

# Appendix A - Detailed description of options for the alcohol regulatory system

This document accompanies the Hospitality Review’s discussion document for hospitality representatives and contains detailed descriptions of the options put forward in that paper. This document does not contain proposals, and feedback on these options will inform the Hospitality Review’s recommendations to the Government to improve some of the regulatory systems the hospitality sector engages with.

## 1. Options to make licensing requirements and processes more proportionate to risk

There is a **choice** to make the barrier to getting a licence more proportionate by **altering the flexibility of the system**, either by introducing greater flexibility or reducing flexibility and increasing specificity.

| #     | Options for change   | Description of the option  | Potential impact of change   |
|-------|--|--|--|
| 1.A.1 | <p><i>[Choice to introduce more flexibility]</i> 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.</p> <p><i>This option is <b>mutually exclusive</b> to Option 1.A.4, and <b>dependent</b> on other options discussed in later sections to improve oversight and regulator capability and capacity.</i></p> | <p>This option would allow highly bespoke licences where the requirements to get and keep the licence are tailored to each licensee’s situation.</p> <p>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.</p> <p>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.</p> <p>Depending on the circumstance, this licence could be held by a premise/event, a business (meaning more than one premise could be open under a single licence), or an individual.</p> | <p>This option is intended to make the barriers to getting a licence <b>more proportional</b> to the specific circumstances and risks posed by individual businesses by <b>improving flexibility</b> for businesses and local authorities to respond to individual risk profiles, circumstances, and business plans.</p> <p>An additional benefit of this option is that <b>improves the adaptability</b> of the licencing system and <b>supports innovation</b> by allowing businesses to step out of the boundaries set by current licence types without significant investment while still managing risks.</p> <p>This option may introduce additional complexity and uncertainty into the licensing process if not implemented well, and requires a high level of oversight and regulator capacity and capability to administer effectively.</p> |
| 1.A.2 | <p><i>[Choice to introduce more flexibility]</i> Allow regulators to exempt applicants from certain criteria in particular circumstances.</p> <p><i>This option is <b>complementary</b> with changing licence types and other options in this table.</i></p>   | <p>This option would set principles in regulation for when regulators could exempt applicants from certain licensing criteria.</p> <p>An example: regulators could exempt an applicant for a special licence from the amenity and good order licensing criteria (currently s142(1)(e)) if the 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.</p>   | <p>This option is intended to make barriers to getting a licence <b>more proportional</b> by giving regulators discretion to lower requirements within boundaries, where relevant. This allows the process to respond to applicants’ individual circumstances, <b>improving flexibility</b>.</p> <p>This option may also <b>improve efficiency</b> in some circumstances, as applicants will not need to provide information to regulators that is not relevant.</p>   |
| 1.A.3 | <p><i>[Choice to introduce more flexibility]</i> Allow temporary, provisional licences to be granted in certain circumstances where not all the licensing criteria / application requirements are met.</p> <p><i>This option is <b>complementary</b> with changing licence types and other options in this table.</i></p>  | <p>This option would set criteria in regulation for when regulators can grant temporary, provisional licences. These temporary, provisional licences would replace temporary authorities.</p> <p>An example: a business could be granted a provisional licence if their building does not have a current building certificate due to ongoing building works that do not materially affect the operation or safety of the licenced business.</p>  | <p>Like option B, this option is intended to make barriers to getting a licence <b>more proportional</b> by giving regulators discretion to lower requirements within boundaries, where relevant. This allows the process to respond to applicants’ individual circumstances, <b>improving flexibility</b>.</p> <p>This option may also <b>improve efficiency</b> in some circumstances, as some businesses to get their licence / start operating sooner than they otherwise would have.</p>  |

