Ministry for Regulation
Te Manatū Waeture

# Better regulation of the hospitality sector

## Hospitality Review Final Report

July 2026

# Contents

# How to read this report

## Structure of this report

This report has seven sections covering the different aspects of the Hospitality Review (the Review):

1. **Executive summary:** This section summarises why we did the Review, our vision for the future of the regulation of the hospitality sector, and our recommendations. This section can be used as a stand-alone summary.
2. **Introduction:** This section covers the scope, purpose, and methods of the Review, including our analytical process and who we engaged with.
3. **The current state:** This section covers how the hospitality sector is currently regulated, and the problems and broader regulatory issues the Review found.
4. **Our vision for the future:** This section sets out what we want the regulation of the hospitality sector to look like in the future.
5. **Our recommendations:** This section covers the recommendations we think are needed to achieve our vision for the future.
6. **Conclusions and next steps:** This section covers how we will move towards the implementation of our recommendations.
7. **Glossary and appendices:** This section contains a glossary of terms and acronyms used in this report, and relevant appendices.

## Accompanying documents

This report is accompanied by 16 supplementary papers that contain the analysis that underpins our recommendations. Each paper (or set of papers) sets out:

- our assessment of the current state and the information we have that supports this assessment
- the problems we identified
- the identification of options
- the assessment of these options against our criteria
- preferred options, and the packaging of these preferred options into our recommendations.

Supporting material and references for the information used in this report are contained within these supplementary papers.

See **Appendix A** for a list of these supplementary papers.

# Executive Summary

# Introduction

The ongoing success of the hospitality sector is fundamental to New Zealand's culture and economy. Part of this ongoing success will be ensuring that the regulation that applies to the sector is effective, efficient, proportionate, and adaptable.

## Why we did this Review

Regulation of the hospitality sector protects people's rights, safety, property, the environment, and public health. It is also imposing disproportionate financial, time, and opportunity costs on hospitality businesses which may be creating unreasonable barriers to market entry, expansion, and innovation in the sector.

One of the Ministry for Regulation's (the Ministry's) roles is to improve how existing regulatory systems function. We undertook the Hospitality Review (the Review) to understand whether the full breadth of regulation that applies to the hospitality sector is still fit for purpose and whether the benefits still exceed the costs.

## Scope of this Review

We reviewed the regulation that applies to:

- restaurants
- bars
- clubs (e.g., Returned Services Association clubs and sports clubs)
- cafés
- food stalls at markets
- food trucks
- catering businesses
- hotels.

These hospitality businesses sit at the centre of multiple regulatory systems—in addition to the general requirements that apply to most businesses, requirements relating to food safety and the sale and supply of alcohol (if they choose to serve alcohol) also apply.

The Review focused on the specific areas of regulation where changes would make the most impact for the hospitality sector: alcohol licensing, food safety, fees and levies, and information flows between regulators and regulated parties.

## How we did this Review

We approached this Review from the perspective of the people working in the hospitality sector, focusing on how regulation works in practice and the real-world benefits and costs.

We engaged with hospitality businesses, sector representative groups, regulators, and central government agencies to inform our identification of problems and options, and the feasibility of our recommendations. Our analysis was also critiqued by two external regulatory and policy experts.

The Ministry thanks everyone who contributed to the Review. We appreciate the time, effort, and insights of everyone we engaged with; these were invaluable for the Review.

# Our vision for the future

It should be easier and less expensive to open a hospitality business and keep it running. Businesses and regulators should be supported and trusted to meet high standards, and hospitality businesses should only have to tell regulators something once.

Our ideal future state is one where:

- the public is safe — health risks and harms are minimised
- regulatory requirements are easy to understand and the logic behind them is clear
- regulatory requirements and processes are as efficient and streamlined as possible — requirements are proportionate to risk, and hospitality businesses only have to tell regulators something once
- value for money is clear — the costs and benefits of the regulatory systems are transparent to hospitality businesses, regulators, and policy stewards
- both regulators and regulated parties are held to, and appropriately supported to meet, high standards of performance
- compliance monitoring and enforcement is practical for regulators and reasonable for regulated parties
- there is space for hospitality businesses to try new things in a safe way, and regulatory systems keep pace with technological and societal changes.

