington City District Plan, Part 2, General District-Wide Matters, NOISE-S4 and NOISE-S5. The minimum external to internal noise reduction is higher for high noise areas than moderate noise areas. Some examples of high noise areas are the Courtenay Place Noise Area, General Industrial Zone, and within 40m of a state highway or railway. Some examples of moderate noise areas are the City Centre Zone, Neighbourhood Centre Zone, and 40m-100m from railway and state highways (with a speed limit over 70 km/hour).

[13] Wairarapa Combined District Plan, NOISE-S4 and PREC3-S1. Some of the insulation requirements are based on internal noise limits and some are based on an external to internal noise reduction. Noise sensitive activities include any habitable rooms in a residential unit, educational activities, rooms used for overnight patient care in healthcare facilities, and congregation within a place of worship or marae.

Excessive noise directions are not linked to noise limits in district plans or resource consents

9. The threshold for excessive noise directions is qualitative and is not tied to the quantitative limits usually set in noise emission standards. Because territorial authorities need to deal with excessive noise issues promptly, it is not practicable to use measuring equipment to determine whether noise is excessive. Instead, territorial authorities tend to consider various factors to assess whether noise is excessive.

10. Some territorial authorities note on their websites what factors they consider when determining whether noise is excessive. The factors that three of these territorial authorities consider are shown in Table 2 below.[14]

Table 2 – Factors that territorial authorities consider when determining whether noise is excessive

Factor considered	Auckland Council[15]	Christchurch City Council[16]	South Wairarapa District Council[17]
Volume	✓	✓	✓
Time of day	✓	✓	✓
Type of noise	✓		
Reason for noise		✓	
Tone		✓	✓
Frequency		✓	✓

11. South Wairarapa District Council use a points system to determine whether noise is excessive. Each of the four factors they consider (volume, time, tone, and frequency) is given a low (1), medium (2), or high (3) score which are added together. If the total score is greater than six, then South Wairarapa District Council will act against the property owner or occupier.[18]

12. Auckland Council and Christchurch City Council do not note on their websites how they use the factors to determine whether noise is excessive. However, Auckland Council does note that it is a subjective assessment, and that the assessment is done from public or shared spaces near the noise source (e.g., footpaths, driveways, and apartment corridors).[19]

13. It is unclear whether territorial authorities and enforcement officers consider the location of the noise (e.g., is it in residential area or in an inner city entertainment area).

Current noise controls are inefficient and difficult to comply with

14. Our assessment of the current state of noise controls is described in Table 3. Our assessment is based on what is currently in place (i.e., before RMA reform is implemented) but notes how expected changes under the RMA reform would change our assessment.

[14] We looked at the websites for Auckland Council, Gisborne District Council, South Wairarapa District Council, Wellington City Council, Nelson City Council, Christchurch City Council, Queenstown Lakes District Council, and Clutha District Council. Five of the territorial authorities did not list what factors they consider when determining whether noise is excessive.
[15] Complain about noise - Auckland Council
[16] Noise control: Christchurch City Council
[17] Noise Management - SWDC
[18] Noise Management - SWDC
[19] Complain about noise - Auckland Council

15. We have assessed the current state against the Review's criteria, which are drawn from the Review's Terms of Reference. Our methodology for assessing the current state is described in Appendix A.

Table 3 – Assessment of the current state of noise control

Criterion	Assessment
Effective Is the current state of noise control effective?	✓ **Is likely to be at least partially effective** It is difficult to assess the extent to which noise control is effective because people have differing views on what level of noise is unreasonable or excessive, including what is unreasonable or excessive in different situations (e.g., at different times of the day and in different locations). Hospitality businesses have told us that noise limits are not always appropriate for the areas they apply but we have no conclusive evidence that this is the case. However, we have found that there is wide variation in noise limits across district plans. While some of this variation may reflect differences in local voice, it is not clear that local voice explains all the variation. Therefore, some noise limits may not appropriately manage noise externalities. We expect the RMA reform to introduce national standards for noise emissions. National standards will improve the consistency of noise control across the country and may improve effectiveness. Our view is that in some situations it is likely the current issuing of excessive noise directions is ineffective in limiting noise to a reasonable level. An excessive noise direction necessarily relies on a subjective assessment by an enforcement officer or constable (who is responding to a noise complaint) of whether noise unreasonably interferes with the peace, comfort, and convenience of any person. However, to ensure the system is effective, enforcement officers / constables need to know what factors they should consider (and how) when deciding whether to issue an excessive noise direction. In addition, noise emitters need clear information to help them make decisions about how and when they emit noise. Some territorial authorities provide information on what factors will be considered when deciding on an excessive noise direction, but (as noted above) there is variation in the factors that different territorial authorities consider, and not all territorial authorities provide this type of information.
Efficient Is the is the current state of noise control achieving benefits for the least cost?	× **Is not efficient** Our view is that the current process of noise limits being set in each district plan is not the least cost solution. Costs could be reduced if noise limits for different zones were set nationally (with territorial authority ability to determine the location of each zone). We also consider that a lack of consistent decisions by enforcement officers and constables across territorial authorities is limiting efficiency. Greater consistency would reduce costs on hospitality businesses by giving them greater confidence in what they need to do to avoid being issued an excessive noise direction. We expect the RMA reform to introduce national standardisation of noise limits, which will increase the efficiency of noise emissions standards tool, but not the efficiency of excessive noise directions.

Criterion	Assessment
Proportionate Is the current state of noise control proportional to the size / impact of the system?	✓ **Is proportionate** Our view is that noise control mechanisms are proportionate. Noise control is required to manage negative externalities from unreasonable and excessive noise.
Adaptable Is the current state of noise control evolving in response to new information?	✓ **Is somewhat adaptable** The RMA gives territorial authorities power to adapt noise control to new information. However, it takes time to amend noise limits due to the consultation process that a territorial authority is required to follow with amending a district plan.[20] The RMA does not quantitatively define what excessive noise is, so enforcement officers and constables have a high level of flexibility in determining what constitutes excessive noise. This gives enforcement officers and constables the ability to adapt to new information when making decisions.
Easy to comply with Does the current state of noise control make it easy for regulated parties to comply with relevant regulatory requirements?	× **Is not always easy to comply with** Complexity of noise limits in district plans makes it more difficult for hospitality businesses to comply and may increase the time it takes for a business to understand whether they need a resource consent or not. Variation in excessive noise directions across territorial authorities makes it more difficult for businesses to determine what actions they should take to avoid being issued excessive noise directions. We expect the RMA reform to introduce national standardisation of noise limits, which may make it easier businesses to comply. However, the RMA reform is not expected to have any impact on the variation in excessive noise directions.
Appropriate impact on individual rights and liberties Does the current state of noise control have an appropriate impact on individual rights and liberties?	✓ **Has an appropriate impact on individual rights and liberties** Noise control is required to manage negative externalities from excessive noise. Our view is that other than the inefficiencies already considered above, the current noise control mechanisms appropriately manage this negative externality.
Otherwise aligned with the Ministry's view of good regulatory practice	✓ **Otherwise aligns with the Ministry's view of good regulatory practice**

16. Our analysis indicates that current noise controls are inefficient and difficult to comply with. In some locations, current noise controls may also not be fully effective. However, planned changes to noise controls under the RMA reform are likely to improve efficiency and ease of compliance, and potentially effectiveness.