| #     | Options for change  | Description of the option  | Potential impact of change   |
|-------|---|--|--|
| 1.A.4 | <p><i>[Choice to reduce flexibility but increase specificity]</i> Replace on, club, and special licences with more specific licences based on risk classifications</p> <p><i>This option is <b>mutually exclusive</b> to Option 1.A.1 table</i></p>   | <p>This option would introduce more 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.</p> <p>The current fees regulations currently outline a risk framework based on the combination of type of business, opening hours, compliance history – this risk framework currently only changes the fees licensees pay, not the requirements they have to meet. This framework could be updated and extended to form the basis of the new licence categories, or a new risk framework developed and introduced (for clarity, if a new risk framework is introduced, this would be reflected in the fees framework).</p> <p>There would be a clear pathway to upgrade or downgrade a licence if a licensee’s risk changes over time.</p> <p>Like Option 1.A.1, this licence could be held by a premise/event, a business, or an individual.</p> <p>(Note: This option builds on and extends the current reforms which will introduce a risk framework for the assessment special licences).</p> | <p>Like Option 1.A.1, this option is intended to make the barriers to getting a licence <b>more proportional</b> to the specific circumstances and risks posed by businesses, but unlike option B this is done by making the requirements clearer and more specific, <b>increasing certainty</b> for businesses rather than increasing flexibility in requirements.</p> <p>Like Option 1.A.1, this option also <b>improves the adaptability</b> of the licencing system and <b>supports innovation</b> by allowing businesses to step out of the boundaries set by current licence types without significant investment while still managing risks.</p> <p>This option may introduce additional complexity into the licensing process and some businesses may not neatly fall into categories, but requires less oversight and regulatory capacity and capability to administer effectively than Option B.</p> |
| 1.A.5 | <p><i>[Choice to reduce flexibility but increase specificity]</i> Change the current licensing criteria to be more specific</p> <p><i>This option is <b>mutually exclusive</b> to changing licence types (as if licence types are changed, the licensing criteria will need to be changed to align with the new licences), but <b>complementary</b> with other options in this table.</i></p> | <p>This option would make the current licensing criteria (which are currently described in s105(1) and s142(1) of the SSAA) more specific, either in primary legislation or in regulation.</p> <p>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)).</p>   | <p>This option is intended to make the barriers to getting a licence <b>more proportional</b> by making requirements clearer and more specific. This would 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.</p> <p>This option would likely <b>increase certainty</b> for businesses and potentially <b>reduce workloads</b> and risk for regulators, which may lead to faster assessment times and <b>greater efficiency</b>.</p> <p>This option reduces flexibility, but this can be mitigated if it is implemented alongside Options B and C (exemption pathways and provisional licences) below.</p>  |

There is a **choice** to make renewal requirements more proportionate by moving from a one-size-fits-all approach to **scaled renewal** periods:

| #     | Options for change   | Description of the option   | Potential impact of change   |
|-------|--|---|--|
| 1.B.1 | Clearly scale licence renewal periods by risk and performance.<br><i>This option is <b>mutually exclusive</b> to other options in this table, and would be more effective if implemented with options in later sections to streamline the renewal application process.</i> | This option would establish a framework in regulation for how regulators determine how long a licence is valid for (including temporary authorities), and therefore when it must be renewed, based on the risk of a licence. At a minimum, this framework would reflect the dimensions of risk outlined in the fees regulations.<br><br>This framework could retain the current three-year maximum renewal frequency or could extend this renewal frequency for lower-risk licences (e.g., higher-risk licences are always renewed every year, lower-risk licences are renewed every five years). | This option is intended to make licence renewals more <b>proportional</b> by differentiating requirements based on risk. This option is also intended to increase the <b>likelihood that risks and problems are identified</b> in higher-risk businesses.<br><br>This option may <b>improve efficiency</b> for some businesses, as they would have to renew their licence less frequently, <b>reducing administrative work</b> .<br><br>This option may introduce additional complexity into the process and may increase regulators' overall workload, but this could be mitigated by streamlining the renewals process which would allow regulators to focus their effort on higher priority / higher risk licences.   |
| 1.B.2 | Renewal periods scaled solely on performance.<br><i>This option is <b>mutually exclusive</b> to other options in this table</i>  | Like Option B, this option would establish a framework in regulation for how regulators determine when a licence is renewed. Unlike Option B, 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).  | Like Option 1.B.1, this option is intended to make licence renewals <b>more proportional</b> by giving regulators discretion (within boundaries) to reduce requirements for 'good operators' and increase requirements and oversight for 'poor operators'.<br><br>Like Option 1.B.1, this option may <b>improve efficiency</b> for some businesses by <b>reducing administrative work</b> .<br><br>This option would likely introduce less complexity into the process than Option B but may introduce additional variation in regulatory practice. This could be partially mitigated by clear guidance and oversight.<br><br>This option also requires accurate and accessible information about licensees' compliance history that does not exist in some places, which may mean start-up costs. |
| 1.B.3 | Status quo<br><i>This option is <b>mutually exclusive</b> to other options in this table</i>   | All licences must be renewed, initially after one year, then every 3 years. Temporary authorities are valid for 3 months.<br><br>Regulators have the discretion to shorten this renewal period if needed.   | N/A  |

## 2. Options to make licensing processes more efficient

The Review has identified the following options to provide more support for applicants and regulators in the application process.

