



Regulatory Impact Statement: Improving Alcohol Regulation – Further Proposals for Off- and Club Licences

Decision sought	<i>Analysis produced to inform Cabinet decisions on changes to the Sale and Supply of Alcohol Act 2012 to improve alcohol regulation.</i>
Agency responsible	<i>Ministry of Justice</i>
Proposing Ministers	<i>Associate Minister of Justice, Hon Nicole McKee</i>
Date finalised	<i>28 October 2025</i>

Summary: Problem definition and options

This Regulatory Impact Statement acts as an addendum to a previous Regulatory Impact Statement titled Improving alcohol regulation to support economic growth (the main RIS). The Associate Minister of Justice, Hon Nicole McKee, provided the main RIS to the Social Outcomes Cabinet Committee on 13 August 2025 [CAB-25-MIN-0283 refers]. The function of this Regulatory Impact Statement is to carry out multi-criteria analysis of four further options. As a result, this Regulatory Impact Statement relies on the analysis from the main RIS and they should be read alongside each other.

What is the policy problem?

This Regulatory Impact Statement (RIS) analyses opportunities for economic growth as they relate to club patronage and the eligibility of off-licences for clubs. Economic growth is one part of the policy problem in the main RIS.

As stated in the main RIS, the Sale and Supply of Alcohol Act 2012 (the Act) sets out a comprehensive legislative and regulatory framework for the sale and supply of alcohol in New Zealand. The Ministry of Justice is responsible for stewardship of the system, and has a responsibility to ensure:

- the obligations imposed on regulated parties are proportionate and are achieving the intended outcome, and
- the system is delivering on the object of the Act, which is to minimise the harm associated with the sale and supply of alcohol.

Government intervention in this area is important because economic growth, the ability to purchase alcohol, and violent crime are matters of wide public interest. Government also has a strong interest in alcohol regulation due to the costs that ineffective regulation may impose on the health, social and justice sectors (harm and violent crime).

Due to the comprehensive and detailed nature of the regulatory regime, there is limited scope to address these issues through non-regulatory options.

There are mixed views among stakeholders about the scale of the problem. The industry generally prefers streamlined/less regulation while other groups concerned with the health impacts of alcohol will generally advocate for tighter restrictions and more community involvement in the licensing process.

What is the policy objective?

The policy objectives are to reduce regulatory burden and encourage economic growth while also delivering on the object of the Act to minimise harm associated with the sale and supply of alcohol. These objectives can be measured through data already collected by government.

The impact on the economy can be measured in several ways, including as the industry's contribution to GDP and employment. Data on the various harms caused by excessive alcohol consumption is collected in several forms. Other data collected by the Ministry of Justice (the Ministry) and the broader justice sector allows monitoring of the relationship between violent crime and alcohol.

What policy options have been considered, including any alternatives to regulation?

The status quo consists of four main types of alcohol licence: on-, off-, club, and special. To meet the conditions of their licence, premises must meet certain standards to prevent alcohol-related harm, including supervision by managers and environmental design standards. Different licences are subject to different conditions to address the harms associated with the particular ways they sell and supply alcohol.

Some premises may not hold certain licences. A club licence may only be held by a club and clubs cannot not hold an on-licence. Clubs are defined in the Act as organisations which do not have an object to make a profit.

The Act only allows a limited type of premises to hold an off-licence. Restaurants, as non-retail premises, may only hold an off-licence if at least 85% of their revenue is expected to come from alcohol sales. Further, restaurants directly connected to shops may not hold an off-licence. The Act defines a restaurant as having its principal business as selling meals for consumption on the premises, not including forms of transport.

Two options, composed of two sub-options each, are considered in this RIS as opportunities for economic growth in particular:

- Option 2a – Premises with club licences can sell and supply alcohol to the general public.
- Option 2b – Premises eligible for club licences can instead hold an on-licence.
- Option 3a – Make it easier for restaurants attached to manufacturers of food or non-alcoholic beverages to obtain an off-licence
- Option 3b – Make it easier for all restaurants to hold on- and/or off-licences.

What consultation has been undertaken?

For this RIS, the Ministry carried out targeted consultation with the following stakeholders: Hospitality New Zealand, the Restaurant Association of New Zealand, Retail NZ, Clubs New Zealand, and Alcohol Healthwatch.

Timing constraints mean the Ministry has not yet consulted the public, District Licensing Committees (DLCs), or with the industry more broadly.

Where possible, we have drawn on feedback previously provided, and stakeholders will be able to comment on the proposals as part of the Select Committee process.

Is the preferred option in the Cabinet paper the same as preferred option in the RIS?

No. The Minister's preferred options as set out in the Cabinet paper are:

- Clubs are permitted to hold on-licences, and
- Make it easier for restaurants attached to manufacturers of food or non-alcohol beverages to hold on- and/or off-licences.

The Ministry's preferred option is to maintain the status quo. We consider the status quo does not impose significant regulatory burdens on businesses and poses the lowest risk of additional alcohol-related harm and associated costs.

Summary: Minister's preferred option in the Cabinet paper

Costs (Core information)

Outline the key monetised and non-monetised costs, where those costs fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)

Both of the Minister's preferred options may impose:

- Direct monetisable and non-monetisable costs on clubs and restaurants to set up and administer a more complex licensing system.
- Indirect monetisable costs to consumers and government agencies as social and health harms increase alongside increased access to alcohol.