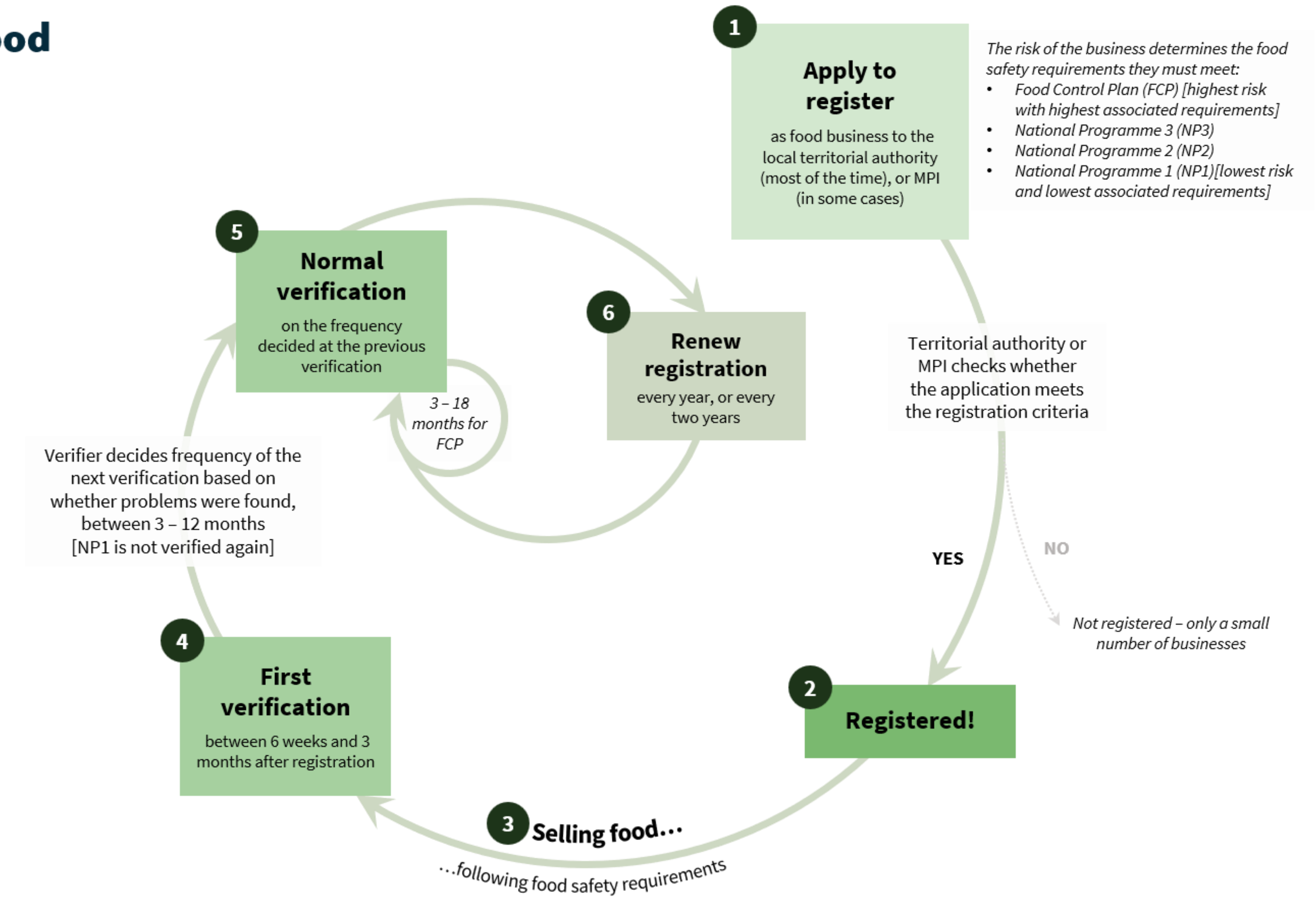
There are some barriers that need to be overcome to move towards our ideal future state. We think we can get most of the way there within the current paradigm and resources, but the final steps require a fundamental shift in how local and central government does things.

The current local government reforms, which aim to simplify local governance and create economies of scale, may get us some of the way there, but this vision of the future must be kept in mind while these reforms are underway for this happen.

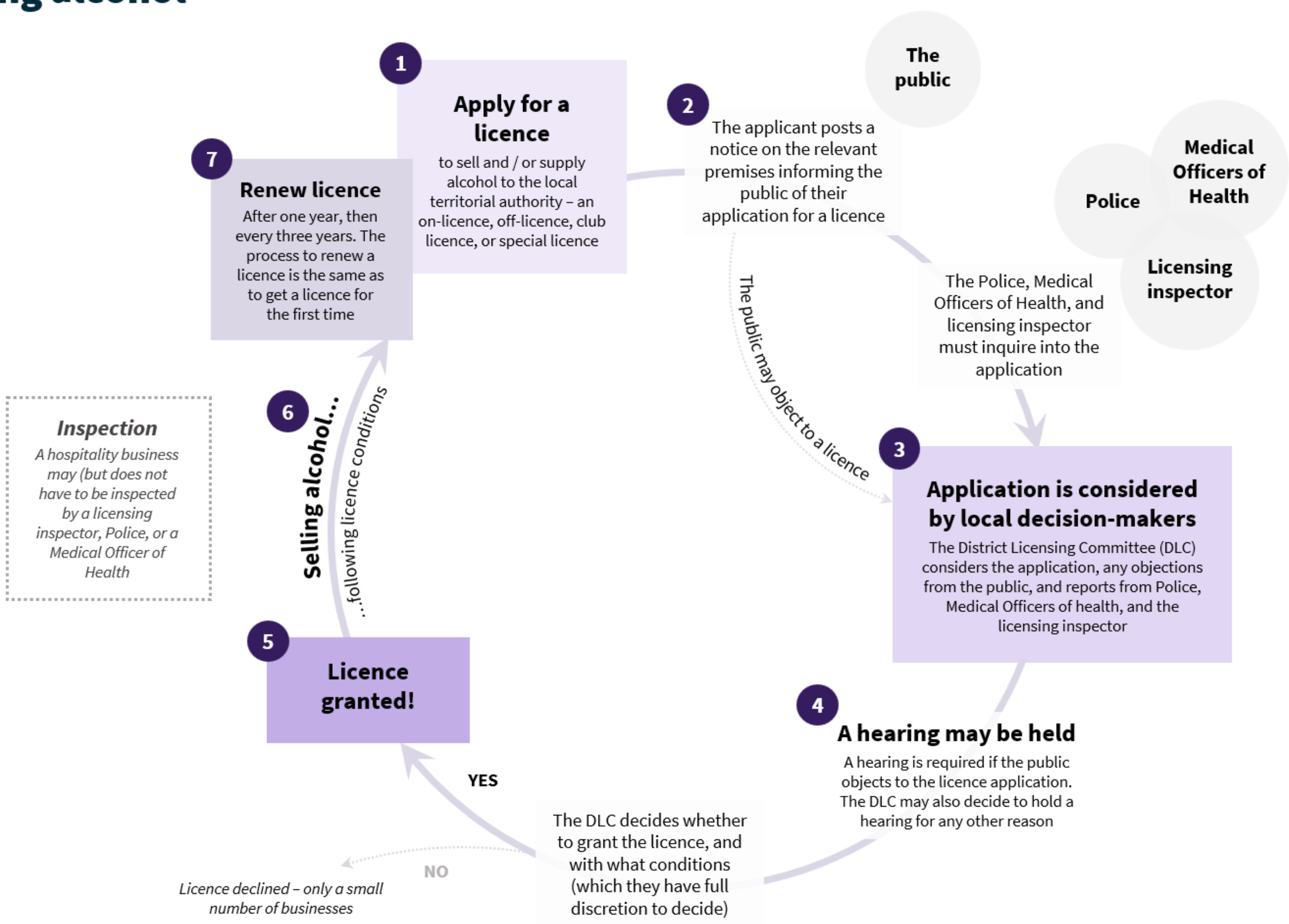
# Current regulatory process for food and alcohol