| #     | Options for change  | Description of the option   | Potential impact of change  |
|-------|---|---|---|
| 2.A.1 | <p>Explicitly allow pre-application meetings between applicants and regulators.</p> <p><i>This option is <b>complementary</b> with other options in this table.</i></p>   | <p>This option would clarify (either through regulations or 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).</p> <p>The purpose of pre-application meetings is to help applicants understand the requirements and help regulators understand the applicant's risk profile.</p> <p>(Note on the status quo: this currently occurs in some places across the country, and not in others)</p> | <p>This option is intended to <b>improve the efficiency</b> of the application process 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 assess risk.</p> <p>This option may potentially increase regulators' workloads 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.</p> <p>This option potentially risks regulatory capture, or the perception that regulators are not independent from industry, which could be mitigated by oversight and record-keeping.</p> |
| 2.A.2 | <p>We could introduce consistent training and additional guidance for those who inquire into applications, which could include creating national standards for regulators</p> <p><i>This option is <b>complementary</b> with other options in this table.</i></p> | <p>This option would offer consistent training for regulators who inquire into applications.</p> <p>Guidance would also be developed in consultation with local regulators, communities, and decision-makers.</p> <p>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).</p> <p>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.</p>          | <p>This option is intended to <b>improve the quality and efficiency</b> of the licence application process by clarifying expectations about the process and building regulator capability.</p> <p>Any guidance (as it is voluntary) may not be effective, which could be mitigated by creating national standards in regulation.</p> <p>This option will have cost implications for both central government (to develop the guidance and training) and local regulators (time investment into training).</p>  |

The Review has identified the following complementary options to make licensing processes more efficient:

| #     | Options for change  | Description of the option  | Potential impact of change  |
|-------|---|--|---|
| 2.B.1 | <p>Introduce a standard application form for <i>new licences</i> across the country</p> <p><i>This option is <b>complementary</b> with other options in this table.</i></p>   | <p>This option would implement a new, standard application form that all regulators would have to use. This form would be specified in regulation.</p> <p>(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).</p>  | <p>The option is intended make the process for getting a licence <b>more proportional and more efficient</b> by making requirements clearer and more specific. This option would 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, <b>improving certainty</b> and <b>reducing administration</b> for applicants.</p> <p>This option would remove the responsibility for maintaining an application form from local regulators and so requires oversight and centralised capacity and capability to administer effectively.</p>                       |
| 2.B.2 | <p>Introduce a standard, shorter licence and certificate <i>renewal</i> application form across the country.</p> <p><i>This option is <b>complementary</b> with other options in this table and would be most effective if implemented alongside Option 2.B.2 (a standard application form)</i></p> | <p>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. This form would be specified in regulation.</p> <p>(Note on the status quo: 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).</p> | <p>As discussed above, this option is intended to make the process of renew <b>more proportional and more efficient</b> by reducing requirements and making them clearer and more specific. This option would put boundaries around the amount and type of information regulators could initially ask for, reducing the likelihood that applicants will need to provide information they have already provided to regulators, <b>reducing administrative work</b> for applicants.</p> <p>As discussed above, this option would remove the responsibility for maintaining an application form by local regulators and so requires oversight and centralised capacity and capability to administer effectively.</p> |
| 2.C   | <p>Introduce automatic approvals for some low-risk licence / certificate renewals.</p> <p><i>This option is <b>complementary</b> with other options in this table and would be more effective if implemented alongside monitoring and enforcement options discussed below.</i></p>                  | <p>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.</p> <p>The risk categories of licence that would be eligible could be determined based the current risk framework in the fees regulations, or a different framework.</p>   | <p>This option is intended to make the renewal process <b>more efficient</b> and <b>improve certainty</b> for lower-risk licence holders.</p> <p>This option may allow regulators to spend less time on lower-risk licence renewals and focus their effort on higher priority / higher risk licences but still carries the risk of a licence being renewed inappropriately. This can be mitigated by introducing additional monitoring and enforcement tools so that regulators can address problems and non-compliance outside of the renewals process.</p>  |

| #   | Options for change   | Description of the option   | Potential impact of change   |
|-----|--|---|--|
| 2.D | <p>Set statutory timeframes for the overall application process.</p> <p><i>This option is <b>complementary</b> with other options in this table.</i></p> | <p>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.</p> <p>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.</p> <p>(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 may soon be reducing to 15 days as part of the current reforms). This means that there is no overall statutory timeframe for the assessment process).</p> | <p>This option is intended to <b>incentivise improved efficiency</b> of the licence application process by setting timeframes for regulators.</p> <p>While this option may increase overall timeframes for some applications (especially if timeframes are sequenced), this will likely <b>increase certainty</b> for businesses and allow the public to make informed objections.</p> <p>This option may increase administrative work and complexity for regulators, which may need to be mitigated by increased regulatory capacity (which will have cost implications).</p> |

There is a **choice** to increase efficiency by **centralising some administrative and assessment functions**.