[20] Amendments to district plans usually need to follow the process set out in Schedule 1 of the RMA, which includes consultation requirements.

What are the solutions?

RMA reform should address most district plan noise provision issues

17. The RMA reform is expected to lead to national standards for noise emissions. This should address concerns that submitters to the Review have with noise limits being too complicated and varying across different district plans.

18. However, territorial authorities are likely to still have some autonomy to decide the location and boundaries of different zones, so there may still be instances where hospitality businesses consider that noise limits are inappropriate for the areas where they apply. However, what hospitality businesses think is appropriate in a certain area may different from what the general public think is appropriate and this is not an issue that can be resolved through regulatory change.

RMA reform is not expected to address issues around excessive noise directions

19. The provisions in the RMA around excessive noise are not expected to change in the reform. However, the potential introduction of noise insulation requirements for people moving into zones with higher noise thresholds, may reduce the number of noise complaints in cities or districts that currently have no or lower noise insulation requirements in their district plan.[21]

Issues with excessive noise directions could be resolved by providing more guidance

20. Providing more guidance to territorial authorities, enforcement officers, and constables on what should be considered when deciding whether to issue an excessive noise direction would provide more certainty to hospitality businesses on what actions they should take to avoid being issued an excessive noise direction.

Recommendation and comment

21. We recommend that to make excessive noise directions more efficient, easier to comply with, and potentially more effective, that MCERT issue and publish guidance to territorial authorities, enforcement officers and constables on how to assess whether noise is excessive.

22. This recommendation and its expected impacts are described in more detail in Table 4.

23. In addition, we support MCERT's work to develop nationally-set noise limits within the RMA reform.

Table 4 – Recommendation to address noise control issues

Recommendation 1 – MCERT issue and publish guidance to territorial authorities, enforcement officers and constables on how to assess whether noise is excessive	
Description	We recommend that MCERT issue guidance to territorial authorities (including their enforcement officers) and constables on how to assess whether noise is excessive. This guidance should include a list of which factors (e.g., time of day, type of noise, location) should be considered when determining whether noise is excessive and how to assess each of the factors. The guidance should be published so that hospitality businesses can also access the guidance.

[21] As noted in paragraphs 7 and 8, the three district plans we reviewed all have noise insulation requirements, but we do not know how widespread this is.

Recommendation 1 – MCERT issue and publish guidance to territorial authorities, enforcement officers and constables on how to assess whether noise is excessive	
Expected benefits	*Overall:* Increased efficiency and potentially effectiveness of noise control. Efficiency will improve because: • hospitality businesses will be more informed about how excessive noise is assessed and take suitable actions to avoid excessive noise • enforcement officers and constables may be able to make decisions quicker because they have more guidance. Effectiveness will improve because it will reduce unjustified variation in excessive noise decision-making processes and decisions across territorial authority boundaries.
	For hospitality businesses: More certainty for businesses on what actions they should take to avoid being issued an excessive noise direction.
	For regulators and decision makers: Additional support on how to make decisions on whether to issue an excessive noise direction or not.
Expected costs	There will be costs to MCERT of developing the guidance and to enforcement officers and constables of ensuring they understand and apply the guidance. There will be an ongoing cost of ensuring the guidance is kept up to date.
Implementation	We recommend this guidance is issued soon after the Planning Act comes into force.

Consent and permit requirements for advertising signs

What is the problem?

24. Some hospitality businesses stated that building and resource consent and other permit requirements for advertising signs are not proportionate to the risk they pose. This issue was generally raised by hospitality businesses who were commenting more broadly that regulatory requirements on businesses were too extensive, added cost and could cause time delays. One peak body also submitted that the building consent process for signs was time consuming and costly.

What are the legislative requirements?

An advertising sign may require:

- a building consent under the Building Act 2004
- a resource consent under the RMA
- a permit issued under a local bylaw.[22]

Some advertising signs require a building consent

Under the Building Act, all building work needs to comply with the building code and may require a building consent.[23] Signs fall under the definition of building work and require a building consent unless either of the following criteria are met:

[22] Advertising signs also need to comply with the Advertising Codes of Practice set by the Advertising Standards Authority (see: Advertising Regulation Guide – Advertising Standards Authority).

[23] Building Act 2004, ss 7-9, 17, 40. The building code is the Building Regulations 1992, sch 1.

- no face of the sign exceeds 6 square metres in surface area, and the top of the sign does not exceed 3 metres in height above the supporting ground level[24]
- the building work in connection with the sign and structural support of the sign is carried out or reviewed by a chartered professional engineer.[25]

Some advertising signs require a resource consent

Under the RMA, an advertising sign requires a resource consent if the sign does not comply with a district plan.[26] The resource consent needs to be obtained from the territorial authority that issued that district plan.

Territorial authorities can set bylaws related to signs and advertising

The Local Government Act 2002 (LGA) is administered by MCERT. Under the LGA, a territorial authority may make a bylaw for one or more of the following purposes:

- protecting the public from nuisance
- protecting, promoting, and maintaining public health and safety
- minimising the potential for offensive behaviour in public places.[27]

RMA reform may change whether advertising signs need a resource consent

The current RMA reform will include regulation of signs in the Planning Bill, which will likely limit when a territorial authority can require a resource consent for an advertising sign.

What is the evidence?

Building consent requirements for signs are likely proportionate to the risk they pose

25. Most advertising signs do not require a building consent. A building consent is only required for large signs (over 6m^2 in surface area) and high signs (signs where the top of the sign is 3m in height above the supporting ground level) where the design has not been carried out or reviewed by a chartered professional engineer.

26. These types of signs pose a greater health and safety risk than small signs close to the ground. Therefore, we consider it is reasonable that these signs require a building consent if the design has not been carried out or reviewed by a chartered professional engineer.

27. We have found no evidence that the building consent requirements for signs are excessive for the risk they pose. Building authorities in Australia have similar building permit requirements. For example, in:

    a. Victoria a building permit is required for a sign if the sign is:

        i. less than 3m from a road and the sign exceeds 1m in height above ground level, or

        ii. 3m or more from a road and the sign exceeds 8m in height above ground level and/or 6m^2 in surface area[28]

    b. Queensland a building approval is required for a sign if the sign is detached from a building, is no higher than 2m above ground level, and is no wider than 1.2m[29]

[24] Building Act 2004, sch 1, cl 25.
[25] Building Act 2004, sch 1, cl 39.
[26] Resource Management Act 1991, s 9. A sign will also need a resource consent if it does not comply with a national environmental standard or regional rule. However, currently sign requirements are typically set in district plans.
[27] Local Government Act, s 145.
[28] Building Regulations 2018, sch 3, item 12 (Victoria, Australia).
[29] Building Regulations 2021, sch 1, cl 6 (Queensland, Australia).