To provide the necessary context for the upcoming discussion of problems and recommendations with the regulation of the hospitality sector, we summarise current regulatory processes to get set up a hospitality business which sells food and alcohol below.

## Selling food




## Selling alcohol



# Problems we identified

We found the regulation of the hospitality sector is generally effective at achieving its stated objectives. Nonetheless, there are places where it is ineffective, inefficient, disproportionate to the risks, difficult to comply with, and creates unreasonable barriers to innovation.

| |
|---|
| ***Problems across regulatory systems*** |
| The flow of information between regulated parties and regulators is not always effective or efficient |
| Fees are too high for some hospitality businesses, do not always reflect the risks, and are not covering the government’s costs |
| Some decisions can take too long, and how long a decision will take is often not transparent |
| ***Problems in the alcohol regulatory system*** |
| The alcohol regulatory system is not being effectively, efficiently, nor proportionately stewarded |
| Licensing and renewal requirements and processes can be disproportionate to the risk posed by hospitality settings |
| Some licensing and renewal processes are inefficient |
| Decision-making about licences may sometimes not be effective at achieving the purposes of the alcohol regulatory system |
| Hearings are not necessarily an efficient nor proportionate way of reaching a decision in some cases |
| Regulated parties do not always understand their responsibilities |
| Monitoring compliance and enforcement practices may not be effective, efficient, nor proportionate |

| Problems in the food safety regulatory system |
| --- |
| Current risk-based categories and requirements can be inefficient and disproportionate to the potential risk posed by hospitality settings |
| Registration and renewal processes are not always effective nor efficient |
| Monitoring compliance practices may not be effective, efficient, nor proportionate |
| ***Problems in other regulatory systems*** |
| Passenger service requirements for transport services offered by hospitality businesses to patrons (e.g., courtesy transport) are disproportionate |
| Some laws are outdated and no longer serve their purpose |
| Some building and resource consent requirements may be disproportionate, such as building consent requirements for large temporary marquees, noise limits in some areas, or requirements for advertising signs |

# Our recommendations

We have 24 recommendations to improve the regulation of the hospitality sector. These recommendations are relevant to nearly every interaction between hospitality businesses and government — simplifying and streamlining processes and increasing the overall effectiveness of the relevant regulatory systems.

The tables below set out our recommendations:

- **quick wins**: small impact, but fits into current central government reform programmes
- **short-term recommendations**: moderate to high impact, but more effort and investment required
- **medium to long-term recommendations**: dependent on the successful implementation of previous recommendations.

The icon to the left of each recommendation indicates the problem(s) we expect it to address, and the colour indicates which regulatory system the recommendation sits in, as per the key below. Detailed descriptions of our recommendations are available in **Appendix B.**

*Food safety regulatory system*

*Alcohol regulatory system*

*Other regulatory systems*

* *Secondary legislation change required*

** *Primary legislation change required*

***Quick wins** – delivered by mid-2027*

| |
|---|
| **Food Recommendation 1** Move some hospitality businesses to lower-risk categories which have fewer requirements (i.e., template Food Control Plan to a National Programme)* |
| **Food Recommendation 2** Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements |
| **Food Recommendation 3** Review and update the full suite of operational policies and guidance to regulators to be simpler and more user-friendly |
| **Transport Recommendation** Allow hospitality businesses to receive donations to cover their transport running costs without triggering passenger service requirements |
| **System Stewardship Recommendation** Repeal the Hotel Association of New Zealand Act 1969** |
| **Information Flows Recommendation 1** Upgrade the *Compliance Matters* website to improve access to information about regulatory requirements |
| **Planning Regime Recommendation** Issue and publish guidance to regulators about how to assess whether noise is excessive against the new national requirements for noise |