Cost will only be incurred if clubs or restaurants choose to change their licence status. We do not expect any of these costs to impact competition.

The major costs of any increase in alcohol harm will fall on consumers and the health and criminal justice systems. Certain consumers, especially wāhine Māori and imposed communities, are likely to be exposed to the most significant costs.

Benefits (Core information)

Outline the key monetised and non-monetised benefits, where those benefits fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)

Both of the Minister's preferred options will enable:

- Direct monetisable benefits to clubs and restaurants from increased alcohol sales and complementary income such as meal sales or increased interest in membership.
- Direct non-monetisable benefits to consumers associated with the convenience of purchasing alcohol.

We do not expect any of these benefits to impact competition. The largest benefits will fall on clubs and restaurants.

Balance of benefits and costs (Core information)

Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?

The costs of the Minister's preferred options are likely to outweigh the benefits. The costs associated with additional alcohol harm are significant and well evidenced, although the extent of additional harm that is likely to result from the Minister's preferred options is

unclear. The benefits are minor and less well evidenced. Most of the benefits are not necessary to ensure financial viability of clubs and restaurants as regulated parties. The ratio will change over time as set-up costs are expended. However, these costs are relatively small and will not significantly affect the balance of costs and benefits.

Implementation

How will the proposal be implemented, who will implement it, and what are the risks?

The proposals in this paper will have implications for the Alcohol Regulatory Licensing Authority (ARLA), DLCs, local government, regulatory agencies, and the industry more broadly. The Ministry will support stakeholders to prepare for implementing the proposals, including issuing communications.

These changes are intended to be implemented through legislative amendments to the Act. Other changes will be made through secondary legislation including Orders in Council. Territorial authorities may adjust local alcohol policies (LAPs) in response to amendments to the Act. The Government intends for an amendment bill to be introduced to the House in 2026.

Key risks to implementation are an incomplete understanding of the costs and workability of options, due to limits on consultation, and potential variation of policy at a local level through LAPs. An implementation plan will be required.

Limitations and Constraints on Analysis

Analysis has been subject to the following limitations and constraints:

- *Cabinet direction* – this RIS is developed based on Cabinet direction to consider these specific options. Due to time constraints to complete the analysis, the Ministry was not able to consider other options.
- *Timing* – the Ministry was directed to complete analysis in time for introduction of an amendment bill to the House by the end of 2025. Cabinet directions to carry out policy analysis of the options in this RIS were made in August 2025. This provided a limited period to develop and analyse options.
- *Evidence* – evidence about the number and density of on- and club licensed premises is difficult to access. Due to time constraints, the Ministry was not able to compile reliable data on this matter.
- *Consultation* – timeframes only allowed for targeted consultation on these options. To mitigate risks relating to limited consultation, the Ministry has assessed public and industry comments on the same or related issues during previous reforms. Stakeholders will also have the opportunity to comment as part of the Select Committee process.

Summary: Ministry’s preferred option in the Cabinet paper

Costs, Benefits, Balance, Implementation and Constraints

The Ministry’s preferred option is the status quo (Option 1). Therefore:

- the costs, benefits and their balance are the inverse of the Minister’s preferred options,
- no implementation is required, and the same constraints on analysis apply as for the Minister’s preferred options.

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I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager(s)
signature:
Caroline Greaney
Deputy Secretary Policy
28 October 2025

s9(2)(a)

Quality Assurance Statement	
Reviewing Agency: Ministry of Justice	QA rating: Partially meets
Panel Comment: <p>The Ministry of Justice’s Regulatory Impact Assessment quality assurance panel has reviewed the <i>RIS: Improving Alcohol Regulation – Further Proposals for Off- and Club Licences</i> prepared by the Ministry of Justice and considers that it partially meets the quality assurance criteria.</p> <p>The RIS is clear about the impact of time and scope constraints on analysis. Although targeted consultation has been undertaken it has focused on particular groups of stakeholders. Wider consultation would have provided the opportunity to more fully test the proposals. It could also have provided evidence to quantify the likely impacts of the proposals. On balance, when read alongside the main RIS <i>Improving alcohol regulation to support economic growth</i>, the analysis in the RIS is sufficient to inform Cabinet decision-making.</p>	

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

Key information from the main RIS

1. The main RIS sets out relevant context and information on the status quo. These include the harms associated with alcohol consumption, the economic contribution of alcohol to the economy and the object of the Sale and Supply of Alcohol Act 2012 (the Act) to reduce all forms of alcohol-related harm.
2. The most significant contributors to alcohol-related harm include the density of on- and off-licensed premises and opportunities for consumers to extend drinking sessions.¹ Alcohol harm presents in multiple ways and is both a cause and response to other harms, including ill health and crime.² Alcohol is a significant contributor to sexual violence and family violence across all populations.³ This harm can compound as victims develop dependence on alcohol in response to their victimisation.⁴ Alcohol harms certain groups more than others, especially young people, Māori and Pacific peoples.⁵
3. The Act provides that a person or business may only sell or supply alcohol if they hold an alcohol licence. The licensing regime in the Act provides for four types of licences:
 - a. **On-licence** (sections 14 to 16 of the Act) – allows the sale or supply of alcohol for consumption on the premises. For example, pubs, hotels, restaurants, cafés, bars, or conveyances like buses, trains or aeroplanes.
 - b. **Off-licence** (sections 17 to 20 of the Act) – allows the sale or supply of alcohol for consumption other than on the premises. For example, bottle stores, supermarkets, or by delivery.
 - c. **Club licence** (section 21 of the Act) – allows the sale and supply of alcohol for consumption on the premises but only to club members, their guests, and members of other clubs with reciprocal visiting rights. For example, sports clubs, RSAs, or working men's clubs.
 - d. **Special licence** (section 22 of the Act) – allows the sale or supply of alcohol to anyone attending events. Special licences can be 'on-site' or 'off-site' and granted for 'one-off' and series of events.