District plan requirements for signs vary across the country and are difficult to navigate

28. Currently, territorial authorities set out what signs are permitted (do not require a resource consent), prohibited, or require a resource consent in their district plans. District plans set requirements on signs for various purposes, including to manage traffic and pedestrian safety, maintain historic heritage values, and limit visual clutter.[30]

29. There is significant variation across district plans, both in how the sign requirements are described and the conditions that must be met for a sign to be permitted. For example, some differences between the sign provisions in Auckland Council's unitary plan and Wellington City Council's district plan include:

    a. how sign activities are defined and grouped to determine whether a resource consent is needed:

        i. Auckland groups signs by zone, type of property, and three different types of signs (free-standing billboard, billboards on side or rear building façade, billboards on a street)[31]

        ii. Wellington splits signs into official signs, temporary signs, on-site signs, third party signs, digital signs, signs on heritage buildings or within a heritage area, signs in areas of significance to Māori, and all other signs, and then zone[32]

    b. size limits on permitted signs (i.e., signs that do not require a resource consent):

        i. there are few size limits for signs specified in Auckland Council's unitary plan. One size limit is for billboards that are placed on walls, which requires that the billboard does not exceed an area equal to 25% of the wall area or 50m^2 (whatever is smaller)[33]

        ii. Wellington City Council's district plan sets maximum sign sizes depending on zone, ranging from a maximum sign size of 1.5m^2 in residential and rural zones to 40m^2 in the stadium zone[34]

    c. the minimum lettering height for permitted signs facing roads:

        i. in Auckland Council's unitary plan, lettering needs to be at least 120mm high when directed at a road with a speed limit up to 60km/hr and at least 150mm high when directed at a road with a speed limit over 60km/h[35]

        ii. in Wellington City Council's district plan, signs that are within 10m of a legal road must have lettering that is at least 120mm high when facing a road with a speed limit up to 70km/hr and at least 160mm high when facing a road with a speed limit over 70km/h.[36]

30. Our analysis has found that district plan requirements on signs vary significantly across the different territorial authorities, with significant differences in how requirements are structured and defined, and the actual requirements themselves. Some of this variation is likely to reflect different communities having differing views of what is acceptable.[37]

[30] For example, see Auckland Unitary Plan, s E23.2 Wellington City District Plan, Part 2, General District-Wide Matters, Signs chapter.
[31] Auckland Unitary Plan, s E23.4.
[32] Wellington City District Plan, Part 2, General District-Wide Matters, SIGN-R1 – SIGN-R8.
[33] Auckland Unitary Plan, s E23.6.1, cl 10.
[34] Wellington City District Plan, Part 2, General District-Wide Matters, SIGN-S1.
[35] Auckland Unitary Plan, s E23.6.1, cl 18-19.
[36] Wellington City District Plan, Part 2, General District-Wide Matters, SIGN-S7.
[37] Preparation and change of district plans are subject to consultation processes (Resource Management Act 1991, sch 1).

However, ensuring that local voice is reflected does not fully rationalise significant differences in how requirements are set out.

Advertising sign bylaws vary across the country and are difficult to navigate

31. From MCERT's 2023 stocktake of New Zealand bylaws, there are currently 20 bylaws relating to signs and advertising across New Zealand.[38] These bylaws ensure signs and advertisements are maintained and displayed in a way that does not create hazards or obstruct public safety. This applies to hospitality businesses and events that use signs such as sandwich boards, temporary signage, or event banners. Some of these bylaws require that a sign have a permit.

32. Some examples of bylaw requirements for signs are:

    a. in Auckland, a signs bylaw applies to signs visible from a road or other council-controlled public place, motorway and/or state highway.[39] The bylaw states that a person may only display a sign if they meet certain requirements (that differ by the type of sign) or if they have obtained prior approval from Auckland Council (or in some circumstances Auckland Transport).[40] For example, the bylaw includes extensive requirements for portable signs including about placement, content, and separation from other signs[41]

    b. in Porirua, a signs bylaw only allows certain types of signs (e.g., community signs, real estate signs, and portable signs) to be displayed in a public place unless a permit has been issued by the Porirua City Council.[42] The bylaw also includes a range of requirements that all signs must meet unless a permit has been granted.[43] An example of the requirements is that no advertising sign (including temporary signs) should be located on or above a footpath closer than 500mm to the kerb face or the edge of the vehicle carriageway.[44] The bylaw also allows a business to display one portable sign on the footpath outside the business for the purpose of advertising the business's services and products, so long as it meets certain requirements (including location and size requirements)[45]

    c. in Hamilton, a public places bylaw requires any sign erected in, on, or over any public place to have a permit.[46]

33. Our analysis has found that bylaw requirements on signs vary significantly across the different territorial authorities that have a bylaw relating to signs, but that most territorial authorities have no bylaw relating to signs at all. These differences in bylaw requirements may partially reflect different communities having differing views on what is acceptable.

34. These differences make it difficult for hospitality businesses to navigate. While reflecting local voice may make some of these differences desirable, there is no clear rationale for such significant differences. In addition, it is often not clear where the demarcation is between the requirements in the district plan and the local bylaw, with requirements in the district plan and local bylaw often overlapping. For example, district plans and bylaws can both include limits on sign size and location.

[38] Some of these bylaws are in consolidated bylaws and some are included in public places bylaws.
[39] Auckland Council and Auckland Transport Signs Bylaw 2022, cl 3.
[40] Auckland Council and Auckland Transport Signs Bylaw 2022, cl 6.
[41] Auckland Council and Auckland Transport Signs Bylaw 2022, cl 11.
[42] Porirua City Council Signs Bylaw 2020, cl 6.1, 6.2.
[43] Porirua City Council Signs Bylaw 2020, cl 6.2.
[44] Porirua City Council Signs Bylaw 2020, cl 6.8.
[45] Porirua City Council Signs Bylaw 2020, cl 11.
[46] Hamilton City Public Places Bylaw 2016, cl 7.5.

35. This is consistent with our assessment of all bylaws that apply to hospitality businesses in our *Regulatory Stewardship* supplementary paper. In that paper we find that the breadth and variation of local bylaws is difficult for hospitality businesses to navigate. It also notes that local bylaws can lead to an activity being permitted in one area of the country but prohibited in another area, often without a clear rationale for the variation.

Current consent and permit requirements for advertising signs are sometimes ineffective and inefficient and can be difficult to comply with

36. Our assessment of the current state of consent and permit requirements for advertising signs is described in Table 5. Our assessment is based on what is currently in place (i.e., before RMA reform is implemented) but notes how expected changes under the RMA reform would change our assessment.

37. We have assessed the current state against the Review's criteria, which are drawn from the Review's Terms of Reference. Our methodology for assessing the current state is described in Appendix A.