| #     | Options for change  | Description of the option   | Potential impact of change  |
|-------|---|---|---|
| 2.E.1 | <p>Establish a ‘single front door’ across the country that receives licence and certificate applications.</p> <p><i>This option is <b>mutually exclusive</b> with Option 2.E.3, and <b>complementary</b> with other options to address this problem.</i></p>  | <p>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 for assessment and action.</p>   | <p>This option is intended to <b>improve the efficiency</b> of the application process for both applicants and regulators. Centralised administration will likely create economies and efficiencies of scale, and so will likely cost less overall than local regulators carrying out this function. This option also provides applicants with a single point of contact with government, potentially <b>reducing administration</b>.</p> <p>This option will have significant start-up costs, and may introduce additional complexity and delays into the licensing process if not implemented well. This would require central oversight to mitigate.</p>   |
| 2.E.2 | <p>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.</p> <p><i>This option is <b>dependent</b> on Option 2.E.1 and <b>complementary</b> with other options to address this problem.</i></p> | <p>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.</p> <p>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.</p> | <p>This option is intended to <b>improve the efficiency</b> of the application process for both applicants and regulators. Centralised administration and assessment will likely create economies and efficiencies of scale, and so will likely cost less overall than local regulators carrying out these functions. This option may also increase consistency of the assessment process and provides applicants with a single point of contact with government, potentially <b>increasing certainty</b> and <b>reducing administrative work</b>.</p> <p>This option will likely reduce the administrative workload of local regulators (licensing inspectors, Police, and Medical Officers of Health), but may not effectively glean the ‘on the ground’ information relevant to accurately assess application and therefore may reduce the effectiveness of the licensing system.</p> <p>This option will have significant start-up costs and may introduce additional complexity and delays into the licensing process if not implemented well. This would require central oversight to mitigate.</p> |
| 2.E.3 | <p>Status quo: Territorial authorities receive licence and certificate applications.</p> <p><i>This option is <b>mutually exclusive</b> with other options in this table.</i></p>   | <p>Current status quo.</p>  | <p>N/A.</p>   |

There is a **choice** to increase efficiency by **altering flexibility** for when regulators are involved (or not) in the licensing processes

| #     | Options for change  | Description of the option   | Potential impact of change   |
|-------|---|---|--|
| 2.F.1 | <p><i>[Choice to increase flexibility]</i></p> <p>Licensing inspectors inquire into every application, and Police and Medical Officers of Health may opt into inquiring into an application if they wish.</p> <p><i>This option is <b>mutually exclusive</b> to other options in this table.</i></p>                                      | <p>This option would amend s103 and s142 of the SSAA to give Police and Medical Officers of Health full discretion over whether they inquire into an application or renewal.</p>  | <p>This option is intended to <b>improve the efficiency</b> of the assessment process by <b>increasing flexibility</b> and giving regulators discretion over when they are involved, potentially reducing assessment timeframes for lower-risk licences that regulators are not likely to want to inquire into.</p> <p>This option may reduce the general workload on Police and Medical Officers of Health, allowing them to prioritise higher-risk applications, but may (or may be seen to) deprioritise their relevant expertise in licensing decisions if their time is taken up with other responsibilities.</p> |
| 2.F.2 | <p><i>[Choice to reduce flexibility but increase specificity]</i></p> <p>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.</p> <p><i>This option is <b>mutually exclusive</b> to other options in this table.</i></p> | <p>This option would amend s103 and s142 of the SSAA 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 could 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).</p> <p>(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 Sale and Supply of Alcohol Act 2012 (SSAA) 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 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).</p> | <p>Like Option 2.F.1, this option is intended to <b>improve the efficiency</b> of the assessment, but unlike Option B this is done by making the requirements clearer and more specific, <b>increasing certainty</b> for businesses rather than increasing flexibility. This option gives regulators less discretion over when they inquire into an application than Option B.</p>   |
| 2.F.3 | <p>Status quo: licensing inspectors, Police, and Medical Officers of Health must all inquire into every application</p> <p><i>This option is <b>mutually exclusive</b> to other options in this table.</i></p>  | <p>Current status quo</p>   | <p>N/A</p>   |

There is a **choice** to increase efficiency by **increasing the capacity of decision-making bodies** by **centralising and / or decentralising decision-making** functions