***Short-term recommendations*** *– delivered by the end of 2027*

**Food Recommendation 4** Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form**

**Food Recommendation 5** Improve verification practice, including extending verifications to two years for high-performing businesses *

**Food Recommendation 6** Allow food trucks which operate in more than one region to be verified by one territorial authority, and that verification is recognised by other territorial authorities**

**Food Recommendation 7, Fees and Levies Recommendation 1** Scale the food business levy by annual revenue, and centralise collection**

**Food Recommendation 8, Fees and Levies Recommendation 2** Set more specific and comprehensive principles for setting fees for food safety regulatory activities**

**Alcohol Recommendation 1** Appoint a new steward for the alcohol regulatory system with ring-fenced resource**

**Alcohol Recommendation 2** Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences**

**Alcohol Recommendation 3** Clarify and simplify the process and requirements to get an alcohol licence for the first time, including making licensing criteria more specific and a simpler application form**

**Alcohol Recommendation 4** Require licence holders, all people who serve alcohol, and regulators to be trained**

**Alcohol Recommendation 5** Introduce more tools for monitoring compliance and enforcement of minor non-compliance, such as Improvement Notices and Notices of Direction**

**Alcohol Recommendation 6** Allow District Licensing Committees (DLCs) to merge, set specific membership and training requirements for DLCs, and increase payments to DLC members**

**Alcohol Recommendation 7, Fees and Levies Recommendation 3** Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees**

**Building Recommendation 1** Review the building consent exemption conditions for temporary marquees to increase the building consent exemption threshold

**Building Recommendation 2** Develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees

***Medium-long term recommendations** – delivered through 2028 and 2029*

**Alcohol Recommendation 8** Remove the current licence types and replace them with a single coherent risk framework that governs what the alcohol licences are, the requirements to get each type of licence, the fees that apply, and the expected level of monitoring**

**Alcohol Recommendation 9** Introduce a nationwide information system about licences, certificates, compliance activity, performance, alcohol-related crime, incidents, and health effects**

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

OR

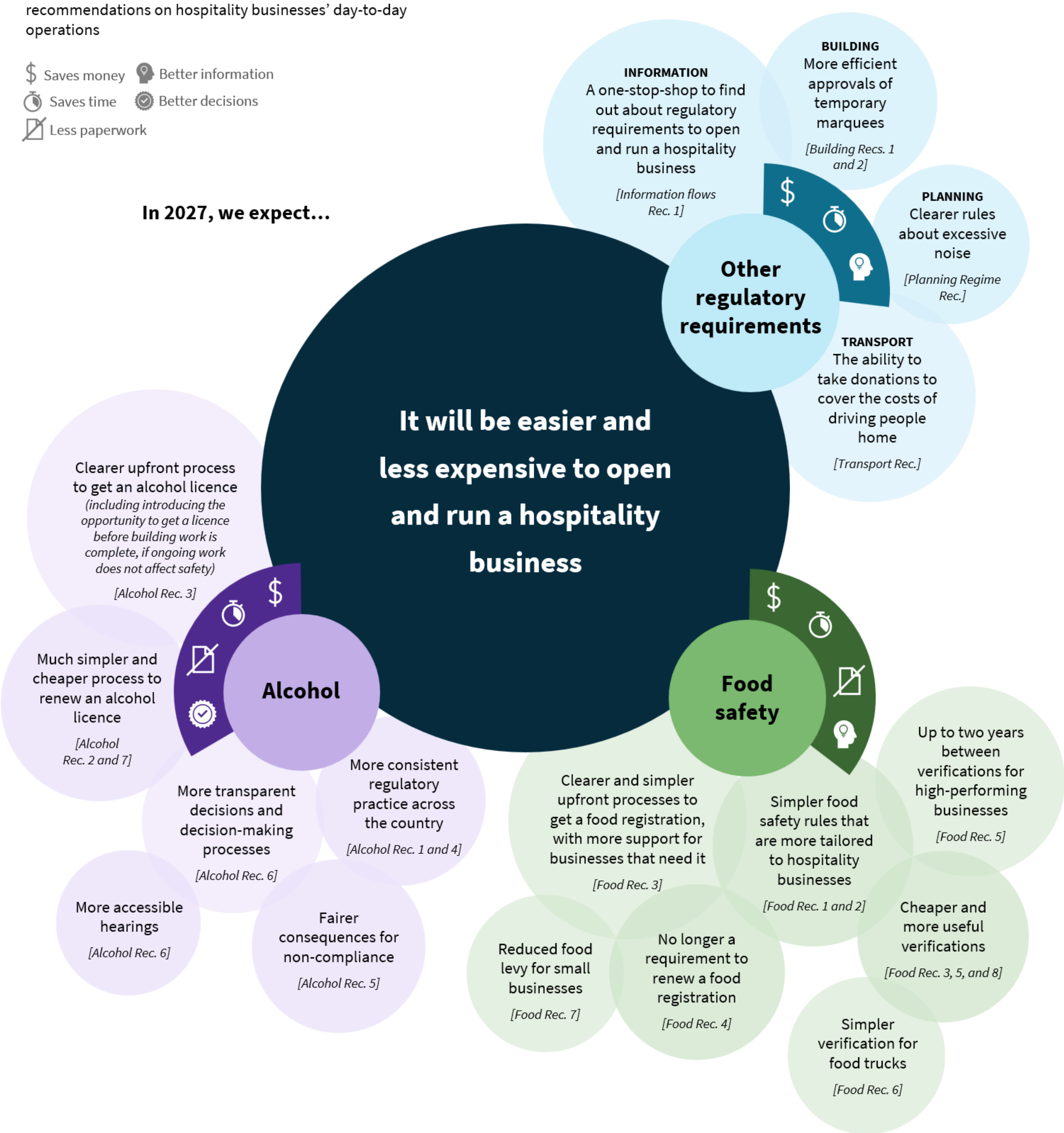
**Information Flows Recommendation 2B (Not preferred)** Central government set expectations that territorial authorities develop integrated application systems that prioritise the user experience as part of the local government reforms