Table 5 – Assessment of the current state of consent and permit requirements for advertising signs

Criterion	Assessment
Effective Is the current state of consent and permit requirements for advertising signs effective?	**× Is not likely to be effective** Requirements for signs in district plans and bylaws may not be effective because they are often complex, difficult to navigate, and vary widely across different territorial authorities. In addition, the interplay of regulatory systems with different objectives (e.g., a district plan is managing resource use, while a sign bylaw may be made to protect health and safety) is leading to fragmented regulatory obligations for hospitality businesses. This may lead to some businesses not complying with sign requirements or some businesses avoiding the use of signs (even if they are likely to fall within regulatory requirements). Building consent requirements for signs appear to be effective.
Efficient Is the is the current state of consent and permit requirements for advertising signs achieving benefits for the least cost?	**× Is not efficient** There are some inefficiencies in sign requirements in district plans and bylaws because: • there is sometimes an overlap in requirements between the district plan and bylaw • they are sometimes complex and difficult to navigate, so businesses need to spend time understanding what they need to do to meet compliance requirements. We have found no evidence that building consent requirements for signs are inefficient.
Proportionate Is the current state of consent and permit requirements for advertising signs proportional to the size / impact of the system?	**✓ Is probably proportionate** We have found no evidence that sign requirements in the Building Act, district plans, and bylaws are not proportionate. Some district plans and bylaws may include some requirements that are not proportionate, but we have not assessed all district plans and bylaws in detail to determine this.[47]

[47] If there are requirements that are not proportionate, we consider that addressing the issues affecting effectiveness and efficiency will also address any issues with proportionality.

Criterion	Assessment
Adaptable Is the current state of consent and permit requirements for advertising signs evolving in response to new information?	✓ **Is mostly adaptable** Consent and permit requirements for signs (including when a consent or permit is needed) can be changed in response to new information. However, requirements may be slow to change as they are embedded in primary legislation (the Building Act) and secondary legislation that has consultation requirements (district plans and bylaws).
Easy to comply with Does the current state of consent and permit requirements for advertising signs make it easy for regulated parties to comply with relevant regulatory requirements?	× **Is not always easy to comply with** Our view is that consent and permitting requirements for signs may not always be easy to comply with because sign requirements in district plans and bylaws are often complex, difficult to navigate, and vary widely across different territorial authorities.
Appropriate impact on individual rights and liberties Does the current state of consent and permit requirements for advertising signs have an appropriate impact on individual rights and liberties?	✓ **Probably has an appropriate impact on individual rights and liberties** Regulation of signs impacts individual rights and liberties because it limits what an individual can do on their private property (i.e., erect a sign). On balance, our view is that the current requirements appropriately balance individual rights and liberties with the health and safety requirements of the public. Signs can also be regulated for visual amenity reasons (e.g., maintaining historic heritage values, limiting visual clutter). It is difficult to assess whether current consent and permit requirements appropriately balance individual rights and liberties with visual amenity concerns because requirements vary widely across territorial authorities and it is also a somewhat subjective assessment.
Otherwise aligned with the Ministry's view of good regulatory practice	✓ **Otherwise aligns with the Ministry's view of good regulatory practice**

38. Our analysis indicates that current resource consent and bylaw permit requirements for advertising signs are sometimes ineffective, inefficient, and can be difficult to comply with. However, we found no evidence that building consent requirements are ineffective, inefficient, or difficult to comply with.

What is the solution?

RMA reform should help improve effectiveness, efficiency and ease of compliance

39. Potential changes to sign requirements under the RMA reform are likely to improve effectiveness, efficiency and ease of compliance, for district plan sign requirements. The reform is expected to limit when a territorial authority can require a resource consent for an advertising sign and provide consistency by introducing national standards.

More effective mechanisms are needed to create local rules

40. s 9(2)(f)(iv) [redacted]

41. s 9(2)(f)(iv) [redacted]

Comment

42. To make consent and permit requirements for signs more efficient, proportional, and easier to comply with, we support MCERT's work to develop:

    a. nationally-set requirements on signs (within the RMA reform) that limit when a territorial authority can require a resource consent for an advertising sign

    b. more effective mechanisms to create local rules (other than bylaws).

43. More broadly, our consideration of the regulatory requirements for advertising signs has highlighted that regulating one activity through multiple regulatory systems can lead to fragmented regulatory requirements. While different regulatory systems will usually have different purposes for regulating a particular activity (e.g., managing the use of resources, or maintaining public health and safety), an accumulation of regulatory requirements can be complex for regulated parties to navigate. We consider there is a role for central government agencies to have greater regard to other regulatory systems when developing and amending regulation to ensure that different regulatory systems work together without creating an unnecessary buildup of regulatory obligations on regulated parties.

Outdoor dining permits

What is the problem?

44. We heard from the hospitality sector that outdoor dining permits in some locations were too expensive, especially given the restrictions put on outdoor dining permits.

45. Many territorial authorities require an outdoor dining permit or licence for commercial outdoor dining in a public place (including on the footpath and car parking spaces). A territorial authority will usually charge a fee and annual rental for an outdoor dining permit and set conditions for use of the public space (e.g., furniture requirements and restrictions on hours of operation). For the territorial authorities we considered, any requirement for a business to obtain an outdoor dining permit is set in bylaws, with more specific requirements set in territorial authority policies.[48]

What is the purpose of outdoor dining permits?

46. The use of public spaces needs to be appropriately managed by territorial authorities to balance competing demands on those spaces.

47. Some hospitality businesses like to use public spaces (usually footpaths but can include car parks and other locations) for outdoor dining. Benefits to the hospitality business can include increased dining capacity and improved visibility and attractiveness of their establishment to the public, which may increase the business's income and profit.

[48] We considered the following eight territorial authorities: Auckland Council, Gisborne District Council. South Wairarapa District Council, Wellington City Council, Nelson City Council, Christchurch City Council, Queenstown Lakes District Council, and Clutha District Council. We chose these eight councils because they are a mix of rural / provincial / metropolitan, high and low population, and North Island and South Island.

48. The public can also benefit from outdoor dining if it adds to ambience, vibrancy, and safety of the area.[49]

49. However, when considering outdoor dining on footpaths, territorial authorities need to ensure that public safety and pedestrian thoroughfare are maintained. If a hospitality business wants outdoor dining in public car parks, the territorial authority will also need to consider the loss of car parking space.

50. An outdoor dining permit is effectively a mechanism used by a territorial authority to give a hospitality business permission (with conditions) to use a public place for business purposes and to charge a rental for that use.

Is it a regulatory problem?

51. Our view is that the price (fees and rentals) of outdoor dining permits and the conditions put on those permits is not a regulatory problem that can be resolved in this Review.

52. We consider that when setting fees and rentals for an outdoor dining permit a territorial authority will be balancing a range of considerations, including:

    a. any impact on the public space from allowing outdoor dining (e.g., wear and tear)

    b. any impact on other activities that could be carried out in that space instead of outdoor dining (e.g., public thoroughfare, carparking)

    c. the impact of outdoor dining on the ambience and public safety of the area

    d. any loss of revenue from allowing outdoor dining in that public space (e.g., loss of parking revenue if outdoor dining is in a public car park)

    e. the benefit to the hospitality business from the outdoor dining (e.g., additional income from increased dining capacity).