¹ See pages 14-17 of the main RIS.

² See paragraph 5 of the RIS.

³ Beres, M., et al. *Sexual assault experiences of university students and disclosure to health professionals*. New Zealand Medical Association Journal (2020, vol 11). Available at: <https://nzmj.org.nz/media/pages/journal/vol-133-no-1523/sexual-assault-experiences-of-university-students-and-disclosure-to-health-professionals-and-others/b0c7b3fea0-1696478773/sexual-assault-experiences-of-university-students-and-disclosure-to-health-professionals-and-others.pdf>; [shttps://nzmj.org.nz/media/pages/journal/vol-133-no-1523/sexual-assault-experiences-of-university-students-and-disclosure-to-health-professionals-and-others/b0c7b3fea0-1696478773/sexual-assault-experiences-of-university-students-and-disclosure-to-health-professionals-and-others.pdf](https://nzmj.org.nz/media/pages/journal/vol-133-no-1523/sexual-assault-experiences-of-university-students-and-disclosure-to-health-professionals-and-others/b0c7b3fea0-1696478773/sexual-assault-experiences-of-university-students-and-disclosure-to-health-professionals-and-others.pdf). See generally <https://helpauckland.org.nz/wp-content/uploads/Sexual-Abuse-Statistics-Summary-References.pdf>

⁴ *Report 8: Responding to survivors of family violence homicide*. Family Violence Death Review Committee (2023). Available at https://www.hqsc.govt.nz/assets/Our-work/Mortality-review-committee/FVDRC/Publications-resources/Eighth-report/FVDRC_eighth_report_final_WEB-v2.pdf

⁵ See pages 6-8 of the main RIS.

4. A range of mandatory conditions apply to each licence type to manage and mitigate the risk of alcohol-related harm. Licensing bodies can also impose discretionary conditions when granting an application for a licence.

Club licences have a limited customer base despite their role in the events sector

5. A club is defined as a body corporate with an object which is not for gain, or which holds a permanent club charter.⁶ Club licensed premises may only sell and supply alcohol to authorised people, namely their club members and their members' guests (sections 21 and 60). Clubs may serve non-alcoholic goods to non-members. Clubs may not hold on-licences, but they may hold off-licences in some limited circumstances (section 29). This means that, unlike on-licences, clubs cannot sell alcohol to the general public.
6. Rules for club licences are generally more lenient than for other types of licences. For example, club and on-licence holders must both appoint managers certified under the Act. However, on-licences must always have a manager on duty when alcohol is being served. For premises operating on club licences, a manager only needs to be on duty if specified as a condition of the licence.⁷ Club licensed premises have lighter regulations because of the assumption that clubs have a narrower customer base (their members) and have other ways to manage harmful alcohol-related behaviour by members, such as cancelling their membership.⁸
7. We note that data on the number of different club licences and associated conditions is currently limited. The Alcohol Regulatory and Licensing Agency (ARLA) is responsible for maintaining a register of all licences, but there are issues with data quality and completeness. We estimate that there are more than a thousand premises operating on club licences across the country.
8. Clubs can be influential parts of their communities by organising and running community events, projects and campaigns. Participation in these events have benefits for club members and provide economic opportunities for their wider communities such as spaces to sell goods and food. These benefits were emphasised by stakeholders. Clubs also contribute to the local and regional events industry by providing participants for events (for example, teams in local tournaments), organising events (for example, national and regional competitions), celebrations and commemorations (for example, Anzac Day).
9. While clubs eligible for club licences are not permitted to be commercial enterprises, events which they are involved in can have indirect economic impacts. For example, a local rugby club game attracts market food vendors. Furthermore, while club events are non-profit, they do involve expenditure on goods and services such venue rentals, uniforms and security hire.

⁶ Permanent club charters are a holdover from previous alcohol licensing legislation and are no longer issued.

⁷ Sections 212-215.