| #     | Options for change  | Description of the option  | Potential impact of change   |
|-------|---|--|--|
| 2.G.1 | <p><i>[Choice to centralise decision-making functions]</i></p> <p>Allow neighbouring DLCs to merge, if they mutually agree</p> <p><i>This option is <b>mutually exclusive</b> to other options in this table, other than Option 2.G.4.</i></p>  | <p>This option would amend s186 of the SSAA 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.</p> <p>(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 SSAA (s186 requires each territorial authority to appoint 1 or more licensing committees)).</p>  | <p>This option intends to <b>increase the pool of decision-makers</b> available for each DLC by drawing from a geographic larger area. This option may also <b>increase efficiency</b> by combining administrative functions and increasing the capacity of the joint DLC. This may <b>shorten decision-making timeframes</b> for businesses.</p> <p>This option aligns with the direction of current local government reforms to simplify and strengthen local government.</p> <p>This option may (or may be seen to) deprioritise community voice in licensing decisions, which could be partially mitigated by setting representation requirements for the DLC (see Option 3.Bs below).</p> |
| 2.G.2 | <p><i>[Choice to centralise decision-making functions]</i></p> <p>Merge neighbouring DLCs so that each one covers a geographic region (e.g., 16 across the country)</p> <p><i>This option is <b>mutually exclusive</b> to other options in this table, other than Option 2.G.4.</i></p>         | <p>This option would establish 16 new DLCs, one per geographic region.</p> <p>Transition arrangements regarding membership and administration of these DLCs would be consulted on separately if we progress with this option.</p>  | <p>Like Option 2.G.1, this option intends to <b>increase the pool of decision-makers, increase efficiency, and potentially shorten decision-making timeframes</b>. This option may also improve oversight and moderation between individuals, <b>potentially improving the consistency and quality</b> of decisions</p> <p>Like Option 2.G.1, this option aligns with the direction of current local government reforms, and may (or may be seen to) deprioritise community voice in licensing decisions.</p>  |
| 2.G.3 | <p><i>[Choice to centralise decision-making functions]</i></p> <p>Create one decision-making body that decides on all licences</p> <p><i>This option is <b>mutually exclusive</b> to other options in this table, other than Option 2.G.4..</i></p>   | <p>This could look like a standing group of members that are recruited from across the country that decides on all licences.</p>   | <p>Like the options above, this option intends to <b>increase the pool of decision-makers, increase efficiency, and potentially shorten decision-making timeframes</b>. This option may also improve oversight and moderation between individuals, <b>potentially improving the consistency and quality</b> of decisions.</p> <p>This option goes further than the direction of current local government reforms, and may deprioritise community voice in licensing decisions, reducing the effectiveness of the system.</p>   |
| 2.G.4 | <p><i>[Choice to decentralise decision-making functions]</i></p> <p>Allow decisions on some licence renewals and managers’ certificates to be delegated to licensing inspectors</p> <p><i>This option is <b>complementary</b> with other options in this table, other than Option 2.G.5</i></p> | <p>This option would allow licensing inspectors 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.</p> <p>Note: The Law Commission recommended a DLC be able to delegate unopposed applications for managers’ certificates and licence renewals to the Secretary of the DLC (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.</p> | <p>Like Options B and C, this option intends to <b>increase the pool of decision-makers, increase efficiency, and potentially shorten decision-making timeframes</b>, but only for certain lower-risk licences.</p> <p>This option widens the pool of decision makers to licensing inspectors, which may require a higher level of regulator capacity and capability, and may (or may be seen to) undermine the integrity of licensing decisions.</p>  |
| 2.G.5 | <p>Status quo: one DLC per local authority</p> <p><i>This option is <b>mutually exclusive</b> to other options in this table, other than Option 2.G.4.</i></p>  | <p>Current status quo</p>  | <p>N/A</p>   |

There is a **choice** to increase efficiency by introducing an **alternative pathway to hearings** and / or **improving hearings**.