53. Similarly, when determining conditions on an outdoor dining permit a territorial authority will consider the impacts of the outdoor dining on the public and how to manage these impacts. These impacts will include benefits to the public (e.g., improved safety) and costs to the public (e.g., increased noise pollution, narrower thoroughfare, less carparking).

54. A territorial authority is best placed to consider these factors. We do not consider it appropriate for central government to impose requirements on how territorial authorities charge for, and place conditions on, the use of public spaces for commercial purposes.

Comment

55. We do not consider the issues raised in relation to outdoor dining permits are issues we can resolve as part of this Review. It is a territorial authority's land and it is their prerogative to set fees and rentals for commercial outdoor dining in a public place. We encourage territorial authorities to engage with any hospitality businesses that have concerns with outdoor dining permit charges and conditions to ensure they have considered all relevant factors when setting charges and conditions.

[49] Queenstown Lakes District Council's outdoor dining policy notes that "the presence of people in public places increases the sense of safety and security in streets and even when empty, the outdoor dining areas suggest street life." (Queenstown Lakes District Council Outdoor Dining on Public Space Policy 2024, p 3).

Appendix A: Methodology for assessing current state

56. We have assessed the current state of noise control, and consent and permit requirements for advertising signs, against the Review's criteria, which are drawn from the Review's Terms of Reference. These are described in Table 17 below. Some criteria are more relevant in some areas of hospitality-related regulatory systems than others, and this is reflected in the details of the assessments in the *Noise control under the RMA* and *Consent and permit requirements for advertising signs* sections of this paper.

Table 7 - Criteria for the assessment of the current state

Criterion	High-level description
Effective	The intervention achieves its intended benefits and policy objective(s).
Efficient	The intervention is achieving its benefits for the least cost[50] (including time taken). The benefits of the intervention (for both the government and regulated parities) outweigh the costs.
Proportionate	Regulatory requirements are aligned to the level of risk being managed. An appropriate balance is struck between regulatory control and operational freedom.
Adaptable	The intervention can sufficiently respond to technological, market, societal changes, and information about the regulatory system's performance.
Easy to comply with	The regulatory requirements easy to find, easy navigate, and clear and easy to understand.
Appropriate impact on individual rights and liberties[51]	The impact, if any, the intervention has on individual rights and liberties is appropriate and does not unduly diminish liberties, personal security, freedoms, or property rights.
Otherwise aligned with the Ministry's view of good regulatory practice[52]	Where relevant, the intervention otherwise aligns with the Ministry's view of good regulatory practice, including (but not limited to) transparency, accountability, supporting innovation, and independence.

57. To make our assessments of the current state, we have drawn from multiple sources of evidence, including direct and written engagement with hospitality businesses peak bodies, community organisations, and regulators; academic research; international comparisons; and economic analysis. Evidence is referenced, and we discuss areas where what we know is limited and where we have made informed judgements.

58. The meanings of our assessments are described in Table 8below.

Table 8 - Assessment meanings

Assessment	Description
✓✓	Fully meets the criterion.

[50] For clarity, "least cost" means the lowest cost while still achieving the desired benefit(s). It does not imply reduced benefits or reduced regulatory outcomes (e.g., protection from noise pollution).
[51] This criterion covers the policy intent of the principles in the Regulatory Standards Act 2025 that are not already covered by the "effectiveness" and "efficiency" criteria. For more information about how the Review has considered the principles of the Regulatory Standards Act 2025 into its analysis and recommendations, please refer to the Review's final report.
[52] This criterion covers additional aspects of good regulatory design and practice covered in Government Expectations for Good Regulatory Practice that are not already covered by the preceding criteria. These additional aspects are not always relevant to every part of the regulatory system, and so this criterion is used only where relevant.

Assessment	Description
✓	Partially, or likely, meets the criterion, including meeting the criterion inconsistently across time and place.
×	Does not meet criterion.
××	In no way meets the criterion.

59. Based on these assessments, we identify any issues that contribute to a problematic current state. These problems, their potential underlying causes, and impacts, are analysed under each assessment, including considering whether the underlying causes are:

    a. inherent in the legislative design. This covers both the unintended consequences of design choices, and design choices that are working as intended but may no longer be effectively contributing to the purposes of the regulatory system

    b. regulatory practice issues. This covers regulator capacity and capability issues, stewardship issues, and the monitoring and evaluation of the system.

Supplementary paper

Hospitality Review

Ministry for Regulation
Te Manatū Waeture

Issues Not Progressed

Purpose

1. This paper provides a summary of the Hospitality Sector Review's (the Review's) rationale for not progressing a sub-set of issues raised with us by stakeholders. It is organised into three thematic areas: workforce challenges, wider alcohol licensing settings, and business operations.

Overview

2. The objective of the Review was to provide recommendations that lead to better regulation of the hospitality sector.[1] Better regulation is defined as more effective, efficient, proportionate, adaptable and easily complied with.

3. The hospitality sector is subject to a range of diverse and overlapping regulatory systems. Stakeholders have identified that the regulations (including the combination and volume of requirements) are introducing barriers to market entry, expansion, and innovation for hospitality businesses.

4. Following initial sector engagement in October – November 2025, the Review had a broad list of 35 regulatory issues covering alcohol, food, immigration, building and resource management, transport and health and safety. Following analysis and a prioritisation assessment, we recommended to joint ministers in December 2025 that 17 of these are progressed in the next stage of the Review.

How we prioritised the issues

5. As stated, the Review had to prioritise what areas it could cover in the time available. This was done through an assessment using the following assessment criteria:

   a. Potential benefits: whether addressing the problem will likely have identifiable and meaningful economic and other benefits for the hospitality sector and understanding the size of those potential benefits.

   b. Feasibility: whether the scope of the work required to analyse and address the problem is achievable within the timeframe of the Review, and if not, what could be achieved within the timeframe and still be a benefit to the hospitality sector.

   c. Timing: whether now is a good time to address this problem. Assessments included understanding if there were current reforms already underway and whether those reforms are likely to address the problem, the authorising environment, and alignment with Ministerial priorities.

6. These criteria allowed the Review to make informed decisions about problems and opportunities to progress. A copy of this assessment is attached in **Appendix A**.

[1] The Review has defined the hospitality sector as including the following business types: restaurants, bars, cafés, food stalls at markets, food trucks, catering businesses, and hotels. Stretching beyond these types would risk an assessment of regulations applicable to the tourism sector, the rental market, food production and growing, and gambling, which are out of scope of the Review.

Workforce challenges

7. The hospitality sector is a significant part of the New Zealand economy, generating $15.7 billion in sales in 2024 and employing over 145,000 people.[2] Workforce challenges have limited sustainability and growth of the sector in recent years, placing additional pressure on business owners.