# What do our recommendations mean for hospitality businesses?

Summary of expected impacts of the Hospitality Review's 24 recommendations on hospitality businesses' day-to-day operations

Saves money
Better information
Saves time
Better decisions
Less paperwork

**In 2027, we expect...**




**By the end of 2029, we expect there will be...**

...a more flexible and coherent system of alcohol licences that allows businesses to step out of the current licence framework while continuing to minimise the harm from excessive or inappropriate consumption of alcohol. *[Alcohol Recs. 8 and 9]*

...as part of the local government reforms, more streamlined application processes and less duplication for businesses when engaging with local government across alcohol, food, and building. *[Information flows Rec. 2]*

COMMENTS

**We have commented on potential future work in the regulatory systems in scope of the Review, and on areas for improvement outside the Review's scope or levers for change**

*Restricted retail trade on Easter, Christmas, and ANZAC day*

- While outside the scope of the Review, we think there is merit in reviewing and amending for clarity the relevant legislation on restricted trading. Public sentiment may have changed to the extent that the government should consider whether Easter, Christmas, and ANZAC trading restrictions are still warranted.

*Food Safety Regulatory System*

- To successfully implement their current work programme to improve the food safety regulatory system, we think the Ministry for Primary Industries (MPI) should take a more collaborative approach with territorial authorities, both as a co-regulator and as a steward of the food safety regulatory system.
- Changes to the food safety regulatory system may be needed in the future to make it less complex.
- A free digital record keeping and template Food Control Plan for hospitality businesses may be feasible in the future.
- We think MPI should consider whether regulators need additional enforcement tools, after implementation of their current work programme and our recommendations.

*Alcohol Regulatory System*

- The Sale and Supply of Alcohol Act 2012, and associated regulations, would benefit from a full review to increase clarity and flexibility.
- The new system steward should continue to consider whether a central regulator for alcohol (while retaining local operational staff and decsion making) would be a more effective and efficient regulatory model than the status quo.

*Regulatory design*

- Central government should take care to fully consider the implications of devolving or delegating regulatory functions to local government, and better support local government to successfully implement these functions.

*Regulatory practice*

- We think the most effective, efficient, and feasible way for hospitality businesses to have greater certainy on how long regulatory decisions will take is for regulators (including local government) to publish up-to-date information on actual timeframes on their websites.
- *Compliance Matters*, owned by the Ministry of Business, Innovation and Employment (MBIE), is central government's tool for making it easier for businesses to understand their compliance requirements by providing information in one place. However, it is not meeting its purpose for the hospitality sector, meaning it is unlikely to be doing so for other sectors. Any enhancements made to the tool should outline the regulatory duties and obligations from the position of a regulated party.

# Introduction

# Why we did this Review

The goal of the Review is better regulation of the hospitality sector. Better regulation means regulation, and regulatory practice, that is more effective, efficient, proportionate, adaptable, and easily complied with.

## The overarching purpose of regulatory reviews

The Ministry conducts regulatory reviews to improve the quality of the regulation that applies to sectors, industries, or specific processes. These reviews consider whether regulation is necessary, achieving its intended benefits, and not imposing unnecessary costs on regulated parties, regulators, or the public. We then recommend changes to Ministers that we expect will improve the functioning of the relevant regulatory systems.

## Why a hospitality review?

At the first Hospitality Summit, held in 2024, the sector identified that regulation (including the combination and volume of requirements) was introducing barriers to market entry, expansion, and innovation for hospitality businesses. The sector also suggested that the hospitality sector be a key focus of the Ministry for Regulation.

We agreed – in 2025, our analysis confirmed that regulation was imposing financial, time, and opportunity costs on the hospitality sector. Given the sector's significant contribution to New Zealand's economy (see Figure 1 overleaf) and the Ministry's ability to examine the full range of regulation affecting it, we recommended that Ministers initiate a Review to consider whether the regulation of the sector was still fit for purpose and whether the benefits were still exceeding the costs.

### The Ministry for Regulation's role

As a central agency, the Ministry for Regulation's role is to strengthen New Zealand's regulatory management system and improve the quality of regulation, including improving the experience of complying with regulation.

We have four key functions:

- ensure the quality of new regulation
- improve the functioning of existing regulatory systems
- raise the capability of those who design and operate regulatory systems
- provide continuous and enduring improvements to the Regulatory Management System.