| #     | Options for change  | Description of the option   | Potential impact of change   |
|-------|---|---|--|
| 2.H.1 | <p><i>[Choice to introduce an alternative pathway]</i></p> <p>Formalise the current informal negotiation process between regulators and applicants.</p> <p><i>This option is <b>complementary</b> with other options in this table</i></p>  | <p>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.</p> <p>Formalising this pathway would include clarifying applicants' rights and putting boundaries around what conditions regulators can ask for and in what circumstances.</p> | <p>This option is intended to <b>offer an alternative to a hearing process</b> by clarifying the boundaries of regulators' discretion, which may in turn <b>improve the efficiency</b> of the licence application process and <b>improve predictability of the process</b> for businesses, but may not improve the predictability of the outcome.</p> <p>This option is less costly for regulators than hearings, but may introduce potential problems regarding roles and responsibilities between the decision-making body and other regulators, and may potentially undermine the quality, integrity, and transparency of licensing decisions if not implemented well. This could be partially mitigated by oversight and record-keeping.</p> |
| 2.H.2 | <p><i>[Choice to introduce an alternative pathway]</i></p> <p>Introduce a mediation process that precedes a hearing process</p> <p><i>This option is <b>complementary</b> with other options in this table</i></p>  | <p>This option would introduce a mediation step between applicants, objectors (if any), and regulators before a hearing is called, with the intent of resolving concerns and reaching mutually agreeable licence conditions.</p> <p>These mediations would be facilitated by external mediators.</p>  | <p>Like Option 2.H.1, this option is intended to <b>offer an alternative to a hearing process</b> which may in turn <b>improve the efficiency</b> of the licence application process and <b>improve predictability of the process</b> for businesses.</p> <p>Like Option 2.H.1, this option is less costly for regulators than hearings, but may introduce potential problems regarding roles and responsibilities between the decision-making body and other regulators, and may potentially undermine the quality, integrity, and transparency of licensing decisions if not implemented well. This option is more structured and Option 2.H.1, which may mitigate some of these concerns.</p>   |
| 2.H.3 | <p><i>[Choice to improve hearings]</i></p> <p>Allow decision-makers more discretion about when a hearing is called</p> <p><i>This option is <b>complementary</b> with other options in this table and would be more effective if implemented in conjunction with other options to improve decision-making capability.</i></p>   | <p>This option would change the requirement in the SSAA to hold a hearing if there are reports or objections against a licence or renewal to give decision makers more discretion about when a hearing is called.</p>   | <p>This option is intended to allow decision-makers to prioritise hearings in situations where they think they are necessary, potentially <b>increasing efficiency</b> and <b>reducing administrative work</b> for regulators, which may lead to reduced decision-making timeframes for businesses.</p> <p>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. This could be mitigated by requiring decision-makers to publish their decisions.</p>  |
| 2.H.4 | <p><i>[Choice to improve hearings]</i></p> <p>We could introduce consistent training and additional guidance for decision makers on how run a hearing</p> <p><i>This option is <b>complementary</b> and would be more effective if implemented in conjunction with other options to improve decision-making capability.</i></p> | <p>This option would introduce consistent training for decision makers on how to run a hearing.</p> <p>Guidance would also be developed in consultation with local regulators, communities, and decision-makers.</p> <p>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.</p>                                  | <p>This option is intended to <b>improve the effectiveness of licensing hearings</b> about licences and build decision makers' capability.</p> <p>Any guidance (as it is voluntary) may not be effective.</p> <p>This option will have cost implications for both central government (to develop the guidance and training) and decision makers (time investment into training).</p>   |

### 3. Options to improve decision-making about licences

The Review has identified the following options to improve decision-making about licences.

| #     | Options for change   | Description of the option   | Potential impact of change   |
|-------|--|---|--|
| 3.A.1 | <p>We could increase payments to decision-makers</p> <p><i>This option is <b>complementary</b> with other options in this table.</i></p>   | <p>This option would increase the hourly and daily fees payable to DLC members and chairs.</p>  | <p>This option is intended to <b>increase the pool of decision-makers</b> by incentivising additional people to put themselves forward for the role. This option may also lead to <b>more consistent and higher-quality licensing decisions</b>, by compensating more fairly for the time investment from members.</p> <p>This option has cost implications for TAs, which could be mitigated through additional central government funding and / or increasing licensing fees. Increasing fees could be seen as unfair on hospitality businesses, but this could be mitigated by introducing a more proportionate charging structure where higher-risk and higher-harm businesses bear more of the costs.</p>   |
| 3.A.2 | <p>We could introduce consistent training and additional guidance for decision-makers, which could include creating national standards</p> <p><i>This option is <b>complementary</b> with other options in this table.</i></p> | <p>This option would offer consistent training for decision-makers. This training would include the application and interpretation the licencing criteria, and what conditions are appropriate in which circumstances.</p> <p>Guidance would also be developed in consultation with local regulators, communities, and decision-makers.</p> <p>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.</p> | <p>This option is intended to <b>improve the quality of decision making</b> about licences and build decision-making capability.</p> <p>Any guidance (as it is voluntary) may not be effective, which could be mitigated by creating national standards in regulation.</p> <p>This option will have cost implications for both central government (to develop the guidance and training) and decision makers (time investment into training).</p>  |
| 3.B   | <p>We could set more specific requirements for people who sit on decision-making bodies</p> <p><i>This option is <b>complementary</b> with other options in this table, and <b>dependent</b> on Option 3.A.1.</i></p>          | <p>This option would establish specific requirements for people who sit on DLCs. These requirements could include specific qualifications, experience, or community representation.</p> <p>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.</p>  | <p>This option is intended to <b>improve the consistency and quality of decision making about licences</b> by ensuring that relevant skills and experience are in the room. Making the appointment requirements for DLC members clearer more specific, provides TAs with clearer boundaries within which to use their discretion to appoint members.</p> <p>This option is dependent on Option 3.A.1 (increasing payments to decision-makers) to incentivise the availability candidates who meet any new requirements.</p>  |
| 3.C   | <p>We could reduce decision-making bodies' discretion regarding licence conditions</p> <p><i>This option is <b>complementary</b> with other options in this table</i></p>  | <p>This option would introduce a framework in regulation that governs what conditions can be placed on licences in what circumstances.</p> <p>This option builds on and extends the current reforms which will introduce a risk framework for assessment and decision-making about special licences.</p>  | <p>This option is intended to <b>improve the quality of decision-making</b> about conditions by providing decision-makers with clearer boundaries within which to use their discretion. This may increase the overall effectiveness of the regulatory system and reduce the likelihood of disproportionately high requirements being placed on lower-risk businesses, while maintaining standards for higher-risk businesses.</p> <p>This option would likely <b>increase certainty</b> for businesses and potentially <b>reduce workloads</b> and risk for decision-makers, which may also lead to faster assessment times and <b>greater efficiency</b>. This option may reduce the ability for decision-makers to respond to local preferences.</p> |