8. We heard in submissions that the sector is facing challenges in retaining staff, with employment law and immigration regulation and processes. Submitters told us that these challenges add significant administrative and financial burden for their businesses. However, they are not unique to the hospitality sector. These are issues shared to varying degrees by all businesses operating in New Zealand.

A career in hospitality

9. The perception held by many New Zealanders, particularly young people, is that hospitality is not a long-term career option. They are put off by low wages, the uncertainty of hours and working conditions, late nights, weekend work and a general social perception that working in hospitality is a stopgap until something better comes along.[3]

10. The Hospitality Summit 2024 (the Summit) discussed the challenges with career pathways, the lack of support for vocational education / training in New Zealand, and potential solutions to address them.[4] This was discussed again at the Hospitality Summit 2026. Potential solutions included scholarship and education pathways from secondary and higher education, and flexible training models along with developing micro-credentials and short courses to focus on specific skills within the industry. These solutions were emphasised again as part of the Hospitality Summit 2026, with an additional recommendation to establish a pathway for continued consultation between industry representatives and education providers.

11. Attendees thought these education-based solutions could act as one avenue to address the skills shortage and grow workforce numbers. The conclusion at the Summit was these solutions, as outlined in the Summit's report, are best implemented by the sector, or by the sector working with secondary schools, tertiary providers, Ringa Hora (Workforce Development Council), and the Ministry of Education to help implement them.[5]

12. Post-Summit progress reports suggest implementation of these solutions have been challenging given the reforms to the Workforce Development Council and polytechnic space.

13. We assessed all the information available to us and concluded that addressing these challenges is not feasible for the Review as many of them are not regulatory issues. Potential solutions as listed above, would likely go a significant way to addressing many of the workforce challenges, but this is not a regulatory fix. This is best achieved in collaboration between the hospitality sector and education agencies. We understand there is ongoing engagement between the sector and leading agencies, which the Review supports.

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[2] Terms of reference - https://www.regulation.govt.nz/assets/Publication-Documents/Hospitality-Review-Terms-of-Reference.pdf Or Hospitality Business Owners - Ministry for Regulation - Citizen Space; 2024 Hospitality Report released - shows growth lags behind rising costs - Restaurant Association of New Zealand.

[3] Submissions made to the Hospitality Review, raised as a point of discussion during meetings with peak bodies and businesses, and highlighted during the Hospitality Summit 2024. A copy of the report summarising issues discussed at the Hospitality Summit can be found at: https://www.hospitality.org.nz/assets/Hospitality-Summit-2024-Report.pdf.

[4] The Hospitality Summit is the sector's opportunity to address critical challenges faced by the sector and a chance to collaborate with the government on policies that impact them. The first summit was held in December 2024 and the following report was published: Hospitality New Zealand (2024), Serving Success: Opportunities for the New Zealand Hospitality Industry. A second summit was held on 12 March 2026.

[5] Hospitality New Zealand (2024), pp.14-15.

Immigration

14. To address workforce challenges, some hospitality businesses choose to rely on migrant labour. This is common during seasonal peaks. Other hospitality businesses choose to modify their opening hours or have owners working longer hours to cover staff vacancies. For businesses that choose to bring in migrant labour, there are a variety of visa pathways available to bring workers to New Zealand. However, these processes can be both lengthy and costly for both the employee and employer.

15. New Zealand's immigration system mirrors those of other countries (UK and Australia) that operate a skills-based system for migrants seeking working or residency visas. These systems follow similar structures to prevent migrant exploitation by ensuring employers have a genuine need and can employ migrant workers fairly, i.e., they receive the same wages and working conditions as a New Zealand citizen.

16. In New Zealand, visa rules and regulations are regularly reviewed, with the most recent review taking place in December 2024.[6] At that time, a series of operational and policy changes affecting skills-based immigration, particularly around the Skilled Migrant Category (SMC) and the Accredited Employer Work Visa (AEWV) were implemented. These changes made it easier for employers wanting to bring in workers from overseas by broadening the eligibility for migrants but made it more challenging for family sponsorship for lower-paid workers and creating pathways to residency. Processing times were also improved for repeat or well-established accredited employers.[7]

17. Due to these recent and regular reviews of immigration settings, our assessment showed it did not meet the Review's criteria to progress further. Streamlining processes and lowering costs for businesses would be beneficial for them, but there is little evidence to suggest these benefits outweigh the potential risks to migrant workers, who could be exploited if the current checks and balances are reduced or removed. Addressing workforce challenges through the immigration system would also have wider implications than just the hospitality sector, and even if there was a case for progressing this issue, could not have been achieved within the Review's timeframe.

Employment

18. The Review heard from some stakeholders regarding the complexity of employment requirements and the impact this had on small hospitality businesses. According to submissions, the current requirements add significant administrative and financial burden, particularly in calculating holiday pay. However, these challenges are not unique to the hospitality sector.

19. Changes are underway to amend the Holidays Act 2003. The Employment Leave Bill passed its first reading in January this year.[8] It includes reform to both annual and sick leave calculations and changes the way leave is paid to make these calculations easier for all businesses. Public holiday entitlement will be based on a new test for determining whether an employee would have otherwise worked on that day.[9]

20. The current reforms and updates to the Holiday Act 2001 make undertaking any further assessment from the Review duplicative. We determined it best for the current reforms to be implemented.

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[6] Reforms to Accredited Employer Work Visa announced: Immigration New Zealand

[7] Final details about changes to the Skilled Migrant Category Resident Visa and work to residence visas :: Immigration New Zealand

[8] https://www.beehive.govt.nz/release/long-awaited-holidays-act-replacement-passes-first-reading.

[9] https://www.beehive.govt.nz/release/overhaul-broken-holidays-act-way.

Wider alcohol policy settings

21. Selling alcohol is a significant component of the hospitality industry. Over time, the culture and rules for the sale and supply of alcohol have changed to a harm-centric policy due to societal concerns about the harm caused by alcohol in our communities.

22. Parts of the Sale and Supply of Alcohol Act 2012 (the Act) are proposed for amendment through the Sale and Supply of Alcohol (Improving Alcohol Regulation) Amendment Bill 2025 (the Bill).[10] At the conclusion of the Review, the Bill is with Select Committee. The Bill addresses a few of the issues we heard about during the Review including:

    - allowing licensed premises to meet their legal obligations by stocking either low-alcohol or zero-alcohol drinks
    - extending cellar door tasting provisions beyond wineries so other producers such as breweries and distilleries can charge for tastings without needing an on-licence
    - allowing clubs to hold an on-licence
    - allowing restaurants to hold off-licences
    - ensuring objections to alcohol licences can only come from the same territorial authority as the proposed venue
    - giving licence applicants a right of reply to licensing objections to ensure a fairer process.

23. The main alcohol-related issue raised by stakeholders was about alcohol licensing for hospitality businesses (on-licences), which is being prioritised in the Review and the subject of a separate supplementary paper. However, there were several peripheral matters raised that did not meet the threshold to continue in the Review.