It is important New Zealand has sound regulatory settings to support a modern, open market economy. We want rules and regulations to enable New Zealanders to do more – leading to more productive use of people's time, and better outcomes for those who want to get things done.

# Snapshot of the Hospitality Sector

Ministry for Regulation
Te Manatū Waeture

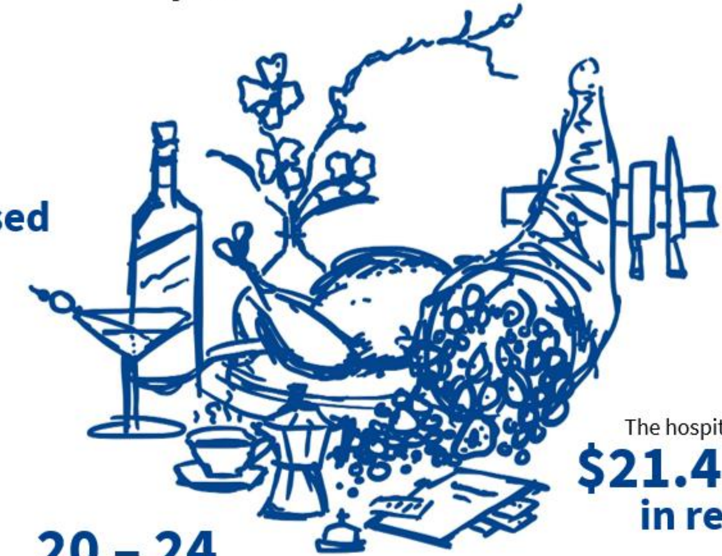
A summary of key statistics and features of the hospitality sector to provide context for the Hospitality Review. The information is sourced from Statistics NZ, MBIE, and reports produced by groups representative of the sector.

**~25,200**
**hospitality businesses**

| | |
|---|---|
| Sole operators | 10,600 |
| Small businesses | 12,800 |
| Medium businesses | 1,400 |
| Large businesses | 400 |

**193,000**
**people employed**
by hospitality businesses
*(approx. 8% of New Zealand jobs)*

**20 – 25%**
**of alcohol purchased**
in New Zealand is purchased at hospitality businesses



The hospitality sector earns
**$21.4 billion**
**in revenue and contributes**
**2% of GDP**

**20 – 24**
**months**
is the average lifespan of a restaurant or café
*(which is broadly comparable internationally)*

*Figure 1 — Snapshot of the Hospitality Sector*

# Scope of the Review

The Review focused on the the specific areas of regulation where we thought changes would make the most impact for the hopsitality sector.

## The definition of 'hospitality'

The Review's Terms of Reference defined the scope to regulation that applies to:

- restaurants
- bars
- clubs (e.g., Returned Services Association clubs and sports clubs)
- cafés
- food stalls at markets
- food trucks
- catering businesses
- hotels.

We did this to focus the Review on areas that would have the most impact across the greatest number of businesses, while reducing the risk of straying into areas related, but not explicitly part of, the hospitality sector (e.g., the short-term rental market, food production, and tourism).

We also explicitly put the gambling regulatory system out of scope because significant changes were underway when the Review was initiated.

## Prioritising areas of regulation

We prioritised specific areas of regulation by:

- identifying existing and potential problems and opportunities based on the Hospitality Summit 2024; direct and written engagement with regulated parties, groups representing the hospitality sector, and regulators; input from responsible policy agencies; and international comparisons.
- considering the potential benefits of solving the problems identified; whether the work required was feasible in the time available; and whether now was a good time to do the work, considering current reforms underway and the Government's priorities.

The first prioritisation step identified a series of potential problems and opportunities within and across regulatory systems, which we then narrowed and grouped into the following areas:

- Alcohol licensing
- Easter, Christmas, and ANZAC trading
- Fees and levies
- Food safety
- Information flows
- Other areas - security guards, club transport (courtesy vans), outdated legislation, and building and resource consents.

# How we did this Review

We approached the Review from the perspective of the people working in the hospitality sector, focusing on how regulation works in practice, and the real-world benefits and costs.

## Our analytical approach

Within each of our priority areas of regulation, we:

- **refined our problem definition(s)** by assessing the current state against seven criteria: effectiveness, efficiency, proportionality, adaptability, ease of compliance, impact on rights and liberties, and alignment with the Ministry's view of good regulatory practice. Information about these criteria can be found in the analytical framework attached at **Appendix C**
- **identified options** that would address these problems, drawing from suggestions from regulated parties and regulators, and international comparisons
- **assessed these options** against four criteria: effectiveness, efficiency, feasibility, and impact on rights and liberties. This included quantitative cost-benefit analysis of options, where sufficient data was available to robustly do so
- **identified preferred options.**

We packaged our preferred options to create our recommendations. Where we have identified areas for improvement outside of the Review's scope or levers for change, or have suggestions for the direction of future reforms, we have made a comment rather than a recommendation.

## How we gathered information and who we spoke to

A range of information has informed the Review's recommendations.