## 4. Options to make the supervision of the sale and / or supply of alcohol more effective

There is a **choice** to increase effectiveness by concentrating or further distributing accountability.

| #     | Options for change   | Description of the option   | Potential impact of change  |
|-------|--|---|---|
| 4.A.1 | <p><i>[Choice to concentrate accountability]</i></p> <p>We could require licensees to be solely accountable</p> <p><i>This option is <b>mutually exclusive to</b> other options in this table.</i></p>                                     | <p>This option would require legislative change and remove the responsibilities of and requirements to have a duty manager on site (i.e., duty managers would no longer exist)</p>  | <p>This option is intended to make <b>accountability settings may be more effective</b> 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.</p> <p>Licensees would still have limited oversight of all point-of-sale decisions, but this could be partially mitigated through additional training for all workers who sell alcohol (Option 4.B.1 below).</p>                   |
| 4.A.2 | <p><i>[Choice to distribute accountability]</i></p> <p>We could require every person serving alcohol, and the licence holder, to be accountable</p> <p><i>This option is <b>mutually exclusive to</b> other options in this table.</i></p> | <p>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 SSAA. This could include introducing graduated levels of accountability and responsibility, as seen in the transport and health and safety regulatory systems.</p> | <p>Like Option 4.A.1, this option is also intended to make <b>accountability settings may be more effective</b>. Unlike Option 4.A.2, this is done by distributing accountability, potentially increasing collective responsibility / peer support which may increase the likelihood of good point-of-sale decisions, <b>increasing the overall effectiveness</b> of the regulatory system. However, some workers may be unwilling to take on the risk, potentially reducing the pool of hospitality workers.</p> |
| 4.A.3 | <p>Status quo: one of more nominated people serving alcohol (currently duty managers) and the licensee are jointly accountable</p> <p><i>This option is <b>mutually exclusive to</b> other options in this table.</i></p>                  | <p>Current status quo</p>   | <p>N/A</p>  |

The Review has identified the following options to provide more support for licensees and workers.

| #     | Options for change  | Description of the option  | Potential impact of change  |
|-------|---|--|---|
| 4.B.1 | <p>A. We could introduce mandatory training for:</p> <ul style="list-style-type: none"> <li>○ Licence holders, and / or</li> <li>○ All workers that serve alcohol</li> </ul> <p><i>This option is <b>complementary</b> to the other options to resolve this problem</i></p> | <p>This option would make training requirements for these groups mandatory by setting the requirement in regulation.</p>   | <p>This option is intended to make <b>accountability settings may be more effective</b> by increasing the capability of the overall workforce, likely improving point-of-sale decisions and reducing harm.</p> <p>There would be initial cost implications to set up the training regime, but this could be mitigated by building on training modules that already exist.</p>   |
| 4.B.2 | <p>We could introduce different tiers of certification for duty managers / other workers accountable for serving alcohol</p> <p><i>This option is <b>mutually exclusive</b> to Option 4.A.1, but <b>complementary</b> to the other options to resolve this problem.</i></p> | <p>This option would establish tiered duty manager certifications (if duty managers are retained) e.g., different classes of duty managers for different business types / risk profiles.</p> | <p>Like Option 4.B.1 - this option is intended to make accountability <b>settings may be more effective</b>, by increasing the capability of accountable workers. This option is more nuanced than Option 4.B.1 as training would be more targeted, and level of training would be more tiered to the type of responsibilities a person has and the risk level of the licence.</p> <p>There would be initial cost implications to set up the training and certification regime, and this could be more complex to set up and implement than Option 4.B.1.</p> |

## 5. Options to make monitoring and enforcement less variable and more effective

The Review has identified the following options to make monitoring and enforcement less variable and more effective.

