

Chairperson and Committee Members
OPERATIONS & FINANCE COMMITTEE

4 OCTOBER 2018

Meeting Status: **PUBLIC**

Purpose of Report: For Information

**FINANCIAL REPORT ON INCOME AND COSTS RELATED TO
ALCOHOL LICENSING AND THE OPERATION OF THE
DISTRICT LICENSING COMMITTEE (DLC)**

PURPOSE OF REPORT

- 1 This report is to inform the Council of the contents of the financial report that is required to be made publically available in accordance with the requirements of Regulation 19 of the Sale and Supply of Alcohol (Fees) Regulations 2013.

DELEGATION

- 2 The Operations and Finance Committee has delegated authority to consider this matter under Section B.2 of the Governance Structure and Delegations:
 - 'This Committee will deal with monitoring and decision-making on all broader financial management matters. Key responsibilities will include all regulatory and planning matters from an operational perspective'.

BACKGROUND

- 3 Regulation 19 of the Sale and Supply of Alcohol (Fees) Regulations 2013 requires that every Territorial Authority (TA) must, each year, prepare and make publicly available a report showing its income from fees payable in relation to, and its costs incurred in:
 - the performance of the functions of its licensing committee under the Act; and
 - the performance of the functions of its inspectors under the Act; and
 - undertaking enforcement activities under the Act.

ISSUES AND OPTIONS

Issues

- 4 Fees related to Alcohol Licensing are set by central government under the Sale and Supply of Alcohol (Fees) Regulations 2013. However if Council wanted to set their own fees they could do so by developing a fee setting bylaw pursuant to section 405 of the Sale and Supply of Alcohol Act 2012.

- 5 Below is a summary of income and expenses related to the alcohol licensing function of the Council:

Income	
Functions of the DLC (Application fees)	\$103,525
Monitoring and Enforcement (Annual Fees)	\$52,000

Description of costs	Direct costs	Indirect Costs	Total Costs
Functions of DLC (issuing licences and renewals)	\$136,857	\$89,597	\$226,454
Monitoring and Enforcement	\$27,924	\$16,114	\$44,039

Total Income	\$156,105
Total cost of performance of DLC functions	\$226,454
Total cost of monitoring and enforcement	\$44,039
Total cost to Council of performing alcohol licensing functions	\$270,493
Net Cost	\$114,388
Ratio of fee received to costs incurred	= 58% user pays

- 6 This year the Ministry of Justice has been working on guidance material to assist Territorial Authorities to assign and calculate costs on a more consistent and comparable basis. At the time of preparing this report the guidance has not been finalised, but staff have assigned and calculated costs based on the draft guidance document that was sent for consultation during June 2018.
- 7 Costs of performance of the DLC functions includes:
- DLC member's costs, including remuneration, travel costs, training.
 - Support for the DLC – DLC advisors, administration staff, computers, telephones, meeting rooms, transcripts, plus training for support staff.
 - Inspector's time related to applications including enquiries, reporting and time at hearings.
 - Costs of ARLA disbursements.
 - Indirect costs (corporate overheads) related to staff involved in the above activities.

- 8 Costs of performance of the Inspectors includes:
- Costs related to the portion of the time the Inspector, Chief Licensing Inspector and Environmental Standards Manager spend on monitoring of licences.
 - Monitoring of licences includes monitoring and inspection, assessment, education, stakeholder events, collaboration with reporting agencies, enquires and dealing with complaints.
 - Indirect costs (corporate overheads) related to staff involved in the above activities.
- 9 Costs of undertaking enforcement activities include:
- The direct costs of staff who undertake enforcement action (including investigation, preparation of reports and costs associated with an enforcement action to ARLA.
- 10 Indirect costs include:
- A portion of the overhead costs attributed to staff.
- 11 The ratio of user pays 58% to ratepayer funded (42%) is a slight improvement on last years result which was 55% user pays.

CONSIDERATIONS

Policy considerations

- 12 There are no policy considerations.

Legal considerations

- 13 This report is prepared in accordance with the requirements of the Sale and Supply of Alcohol (Fees) Regulations 2013.

Financial considerations

- 14 As referred to in the background of this report, it is the responsibility of every territorial authority to prepare and make publicly available a financial report. There are no further financial considerations.

Tāngata whenua considerations

- 15 There are no issues to consider relating to iwi or Treaty of Waitangi.

SIGNIFICANCE AND ENGAGEMENT

Significance and engagement policy

- 16 This matter has a low level of significance under Council Policy.

Consultation already undertaken

- 17 While this report must be made publically available, there is no requirement to consult in relation to this document.

Engagement planning

- 18 An engagement plan is not needed. This information will be published on the District Licensing Committee webpage.

Publicity

- 19 This information will be published on the District Licensing Committee webpage.

Other considerations

- 20 A communication plan is not required. This information will be published on the District Licensing Committee webpage.

RECOMMENDATIONS

- 21 That Council receives the information as detailed in report RS-18-565.

Report prepared by	Approved for submission	Approved for submission
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