⁸ *Alcohol in our lives: Curbing the harm*. New Zealand Law Commission (2010). At 12.3. Available at <https://www.lawcom.govt.nz/assets/Publications/Reports/NZLC-R114.pdf>; confirmed as relevant to the Sale and Supply of Alcohol Act 2012 in *Alcohol Reform Bill: Departmental Report for the Justice and Electoral Reform Committee*. Ministry of Justice (2011). Available at https://www3.parliament.nz/resource/en-NZ/49SCJE_ADV_00DBHOH_BILL10439_1_A196765/a6b01de7d3a48042b7e1808690f3dab5cb6aed0e

Clubs are also locations of alcohol-related harm

10. Alcohol-related harm is present in and around club licensed premises. Domestic and overseas evidence indicates that sports clubs are sites of significant alcohol-related harm, including alcohol-related violence, overconsumption and dangerous drinking modelling to children and young people.⁹ However, the amount or risk of harm is not necessarily more significant than for other venues.
11. Stakeholders suggested that most clubs carry out harm-reduction strategies like on-licences, without being required to by legislation. For example, these stakeholders noted that many clubs require managers to be on duty while alcohol is served, despite this not being a requirement in the Act (clubs only need a manager on duty if it is a condition of the licence, see sections 214 to 215).
12. Another stakeholder noted that many clubs operate rurally and that this poses challenges to properly regulating them. They suggested that alcohol-related harm, especially harm from drunk driving, could increase if clubs were able to serve alcohol to more people. While data on the location of clubs is limited, research identifies rurality as a cause of drunk driving incidents, including due to enforcement challenges.¹⁰

Most restaurants have difficulty obtaining off-licences

13. Restaurants are defined in the Act as a premise which carries out the business of supplying meals for consumption on those premises and which is not a form of transport. This definition covers a range of other businesses not usually referred to as a “restaurant”, such as a café. Restaurants may hold on-licences under the Act.
14. The Act does not prohibit restaurants from holding off-licences, but in practice it is very difficult to qualify. This is because the Act only allows a limited set of premises to hold off-licences. However, the Act does technically permit restaurants to hold off-licences (section 25).
15. In order to obtain an off-licence, at least 85% of non-retail premises’ expected revenue must come from alcohol sales (section 32, “the revenue rule”). Restaurants are non-retail businesses and make most of their revenue from food sales as their principal business, meaning it can be difficult to meet the revenue rule.
16. It is impossible for restaurants on the same premises as shops to gain an off-licence because the Act prohibits premises from holding off-licences if that premise can be accessed through a shop, or vice versa (section 36, “shop-within-a-shop rule”). For example, a café in the same room as a grocery store or a restaurant that sells takeaway food would be prohibited from holding an off-licence.
17. The revenue and shop-within-a-shop rules exist to prevent stores prohibited from holding off-licences (such as dairies and convenience stores) working around that prohibition. Without the rules, prohibited shops could start as permitted stores and then “diversify” to effectively become a dairy, or artificially designate part of their prohibited shop as not a prohibited shop, respectively. This purpose is balanced against consumer convenience

⁹ Teevale, T. et al. *Binge drinking and alcohol-related behaviours amongst Pacific youth: a national survey of secondary school students*. The New Zealand Medical Journal (volume 125, 2012). O’Brien, K. et al. *Hazardous drinking in New Zealand sportspeople: level of sporting participation and drinking motives*. Alcohol and Alcoholism (2007).

¹⁰ Harris, D., et al. Alcohol-related crash trends. Ministry of Justice Research Reports (report 294). At 6.3.1. Available at: <https://www.nzta.govt.nz/assets/resources/research/reports/694/694-Alcohol-related-crash-trends.pdf>

and commercial viability. The purpose of prohibiting certain shops from selling alcohol is to limit the proliferation of licensed premises.¹¹

What is the policy problem or opportunity?

Key information from the main RIS

18. Opportunities identified in the main RIS are to:

- a. drive growth of the events and hospitality sector by removing unnecessary regulatory barriers,
- b. reduce access to alcohol, particularly for high-risk consumers during high-risk periods, and
- c. address inefficiencies and uncertainty for the industry and government agencies.

Clubs could support the growth of the events and hospitality sector by serving more patrons

19. As community institutions, clubs contribute to the economy as a part of the events industry at a local and regional level. Increasing the financial viability of clubs could expand this contribution.
20. Stakeholders indicate that clubs rely on income from membership fees and from sales revenue, including from alcohol sold to members. Stakeholders suggested that allowing clubs to serve a wider range of customers would support clubs' economic viability by reducing burdens associated with applying for special licences and by reducing confusion for non-member patrons. This could increase their role in their communities.

Removing barriers to restaurants holding off-licences may provide opportunities for growth in the hospitality sector

21. The revenue and shop-within-a-shop rule are significant hurdles to restaurants being able to hold off-licences. Changes to alcohol regulation could support growth for restaurant businesses (including through reduced costs to maintain separate premises and business expansion).
22. Industry stakeholders indicated changes to alcohol regulation could provide opportunities to grow their businesses and provide opportunities for business diversification. All industry stakeholders expressed this as an opportunity to grow their businesses rather than a challenge to their commercial viability. One stakeholder carried out an informal survey indicating that at least 60% of its restaurateur members would benefit from holding off-licences.
23. One stakeholder suggested alcohol-related harm was likely to be lower where consumers purchased alcohol for off-premises consumption from restaurants compared to from off-licences such as liquor stores. However, there is no evidence to support this claim. There is some evidence that consumers tend to use off-licences to continue dangerous drinking sessions that may have started at on-licensed premises.¹²

¹¹ Footnote 8, at [8.25] and [8.31]; at [173].

¹² Stacy, C. et al. *Using land policy to improve population health*. Journal of Urban Health (2020); Day, P. et al. *Close proximity to alcohol outlets is associated with increased serious violent crime in New Zealand*. Australian and New Zealand Journal of Public Health (volume 36, issue 1, 2012). Kookiri ki Taamakimakaurau Trust. *Kaupapa Te Rapu Taamakimakaurau Whaarangi Meka (Fact Sheet): Too many bottle shops in the community*. 2024.