**Written submissions:** We received a total of 247 written submissions, 93 from businesses, 26 from sector representative groups, 97 from territorial authorities and other regulators, and 31 from workers and other stakeholders. The Review invited two rounds of submissions from territorial authorities, regulators, and the hospitality sector, first to identify potential problems and opportunities (188 submissions) and second to provide feedback on potential options (59 submissions). We invited feedback on potential options across four of the regulatory areas we were looking at: alcohol licensing, food safety, fees and levies, and information flows.

**Direct engagement:** We met directly with 21 hospitality businesses (regulated parties), 13 sector representative groups, members of 27 District Licensing Committees (DLCs), 12 territorial authorities, and two community groups. We also held a workshop with sector representatives at the 2026 Hospitality Summit.

**Discussions with central government agencies:** We met monthly with senior officials and fortnightly with other officials from key government policy agencies. We also met with other relevant policy agencies as needed, and held additional workshops about problem definitions, options, and recommendations. Agencies with knowledge and expertise in the relevant regulatory systems have reviewed our supplementary papers and this report.

**Information requests:** We sent a series of information requests to every territorial authority seeking detailed information about regulatory practice. We also sent information requests to central government agencies seeking information about the performance of their regulatory systems. There was a high level of engagement and response to these information requests.

**International and domestic literature:** We reviewed academic and grey literature to understand more about how our priority areas of regulation were performing in New Zealand, and how similar areas were regulated internationally.

**Expert review and feedback:** Our supplementary papers and recommendations for food safety, alcohol, fees and levies, and information flows were critiqued by two external regulatory and policy experts.

Overall, this information has been invaluable for the Review, and we acknowledge the time and effort of everyone we engaged with.

Summaries of our two rounds of written submissions and our direct engagement are attached at **Appendix D**.

### How the Review considered the Regulatory Standards Act 2025

The Regulatory Standards Act 2025 (RSA) passed while the Review was underway and this Review is one of the first of the Ministry's regulatory reviews that will be delivered when all provisions are in force.

Of particular relevance to the Ministry's regulatory reviews are the principles of responsible regulation set out in section 9 of the RSA. The RSA requires agencies to identify where legislation is inconsistent with these principles.

At a high level, these principles relate to the impact of legislation on the rule of law, liberties, the taking of property, taxes, fees, and levies, and the role of the courts. They also relate to good law-making, specifically about problem definitions and rationale for intervention, consultation, cost-benefit and impact analysis, implementation arrangements, clarity of effect, and review and stewardship. The statutory guidance issued by the Auditor General and Minister for Regulation under section 26 of the RSA sets out recommended best practice and expectations for how the principles should be applied.

While the principles are designed for use by government agencies when preparing Consistency Accountability Statements (CAS), they can also help us to identify problems in existing regulatory regimes and assess possible improvements. While the RSA had not yet passed nor come into force when this Review was initiated, the Review took steps to consider the intent in anticipation:

- the criteria we used to assess the current state and options broadly cover the principles of responsible regulation. Additionally, we explicitly considered whether the taxes, fees, and levies collected from the hospitality sector were reasonable in relation to the regulatory activities that were being undertaken.
- the Review's process aligns with the good law-making principles of problem identification and option selection, consultation, cost-benefit and impact analysis, and implementation arrangements. We have explicitly examined the rationale for continued government intervention in each of our priority areas, clearly identified the problems with the current state, considered non-legislative options to solve these problems, engaged extensively with regulated parties and regulators, compared costs and benefits and quantified where possible, and laid out implementation plans for our recommendations.
- our recommendations are likely to improve the alignment of existing regulatory systems with the principles, most obviously relating to taxes, fees, and levies, and review and stewardship.

The Ministry will continue to refine how the principles of responsible regulation can set the direction for our Reviews.

# Our vision for the future

# Better regulation of the hospitality sector

It should be easier and less expensive to open a hospitality business and keep it running, businesses and regulators should be supported and trusted to meet high standards, and hospitality businesses should only have to tell regulators something once.

Our ideal future state is one where:

- the public is safe — health risks and harms are minimised
- regulatory requirements are easy to understand and the logic behind them is clear
- regulatory requirements and processes are as efficient and streamlined as possible — requirements are proportionate to risk, and hospitality businesses only have to tell regulators something once
- value for money is clear — the costs and benefits of the regulatory systems are transparent to hospitality businesses, regulators, and policy stewards
- both regulators and regulated parties are held to, and appropriately supported to meet, high standards of performance
- compliance monitoring and enforcement is practical for regulators and reasonable for regulated parties
- there is space for hospitality businesses to try new things in a safe way, and regulatory systems keep pace with technological and societal changes.

We think we can get most of the way to this future state within the current paradigm and resources by stopping doing some things while starting to do others, recalibrating requirements to risks, and introducing new tools.

However, the final steps — especially those that deal with how hospitality businesses interact with regulators — require a fundamental shift in how local and central government does things. The current local government reforms, which aim to simplify local governance and create economies of scale, may get us some of the way there, but this vision of the future must be kept in mind while these reforms are underway for this to happen.

**Do we have to pick between effectiveness and efficiency?**

Effectiveness and efficiency of a regulatory system are often considered on the opposite ends of a single spectrum – one must reduce effectiveness to gain efficiency, and vice versa.

However, our view is that in practice, a regulatory system must be efficient to be effective. Regulators and regulated parties work in resource constrained environments; pursuing some hypothetical level of effectiveness that could be achieved if resources were no object is not practical. We have seen that sacrificing the efficiency of a system in pursuit of this hypothetical standard reduces effectiveness over time – the easier it is to comply with a legal requirement, the greater the likelihood of compliance (especially voluntary compliance).