Licensing trusts

24. Over the years, there has been a cultural shift in how alcohol licences are issued and by whom. In the past, many territorial authorities used licensing trusts to operate various businesses that sold alcohol (pubs, restaurants, off licences etc). This effectively created a monopoly for the licensing trust. Profits from these businesses were funnelled back into the community in the form of grants, scholarships and other funding for community initiatives.[11]

25. Currently, District Licences Committees (DLCs), run through local authorities, are the main determiners of alcohol licences. Most licensing trusts have dissolved or converted to a Community Trust which the Act enables. However, there are still 16 licensing trusts in operation, two of which retain full monopoly rights.[12]

26. We heard in submissions that licensing trusts that hold a monopoly over certain types of licences in their designated geographical areas are considered an inefficient and under-scrutinised mechanism for the sale and supply alcohol. While there is some evidence these monopolies are under-performing (revenue generation), it was unclear if there were any real-world impacts.

[10] https://www.beehive.govt.nz/release/last-call-red-tape-alcohol-bill-open-submissions.
[11] For example, Invercargill Licensing Trust - ILT For Our Community - ILT
[12] West Auckland and Invercargill still retain full monopoly rights.

27. Rather than removing licensing trusts entirely, the Review has recommended changing the legislative threshold for triggering a community-led poll for decisions about licensing trust arrangements under the Sale and Supply of Alcohol Act 2012.

Broader business operations

28. Like businesses across the board, hospitality businesses are experiencing challenges due to the wider economic context in which businesses are operating in New Zealand. When considering these issues, we took into consideration the wider implications outside the hospitality sector and the work already underway. There were also a mix of regulatory and non-regulatory issues.

Tourism

29. Within New Zealand's economy, hospitality and tourism often operate alongside each other. Hospitality businesses deliver services that many visitors to New Zealand rely on and contribute to the broader tourism experience. We heard in submissions that tourism support structures are often inaccessible and costly for hospitality businesses that choose to engage with them. An example of this is the Qualmark accreditation.[13] These structures are, in some cases, interwoven into other key aspects of business operations such as health and safety, sustainable practices, and environmental protection.

30. Tourism is out of scope of the Review, including regulations governing tour companies, transport providers, adventure tourism operators, and other tourism-specific activities and structures. The tourism sector is wide reaching, and analysis into the interrelated aspect of tourism and hospitality would not have been achievable in the timeframe of the Review. Careful consideration was taken in selecting the Review's scope to ensure meaningful change was achieved for the hospitality sector in the time available.

31. The Review also did not have sufficient evidence of the actual scale of the cost and challenges of tourism support structures like Qualmark. Removing duplication of paperwork and requirements would have been beneficial for businesses as it would save time and money. However, participation in these types of systems is strictly voluntary and those businesses that choose to engage with them are aware of those additional efforts required.

32. If further evidence comes to light, the Minister for Regulation could consider tourism as the subject of a future regulatory review.

Surcharges

33. Many businesses in New Zealand apply surcharges to recover the costs imposed by card networks and payment processors. These costs can be difficult to absorb, especially for small to medium-sized businesses operating on narrow margins. As a result, surcharges have become a common tool to maintain financial viability in the face of rising operating expenses.

34. This issue did not score sufficiently high enough to be progressed in the Review due to the timing criterion. This is because at the time of the Review's prioritisation assessment the Retail Payment System (Ban on Merchant Surcharges) Amendment Bill, which would ban surcharges had just reported back from Select Committee. This Bill reflected a recent decision made by Cabinet in relation to this issue.[14]

[13] Qualmark is a grading system for accommodation providers, visitor activities, services and transport providers created by the brand Qualmark and Tourism NZ.

[14] https://www.mbie.govt.nz/about/news/surcharging-legislation-introduced. It was reported back from Select Committee in September 2025 but has progressed no further.

35. All businesses, including those in the hospitality sector, have seen some savings through the Commerce Commission's most recent cut to interchange fees. This is the fee paid by a merchant's bank to the cardholder's bank each time a card payment is made. The expected savings from this is calculated at up to $90 million a year.[15]

Music licences

36. New Zealand's copyright law has created a robust music licensing regime, which differentiates based on sector, ensuring equitable distribution of royalties and protection of intellectual property. Different kinds of businesses engage with the regime (e.g., retail, fitness and wellness, personal services, education providers and small offices) and they experience similar challenges to those shared by the hospitality sector raised in submissions.

37. New Zealand's music licensing regime is similar to other countries like the UK and Australia. However, compliance in New Zealand can be viewed as more reactive, relying on direct outreach and enforcement. New Zealand's approach may result in businesses viewing licensing costs as an unexpected expense, rather than making businesses aware of the legal requirements and being more proactive (like in the UK and Australia). Cost barriers for music licensing have been raised with the Ministry previously through the Red Tape Tipline, where it has been considered but not progressed to advice to the Minister at this stage.

38. General challenges faced by these businesses are that the licensing costs are high, dependant on the type of licence selected by the business. For example, if a business wishes to play music via the radio, the costs are half of the published rates, compared to a selected playlist that is digitally delivered (i.e., Spotify, Apple Music).

39. Hospitality fees are typically higher than other businesses such as retail[16] or fitness and wellness[17], because the cost of fees reflects how music is used by businesses and the size of a premises. For example, whether music is a central component (bars and pubs), to enhance customer experience (cafés and restaurants) or playing in the background (radio). For hotels, charges are made separately for those restaurants, café or bars that operate in the hotel premises and function rooms and general music in the workplace, meaning fees can add up quickly.

40. Music licensing implicates other sectors and given the variation of fee calculation and a lack of regulatory and non-regulatory levers, there was a risk of drifting into intellectual property generally, which would not have been feasible within the timeframe of the Review.

Building requirements

41. Many businesses are facing challenges with the cost and delays of obtaining building consents and code of compliance certificates, as well as the frequency and cost of building warrant of finesses. The Ministry is aware of these challenges through numerous submissions to the Red Tape Tipline. There were some submissions to the Review on this topic, but not many. We recognise that these challenges are not limited to the hospitality sector.

42. The Review is considering the specific issue of marquees, which does have a direct impact on the hospitality sector. We have made a recommendation on the issue of marquees, and our analysis on this issue is considered in a separate supplementary paper.

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[15] Ibid, and https://www.beehive.govt.nz/release/bill-ban-surcharges-passes-first-reading.
[16] Comparing the smallest size premises for retail and hospitality, hospitality was roughly $100-200 more dependent on business type, i.e. pub or restaurant/café.
[17] Costs are determined based on the number of members, not the size of the premises.

43. To address the broader challenges related to building would inevitably have implications beyond the hospitality sector. The analysis required would not have been feasible within the timeframe of this Review, particularly to understand the options, benefits and trade-offs. In our view, a regulatory review of the Building Act 2001 would likely have benefits across residential and commercial building owners and users.