What objectives are sought in relation to the policy problem?

24. The Ministry's objectives are to:

- a. remove or reform regulatory requirements that are disproportionate or not achieving their intended purpose, and
- b. better deliver on the object of the Act to minimise harm and violent crime occurring because of excessive or inappropriate alcohol consumption.

25. Sometimes these objectives will be in tension. In many cases, efforts to reduce harm will impose additional costs on businesses which will dilute any efforts to reduce regulatory burden.

26. Any harm reduction benefits would be expected to have larger benefits for groups that experience harm at higher rates under the current system.

What consultation has been undertaken?

27. Timing constraints meant only targeted consultation was possible for this RIS. However, as in the main RIS, the Ministry's ongoing relationships with stakeholders, and understanding of submissions to previous Select Committees, has helped inform both this RIS and the main RIS. Research has also been used to supplement other gaps in consultation.

28. For this RIS, the Ministry carried out targeted consultation with Hospitality New Zealand, the Restaurant Association of New Zealand, Retail NZ, Clubs New Zealand, and Alcohol Healthwatch.

29. The Ministry consulted these stakeholders on the specific options proposed below. On options to allow clubs to serve the general public, the Ministry received the following feedback:

- a. Clubs New Zealand strongly prefers option 2b – retain club licences and remove the limitations on applying for an on-licence. This because it retains a distinct licence, which Clubs New Zealand considers is more suitable for the unique governance models that clubs use. Clubs New Zealand considers that clubs are low-risk and notes that changes to club licences in Australia did not result in negative effects. Additionally, removing the current restrictions provides clarity for members of the public, who will know they can be served at a club.
- b. Alcohol Healthwatch noted that allowing clubs to obtain an on-licence carries less risk than simply enabling clubs to serve the public because it ensures additional checks are put in place. It also noted that many clubs are rural so any changes would need to consider the potential risk of increased drink driving incidents. Also, the ability of clubs to sell alcohol at cheaper rates creates a risk of additional harm through excess consumption.

30. On options to allow restaurants to hold off-licences, the Ministry received the following feedback:

- a. Retail NZ opposed the change, on the grounds that the issue appears to be marginal in scale and the proposed changes risk creating unintended consequences, regulatory confusion and increased alcohol availability without clear evidence of benefit.

- b. The Restaurant Association of New Zealand supports allowing all restaurants to hold off-licences. It carried out a survey of its members, with 75 percent of respondents in favour of a change and 69 percent indicating they would likely apply. Risks are no different than those that apply to existing off-licences and can be managed through adopting the same practices that off-licences are currently required to use (for example, age verification).
- c. Alcohol Healthwatch advised that option 1 is the most effective way to minimise harm. Any increase in the availability of alcohol risks some additional harm. If changes are deemed to be necessary, Alcohol Healthwatch prefers that the changes be narrowly focused rather than applying to all restaurants. Alcohol Healthwatch also noted that even with a targeted change, restaurants may rearrange their business to take advantage of the change, which could lead to large numbers of on-licenced restaurants holding off-licences.

Section 2: Assessing options to address the policy problem

What criteria will be used to compare options to the status quo?

- 31. This RIS applies mostly the same criteria as the main RIS. Three criteria will be used to compare options to the status quo. These criteria are based on the objectives sought and general administrative principles. As with the objectives, these criteria can be, but will not always be, in tension.
- 32. The criteria in this RIS and the main RIS differ slightly. This RIS assesses benefits and costs for private entities under the ‘reduces regulatory burden’ and ‘economic growth’ criteria with additional costs to government included under ‘ease of implementation’ This change was made to avoid ‘double counting’ of issues. The Ministry does not consider change inconsistent with the objectives and reasoning set out in the main RIS.
- 33. This RIS also adds an additional criterion – economic growth. This is distinct from regulatory burden because it measures the potential benefits for businesses rather than the direct costs associated with legal compliance. We consider that adding this criteria augments the analysis in the original RIS.

Criteria for assessment of options

Criterion	The extent that the option:
Reduces regulatory burden	<ul style="list-style-type: none"> • will reduce the costs faced by businesses to sell and supply alcohol, and • will reduce the burden faced by businesses to comply with legal requirements. <p>This may include direct financial savings, and time savings from not having to comply with certain requirements.</p>
Economic growth	<ul style="list-style-type: none"> • creates opportunities for individual businesses to generate additional revenue • generates economic growth across the hospitality sector, and

Consistency with the purpose and object of the Act	<ul style="list-style-type: none">• is consistent with the object of the Act, which is to minimise the harm associated with the sale and supply of alcohol. <p>This criterion also covers impacts on groups who currently face disproportionate negative effects.</p>
Ease of implementation	<ul style="list-style-type: none">• can be simply implemented, without any additional costs to central or local government.

What scope will options be considered within?

34. For the main RIS, the Ministry noted the scope of analysis was limited by:

- a. government priorities and Cabinet decisions, and
- b. time constraints.