| #     | Options for change   | Description of the option  | Potential impact of change  |
|-------|--|--|---|
| 5.A.1 | We could introduce more infringement offences<br><i>This option is <b>complementary</b> to other options in this table.</i>  | This option would be an expansion of infringement offences, either by adding new infringement offences, and / or by reclassifying some of the current offences as infringement offences  | This option <b>provides more tools for regulators to respond quickly and proportionately.</b><br><br>It may require a high level of regulator capability to use appropriately and effectively. This can be mitigated through training and guidance material.<br><br>Expanded infringement offences provides an additional incentive for persistently poor operators to improve their practices.   |
| 5.A.2 | We could increase infringement fees for infringement offences.<br><i>This option is <b>complementary</b> to other options in this table.</i>   | At minimum, this option would bring fees back in line with the level of deterrence intended by the regulatory system when it was put in place (\$1000 in 2012 is approximately equivalent to \$1,400 now), and could increase the cap higher.<br><br>This could be a simple increase of the infringement fee cap, or we could introduce a more comprehensive infringement fee framework that has different infringement fees for different infringement offences.                    | This option <b>expands the tools for regulators to respond proportionately.</b><br><br>Increasing infringement fees will potentially incentivise better behaviour from licenced businesses and duty managers. It may also increase revenue for regulators, but it may introduce additional complexity (especially if a new framework is introduced). This can be mitigated through training and guidance.   |
| 5.B   | We could introduce a wider range of low and medium impact enforcement tools, such as improvement notices, notices of direction, and / or warnings.<br><i>This option is <b>complementary</b> to other options in this table.</i> | This option would introduce a greater range of enforcement tools such as: <ul style="list-style-type: none"> <li>• improvement notices which would require a licensee to fix a behaviour by a certain time</li> <li>• notices of direction which would require a licensee to follow specific steps when serving alcohol or managing the premise</li> <li>• warnings which could pre-empt an offence</li> </ul>   | This option <b>increases the range of tools available</b> to regulators will <b>enable a more graduated approach to compliance</b> without jumping straight to licence suspension / cancellation. This option would also align with the range of tools that are currently available to compliance officers (Food Safety Officers) under the Food Act 2014.<br><br>It may introduce additional complexity and therefore require a high level of regulator capability to use appropriately and effectively. This can be mitigated through training and guidance material. |
| 5.C   | We could widen the number of decision-makers who can suspend licences<br><i>This option is <b>complementary</b> to other options in this table.</i>  | This option could allow DLCs to or suspend licences. This option could also allow licencing inspectors to suspend licences for a limited period if certain requirements are met.<br><br>(Note on the status quo: currently only ARLA has the power to suspend and cancel licences).  | This option would provide <b>more tools for regulators</b> and enable <b>faster decisions</b> closer in time to the breach.<br><br>It may require more decision-making capacity than is currently available. This option also introduces more opportunity for inconsistent decisions across regions and over time, but this could be managed through training and oversight.  |
| 5.D   | We could require a minimum frequency of inspections<br><i>This option is <b>complementary</b> to other options in this table.</i>  | This option would set in legislation (secondary preferably) the frequency by which inspections must occur either: <ul style="list-style-type: none"> <li>• once per calendar year, or</li> <li>• frequency based on performance, similar to the ‘verification steps’ in the food safety system.</li> </ul><br>(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). | This option may <b>improve the effectiveness of the regulatory system</b> by increasing the likelihood of identifying poor licensee performance, allowing for early intervention to manage risk.<br><br>Businesses may experience more consistency in licencing inspections, improving confidence in the regulatory system.   |

| #   | Options for change  | Description of the option  | Potential impact of change   |
|-----|---|--|--|
| 5.E | <p>We could introduce consistent training and additional guidance about the expected process for inspections</p> <p><i>This option is <b>complementary</b> to other options in this table.</i></p>                                    | <p>This option would see the introduction of training requirements for inspectors and guidance on requirements inspections focus on. This could be accompanied by mandatory certification for licensing inspectors.</p>  | <p>This option would likely improve the capability of regulators and therefore <b>the quality and consistency of regulatory practice</b> but has implementation cost implications.</p> <p>Guidance (as it is voluntary) may not be effective at changing regulator behaviour.</p> <p>This option may increase the likelihood of identifying poor licensee performance but may increase workloads for regulators which also has cost implications.</p> <p>Businesses may experience more consistency in licencing inspections, improving confidence in the regulatory system.</p> |
| 5.F | <p>We could introduce a nationwide information system about licences, certificates, compliance activity, performance, and related alcohol harm.</p> <p><i>This option is <b>complementary</b> to other options in this table.</i></p> | <p>This option would see a new information system which would be held and managed by the responsible policy agency.</p> <p>Incentives to ensure the information is inputted and amended in an accurate and timely manner would need to be included.</p> <p>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, no such system currently exists.</p> | <p>This option will <b>improve information quality and availability</b> to regulators and decision makers. Regulators will have up-to-date information about effectiveness and performance of the system to drive better regulatory decisions and reduce harm.</p> <p>Businesses may 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.</p> <p>This option will likely have significant start-up costs.</p>                                   |