APPENDIX A: December 2025 assessment of problems and opportunities which could be included in the Hospitality Review

		SHOULD WE ADDRESS THIS ISSUE 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* *x 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** *Size of problem:* 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. *Type of potential benefits:* 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).[18] 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** *Size of problem:* 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. *Type of potential benefits:* 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** *Size of problem:* The Review has evidence that this is a problem for businesses that engage with multiple regulators (which make up much of the hospitality sector). *Type of potential benefits:* 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**
1.4	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** *Size of problem:* The Review has evidence that delays cause significant problems across all types of hospitality businesses.	✓ **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	✓✓ **Very likely to be well-timed** There is some reform work underway in relevant regulatory systems (food, alcohol, building), but these	**5/6** **Yes**

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

		SHOULD WE ADDRESS THIS ISSUE 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* *x takes away 1 point*
		Type of potential benefits: Addressing this problem would likely reduce start-up and transaction costs for businesses and events and potentially free up regulatory resource.	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.	reforms are not focused on addressing decision-making timeframes.	
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** *Size of problem:* The Review has some evidence that this problem is creating additional and unpredictable costs for businesses, but the scale has not yet been confirmed. *Type of potential benefits:* 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** *Size of problem:* 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. *Type of potential benefits:* 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** *Size of problem:* The Review has some evidence that the skilled labour pool in New Zealand is insufficient for the needs of hospitality businesses. *Type of potential benefits:* 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**
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** *Size of problem:* 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. *Type of potential benefits:* 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.	**✓✓ 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**

		SHOULD WE ADDRESS THIS ISSUE 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* x *takes away 1 point*
		There may also be spillover benefits for other types of licenced businesses.			
2.2	Some District Licensing Committees[19] (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** *Size of problem:* The Review has evidence that this is a significant problem for all types of licenced hospitality businesses. *Type of potential benefits:* 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**
2.3	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** *Size of problem:* The Review has some evidence that this is a problem for all types of licenced businesses and events. *Type of potential benefits:* 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-premises alcohol consumption more than off-premises alcohol consumption, costing hospitality businesses with on-licences disproportionally more, and potentially moving alcohol consumption from on-premises to off-premises.	**✓ Good potential benefits** *Size of problem:* 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-premises and off-premises alcohol consumption has not yet been confirmed. *Type of potential benefits:* Addressing this problem would likely reduce inventory costs for these businesses, creating savings which may then be passed onto 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	**✓ Good potential benefits**	**✓✓ Very feasible**	**✓ Likely to be well-timed** As agreed by Cabinet [SOU-25-MIN-0103 refers], the Ministry of Justice is working on introducing a risk-	**4/6** **Yes**

[19] 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.

	businesses and events that is not proportional to the risks posed by these short-term variations.	*Size of problem:* The Review has some evidence that this is a problem for clubs, hospitality businesses, events, and individual duty managers. *Type of potential benefits:* 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.	The problem is well-defined, and the analysis required to understand the options, benefits, and trade-offs is achievable in the time available.	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.	
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** *Size of problem:* 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. *Type of potential benefits:* Addressing this problem would likely somewhat streamline licensing processes, potentially lowering costs and creating more certainty for hospitality businesses in the licencing 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[20] 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** *Size of problem:* 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. *Type of potential benefits:* 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** *Size of problem:* The Review has some evidence that this is a problem for some clubs who wish to serve their wider communities under a club licence. *Type of potential benefits:* 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	✓✓ **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**

[20] 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.

		potential benefits of this to clubs and communities would outweigh significant potential drawbacks.			

2.9	The licensing application and renewals is process may be susceptible to circumvention by regulators, leading to unfair and untransparent decisions in some cases.	✓ **Good potential benefits** *Size of problem:* The Review has some evidence that this is a problem in some areas of the country for licenced hospitality businesses. *Type of potential benefits:* 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**
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** *Size of problem:* 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. *Type of potential benefits:* 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.	**2/6** **No**
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** *Size of problem:* The Review has evidence that this is a problem for all types of hospitality businesses and reduces the efficiency of regulators. *Type of potential benefits:* 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.	**2/6** **No**
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** *Size of problem:* The Review has some evidence that this a problem for all types of hospitality businesses and creates an information asymmetry between government and businesses. *Type of potential benefits:* 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.	**2/6** **No**

3.4	Changes to Food Control Plans are difficult to make, stifling menu innovation.	✓ **Good potential benefits** *Size of problem:* 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. *Type of potential benefits:* 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** *Size of problem:* The Review has evidence that this a problem, especially for small hospitality businesses that have not invested in digital platforms to manage compliance. *Type of potential benefits:* 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** *Size of problem:* 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. *Type of potential benefits:* 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**
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** *Size of problem:* 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. *Type of potential benefits:* 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**

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** *Size of problem:* 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. *Type of potential benefits:* 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**
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** *Size of problem:* 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. *Type of potential benefits:* 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. The 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** *Size of problem:* The Review has some evidence that this is a problem for hospitality businesses entering the market, especially small businesses. *Type of potential benefits:* 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** *Size of problem:* 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.	✕ **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**

		Type of potential benefits: Addressing this problem would likely reduce costs for hospitality businesses and / or landlords of hospitality businesses.			
6	**Problems and opportunities in other regulatory systems**				
6.1	*Security guards:* The requirement to display identification and a Certificate of Authority when providing private security creates safety concerns for security guards.	✓ **Good potential benefits** *Size of problem:* 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. *Type of potential benefits:* 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	*Transport:* 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** *Size of problem:* The Review has some evidence that this is a problem for clubs and other community organisations, especially in rural areas. *Type of potential benefits:* 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	*Regulatory stewardship:* 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** *Size of problem:* The Review has some evidence that this contributes to information asymmetries between government and regulated parities. *Type of potential benefits:* 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	*Health and Safety:* The storage requirements of Liquid Petroleum Gas (LPG) may not be flexible enough to meet the needs of small businesses.	✓ **Good potential benefits** *Size of problem:* The Review has some evidence that this is a problem for small hospitality businesses, but the scale of the problem has not been confirmed. *Type of potential benefits:* 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**
6.5	*Tourism:* The Qualmark accreditation[21] 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** *Size of problem:* 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. *Type of potential benefits:* 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**

[21] 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.

6.6	*Consumer protection:* Removing the ability to pass on card fees and surcharges imposes costs on businesses and reduces price elasticity.	✓ **Good potential benefits** *Size of problem:* The Review has evidence that this is a problem for all types of hospitality businesses, especially small businesses. *Type of potential benefits:* 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	*Copyright:* Music licencing costs are disproportionately expensive for the benefit received.	✕✕ **Poor potential benefits** *Size of problem:* The Review does not have sufficient evidence that this is a problem for hospitality businesses. *Type of potential benefits:* 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**
6.8	*Employment:* Sick leave, annual leave, break, and ACC entitlements are complex and burdensome on hospitality businesses.	✕ **Unclear potential benefits** *Size of problem:* 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. *Type of potential benefits:* 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**