35. The same constraints apply to this RIS.

36. The Ministry was directed only to consider options decided by Cabinet in August 2025. Cabinet invited the Associate Minister to report back to Cabinet on whether [CAB-25-MIN-0283 refers]:

- a. restaurants should be able to hold on- and off-licences, and
- b. to allow premises operating on club licences to serve a broader range of customers.

37. Cabinet decisions are required soon to meet Cabinet's timing for the introduction of a bill. These decisions limited time to analyse options and draft the RIS.

What options are being considered?

38. These options focus on enhancing economic growth. They therefore should be read as part of the first multi-criteria analysis table in the main RIS (from page 22).

39. Option 1 is mutually exclusive with all other options. Options 2a and 2b are mutually exclusive. Options 3a and 3b are mutually exclusive. Options 2a and 2b are not mutually exclusive with options 3a and 3b.

Option 1 – Status Quo

40. Clubs remain unable to hold on-licences and continue to serve only members and their guests. The revenue and shop-within-a-shop rules remain in place. In effect, restaurants are unable to hold off-licences.

Option 2a – Premises with club licences can sell and supply alcohol to the general public

41. Club licensees could sell and supply alcohol to the general public, consistent with on-licences.

42. Clubs would be able to sell and supply alcohol to a wider range of people. Other restrictions and exemptions for club licences would remain. For example, managers of club licensed premises would not be required to be on duty while the premises serve alcohol unless required as part of a licence condition.

Option 2b – Premises eligible for club licences can instead hold an on-licence.

43. Club licensees could hold an on-licence *or* a club licence (but not both).

44. This option would provide flexibility for clubs to hold on-licences, if they chose, allowing them to sell and supply alcohol to a wider range of people. The same restrictions that apply to on-licences would apply to clubs holding on-licences. For example, a manager of a club holding an on-licence would have to be on duty when the club is serving alcohol. This would likely involve removing section 29(1).

Option 3a – Make it easier for restaurants attached to manufacturers of food or non-alcoholic beverages to obtain an off-licence

45. Restaurants could hold an off-licence if they are on the same premises as a manufacturer of food or non-alcoholic beverages, including where the restaurant is on the same premise as a shop. This option would allow a limited number of restaurants to hold off-licences as well as on-licences. Other restrictions on off- and on-licence sales would apply.
46. This option would require removing the shop-within-a-shop rules for restaurants attached to such manufacturers. It would also require excluding certain goods manufactured on the premises from the revenue calculation.
47. The design of this option is based on the approach taken in the Sale and Supply of Alcohol (Restrictions on Issue of Off-Licences and Low and No Alcohol Products) Amendment Bill (the Bill), a member's bill in the name of Mr Mike Butterick MP.¹³ The Bill removes barriers to restaurants attached to manufacturers obtaining off-licences through amendments to sections 32 and 36(1)(e) to (f). Further work will be needed with the Parliamentary Counsel Office to determine whether this is the most effective approach.

Option 3b – Allow all restaurants to hold off-licences

48. All restaurants could hold an off-licence as well as an on-licence. Other restrictions on off- and on-licence sales would apply. This would likely be implemented by specifying restaurants as a type of premises that can hold an off-licence.

¹³ Available at:

https://www.legislation.govt.nz/bill/member/2025/0144/latest/LMS1427166.html?search=y_bill%40bill_2025_bc%40bcur_an%40bn%40rn_25_a&p=1

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How do the options compare to the status quo/counterfactual?

	Reduces regulatory burden	Economic growth	Consistent with the object of the Act	Ease of implementation	OVERALL
Option 1 Status Quo	0	0	0	0	0
Option 2a Premises with club licences can sell and supply alcohol to the general public	- Likely to increase costs for clubs should they decide to apply for an on-licence – for example, any club holding an on-licence will need to have a duty manager working whenever alcohol is being served which is not a legal requirement for club licences	+ Enabling clubs to serve a broader range of patrons will provide an additional source of revenue for many clubs, compared to current settings.	-- This would increase the supply of alcohol on premises where alcohol-related harm is already identified as significant. This may increase the de facto density of on-licences, which is identified as a driver of alcohol-related harm. Density controls by LAPs may be less effective in controlling on-licence density because these would still be classified as club licences. Club licences tend to have fewer safety related restrictions than on-licences, which are not planned to be changed by this option. However, stakeholders have suggested that many clubs already carry out non-required safety measures.	+ This would be a relatively minor amendment, making it easier to administer and understand.	-
Option 2b Premises eligible for club licences can instead hold an on-licence.	0 No change to regulatory requirements.	++ Uptake may be significant, as suggested by stakeholders. An increase in alcohol sales and associated meal consumption may support sector growth. The accessibility of clubs to events may increase the economic benefits of events at different geographic levels.	- This would increase the supply of alcohol on premises where alcohol-related harm is already identified as significant. Greater compulsory safety controls under on-licences are likely to manage some risk of alcohol-related harm associated with club licences.	- This is a relatively minor amendment and does not change the technical operation of club and on-licence, making the option easy to administer. Early implementation may be difficult for clubs as premises may not be initially acceptable for an on-licence.	-
Option 3a Allow restaurants attached to manufacturers of food or non-alcoholic beverages to hold off-licences	0 Unlikely to result in a big change to regulatory burden.	+ Uptake may be limited as the change applies to a niche set of restaurants. An increase in alcohol sales and associated food consumption may support sector growth. Accessing alcohol for consumption on- and off-premises increases convenience for consumers.	- This will increase the density of off-licences which is identified as a driver of alcohol-related harm. However, LAP density rules may support effective control of off-licence density. This would make it easier for consumers to prolong drinking sessions, including unsupervised off-premises consumption. This is identified as a significant risk of alcohol-related harm. As noted by one stakeholder, creating an exception for a specific type of premise (restaurants) opens the door for more exceptions in the future, further increasing alcohol-related harm. Lower uptake will reduce overall harm.	- This is a complex change because it requires exceptions to two off-licence rules for a specific type of premises (restaurants attached to manufacturers). This complexity will make the rules harder to understand and difficult to administer. Low uptake will reduce the overall burden for implementation.	-
Option 3b Allow all restaurants to hold off-licences	+ Any restaurant will be able to apply for an off-licence, which is simpler to comply with than Option 3a.	++ Uptake may be significant, as suggested by stakeholders. An increase in alcohol sales and associated food consumption may support sector growth. Accessing alcohol for consumption on- and off-premises increases convenience for consumers.	--- This will increase the density of off-licences which is identified as a driver of alcohol-related harm. However, LAP density rules may support effective control of off-licence density. This would make it easier for consumers to prolong drinking sessions, including unsupervised off-premises consumption. This is identified as a significant risk of alcohol-related harm. As noted by one stakeholder, creating an exception for a specific type of premise (restaurants) opens the door for more exceptions in the future, further increasing alcohol-related harm. Higher uptake will increase overall harm.	-- This is a complex change because it requires exceptions to two off-licence rules for a specific type of premises (restaurants). This complexity will make the rules harder to understand and difficult to administer. Higher uptake will increase the overall burden for implementation.	--

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

49. The Ministry of Justice prefers Option 1. Option 1 poses the lowest risk of an increase in alcohol-related harm and better supports opportunities to reduce alcohol related harm. Further, Option 1 is easiest to administer for government agencies, and does not appear to impose a significant regulatory burden on stakeholders. As such, Option 1 best supports the purpose and operation of providing a distinct club licence, and barriers to restaurants holding off-licences.
50. Currently, licensed clubs are sites of alcohol-related harm. Government and non-government organisations make efforts to improve drinking culture at clubs.¹⁴ Maintaining the status quo keeps a reliable environment for this work to continue. This also reflects the purpose for the legislative distinction between clubs and other licences, being that clubs should be limited to managing smaller numbers of members for which they have further tools to control. Members of the public can continue to visit club premises and purchase food and non-alcoholic drinks. The status quo does not appear to provide a serious financial challenge to club licence holders.
51. Similar considerations apply for restaurants. Currently, both on- and off-licensed premises contribute to alcohol-related harm. This harm is compounded when on-premises drinking sessions are extended by unsupervised off-premises drinking sessions. The status quo limits opportunities for shorter turnaround times between on- and off-premises consumption of this kind and does not pose a serious commercial challenge to restaurants. Most concerns raised by stakeholders in targeted consultation noted minor consumer inconveniences such as being unable to allow a customer to take home a half-consumed bottle of wine. We note this would also be prohibited under Local Alcohol Policies and by-laws prohibiting the carrying of open bottles of alcohol in public places.¹⁵

Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?

52. The Minister's preferred options are Options 2b and 3a. These options would permit clubs to hold on-licences and make it easier for restaurants attached to manufacturers of food or non-alcohol beverages to hold on- and/or off-licences.
53. These differ from the Ministry's preferred option, which is Option 1 (the status quo).

What are the marginal costs and benefits of the preferred option in the Cabinet paper?

54. This section sets out original and additional analysis to the main RIS.

¹⁴ Lutherus, K., and Lyons, A. *Alcohol and Masculinity within community sports clubs in Aotearoa New Zealand*. Kōtuitui: New Zealand Journal of Social Sciences (volume 19, 2024); Rowland, B., et al. *The impact of an alcohol consumption intervention in community sports clubs on safety and participation: an RCT*. Australian and New Zealand Journal of Public Health (volume 43, Issue 2, 2019); Kingsland M. et al. *Alcohol consumption and sport: a cross-sectional study of alcohol management practices associated with at risk alcohol consumption at community football clubs*. BMC Public Health (2013); see https://www.actionpoint.org.nz/alcohol_in_sports_case_study.

¹⁵ See variously: <https://new.aucklandcouncil.govt.nz/en/licences-regulations/alcohol-bans-policies/alcohol-ban-maps.html>; <https://wellington.govt.nz/community-support-and-resources/safety-in-wellington/central-city-alcohol-ban>; <https://ccc.govt.nz/the-council/plans-strategies-policies-and-bylaws/bylaws/alcohol-restrictions-in-public-places-bylaw>

Affected groups	Comment	Impact	Evidence Certainty
Additional costs of the Minister's preferred option compared to taking no action			
Regulated groups <i>Club licensees</i>	<p>Based on comments from stakeholders, current club licence holders will incur additional costs to comply with on-licence conditions (only if they choose to apply for an on-licence – clubs will need to weigh the costs and benefits). This includes always having a manager on duty when alcohol is being served (not currently required for club licences).</p> <p>Continuing costs to meet more rigorous on-licence conditions. This cost will be less significant for clubs which already meet these conditions voluntarily.</p>	Medium	Low
Regulated groups <i>Restaurants</i>	<p>Based on requirements in the Act and comments from stakeholders, restaurants would incur continuing costs to establish parallel on- and off-licence conditions. For example, maintaining a duty manager for each licence.</p>	Low	Low
Regulators <i>Territorial Authorities</i>	<p>Based on the current role of territorial authorities, territorial authorities will incur:</p> <p>One-off costs to adapt to new licensing rules.</p> <p>Continuing costs to manage the administration of more complex legislation and more complex arrangements for premises in relation to option 3a.</p>	Medium	Low
Regulators <i>Medical Officers of Health and Police Officers</i>	<p>Based on the current role of Medical Officers of Health and Police Officers, health agencies will incur:</p> <p>One-off costs to adapt to new licensing rules.</p> <p>Continuing costs to manage the administration of more complex legislation and more complex arrangements for premises in relation to option 3a.</p>	Low	Low
Others <i>Health system</i>	<p>Based on evidence about the impact of greater access to alcohol on health, health system agencies, such as Health NZ, will incur continuing increased costs to treat immediate and long-term health effects of alcohol consumption. For example, emergency response to drunk driving and elective treatment for colon cancer.</p>	Medium	Medium
Others	<p>Based on evidence about the impact of greater access to alcohol on social wellbeing, criminal</p>	Medium	Medium

<i>Criminal justice system</i>	justice system agencies, such as New Zealand Police, will incur continuing increased costs to respond to immediate and long-term effects of alcohol consumption. For example, prosecuting alcohol-induced violent crime and managing intergenerational trauma associated with alcohol-related abuse.		
Others <i>Consumers</i>	Based on evidence about alcohol-related harm, consumers will incur mostly non-financial costs such as harm to their physical health and mental health. These may result in costs to consumers if they prevent future work or require treatment in future.	Medium	Medium
Total monetised costs	<i>Set-up and administrative costs for clubs and restaurants.</i> <i>Administrative costs for regulating agencies.</i> <i>Expenditure costs for the Health and Criminal Justice systems associated with increased alcohol-related harm.</i> <i>Wellbeing expenditure by consumers.</i>	<i>High</i>	<i>High</i>
Non-monetised costs	<i>Complexity of administration for regulators.</i>	<i>Low</i>	<i>Low</i>
Additional benefits of the preferred option compared to taking no action			
Regulated groups <i>Club licensees</i>	Based on comments from stakeholders, current club licensees will gain: Continuing financial benefits from increased alcohol sales and increased membership.	Medium	Low
Regulated groups <i>Restaurants</i>	Based on requirements in the Act and comments from stakeholders, restaurants would gain continuing benefits from increased sales of alcohol under their off-licences.	Medium	Low
Others <i>Consumers</i>	Based on comments from stakeholders, consumers will gain continuing, non-financial benefits from the convenience of buying alcohol for off-premises consumption from the same location.	Low	Low
Total monetised benefits	<i>Increase in revenue from sales of alcohol and associated purchases (such as meals) for clubs and restaurants.</i> <i>Increase in clubs' total membership fees.</i>	<i>Medium</i>	<i>Low</i>
Non-monetised benefits	<i>Consumer convenience.</i>	<i>Low</i>	<i>Low</i>

55. Overall, the costs of the Minister's preferred option exceed the benefits. The strongest evidence to assess costs and benefits is for significant health and crime related costs. Most other evidence comes from stakeholder comments.
56. Costs accrue to a wider range of stakeholders, including significant costs related to health and violent crime. Benefits accrue to a more limited number of stakeholders. While the benefits to some licensee stakeholders are fairly high, it is not clear that these benefits are necessary for these stakeholders' financial viability.
57. Costs to regulated groups are likely to be highly variable depending on the status quo condition of premises. For example, club licensed premises may already be suitable for holding on-licences while others may be required to adapt premises to meet environmental design expectations.¹⁶

Section 3: Delivering an option

How will the proposal be implemented?

58. Changes would be made as legislative amendments to the Sale and Supply of Alcohol Act 2012.
59. As with the main RIS, implementation will involve:
 - a. the Ministry supporting stakeholders¹⁷ to adapt to changes, including by publishing resources for use by regulated groups
 - b. stakeholders adapting to changes without support from the Ministry
 - c. variable implementation costs and responsibilities, and
 - d. the Department of Internal Affairs implementing age verification for alcohol purchases into the Digital Identity Trust Framework.

How will the proposal be monitored, evaluated, and reviewed?

60. As with the main RIS, monitoring, evaluation and review will involve:
 - a. joint stewardship by the Ministries of Justice and Health
 - b. standard data collection
 - c. continuing stakeholder engagement
 - d. consideration of technological tools to support monitoring, and
 - e. continuing monitoring in relation to the Crown's obligations identified in WAI 2575.

¹⁶ *Safer bars and restaurants: A guide to Crime Prevention through Environmental Design*. Health New Zealand (2019). Accessible here: https://cdn.shopify.com/s/files/1/0897/7910/files/5.0_AL1129_CPTED_Guidelines_Bars.pdf?v=1714702109

¹⁷ These would include local authorities, Police officers, Medical Officers of Health, local government and businesses. Support may be direct or indirect (E.G., producing resources).