# The current state

# How the hospitality sector is currently regulated

Many areas of regulation apply to the hospitality sector: employment; immigration; consumer protection; health and safety; trading hours; building; resource management; food safety; and alcohol. These requirements, and the regulators that administer them, combine to create a complicated, confusing, and expensive operating environment for hospitaltiy businesses.

## Regulatory requirements

All businesses in New Zealand operate within boundaries set by regulation. These boundaries exist to protect people's rights, safety, property, and the environment.

As Figure 2 — ***Summary of the regulatory landscape for hospitality businesses*** shows, hospitality businesses sit at the centre of multiple regulatory systems. In addition to the general requirements that apply to most businesses, requirements relating to food safety and the sale and supply of alcohol (if they serve alcohol) also apply. We discuss why the government intervenes in these areas on the next page.

## Regulators

Most of the regulatory systems that affect the hospitality sector's day-to-day operations are administered and enforced by local government. This means that most hospitality businesses interact primarily with their local council about regulatory matters.

## How it all fits together

Figure 3 sets out a journey map of a person setting up a new restaurant. It shows that while each set of requirements serves a purpose, overall, the process can be time consuming, complicated, confusing, and expensive.

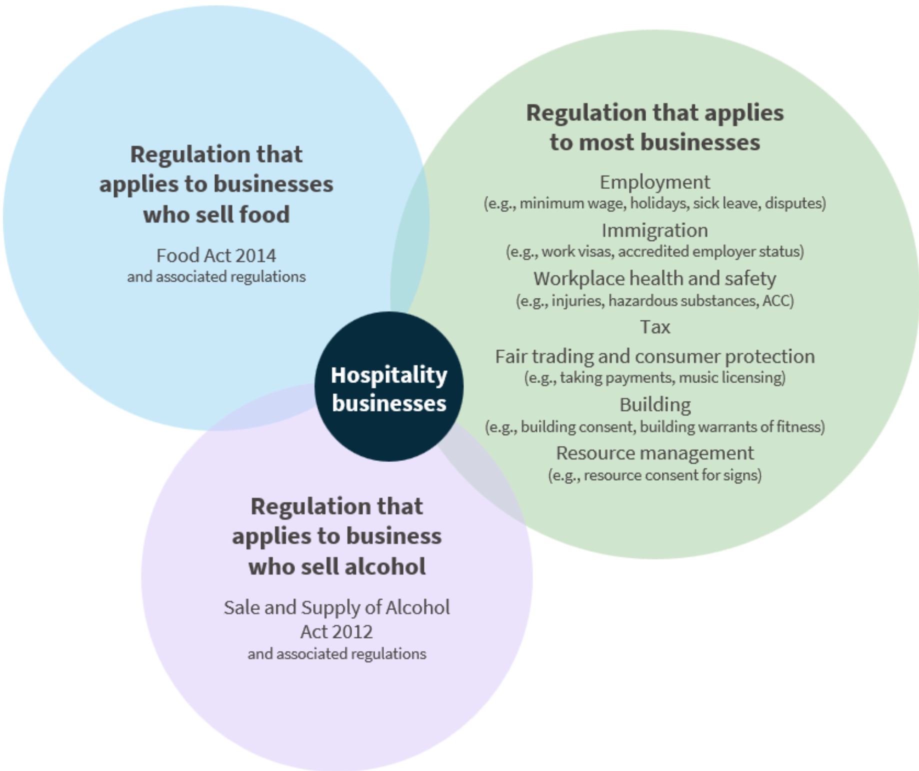



*Figure 2 — Summary of the regulatory landscape for hospitality businesses*

### Why the government intervenes in how food and alcohol is provided in hospitality settings

There are three main reasons why the government intervenes in food and alcohol.

1. ***Protecting people's health***

Preparing and serving food to the public carries risk. Foodborne illness can cause short term symptoms as well as have more long-term impacts from more serious illness. In 2024, 59% of notifiable outbreaks of foodborne illnesses likely originated in hospitality settings.

We regulate to increase the likelihood of safe food handling practices and therefore reduce the likelihood of foodborne illnesses and their consequences.

2. ***Preventing and mitigating alcohol-related harm***

Consuming alcohol is risky for the individual involved, and the people around them. The total cost of alcohol harm in New Zealand is currently estimated to be $9 billion each year, and 20 – 25% of alcohol purchased in New Zealand is purchased from hospitality businesses (the rest is purchased from off-licences like supermarkets and bottle stores).

Any amount of alcohol consumption carries immediate health risks for the individual drinking – particularly the increased risk of cancer, stroke, high blood pressure, brain damage, and mental health conditions. These individual health risks, if they eventuate, can cause pressure on the health care system. The downstream and social consequences of excessive alcohol consumption are also significant — the loss of employment and financial insecurity, long-term disability, incarceration, and lost productivity.

These individual health risks are experienced differently by different population groups. There is evidence that shows men and Māori individuals generally drink more than other groups and therefore experience disproportionately higher harm, and that women, young people, older people, Māori, and Pacific people experience higher health risks when consuming a similar amount of alcohol as other groups.

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

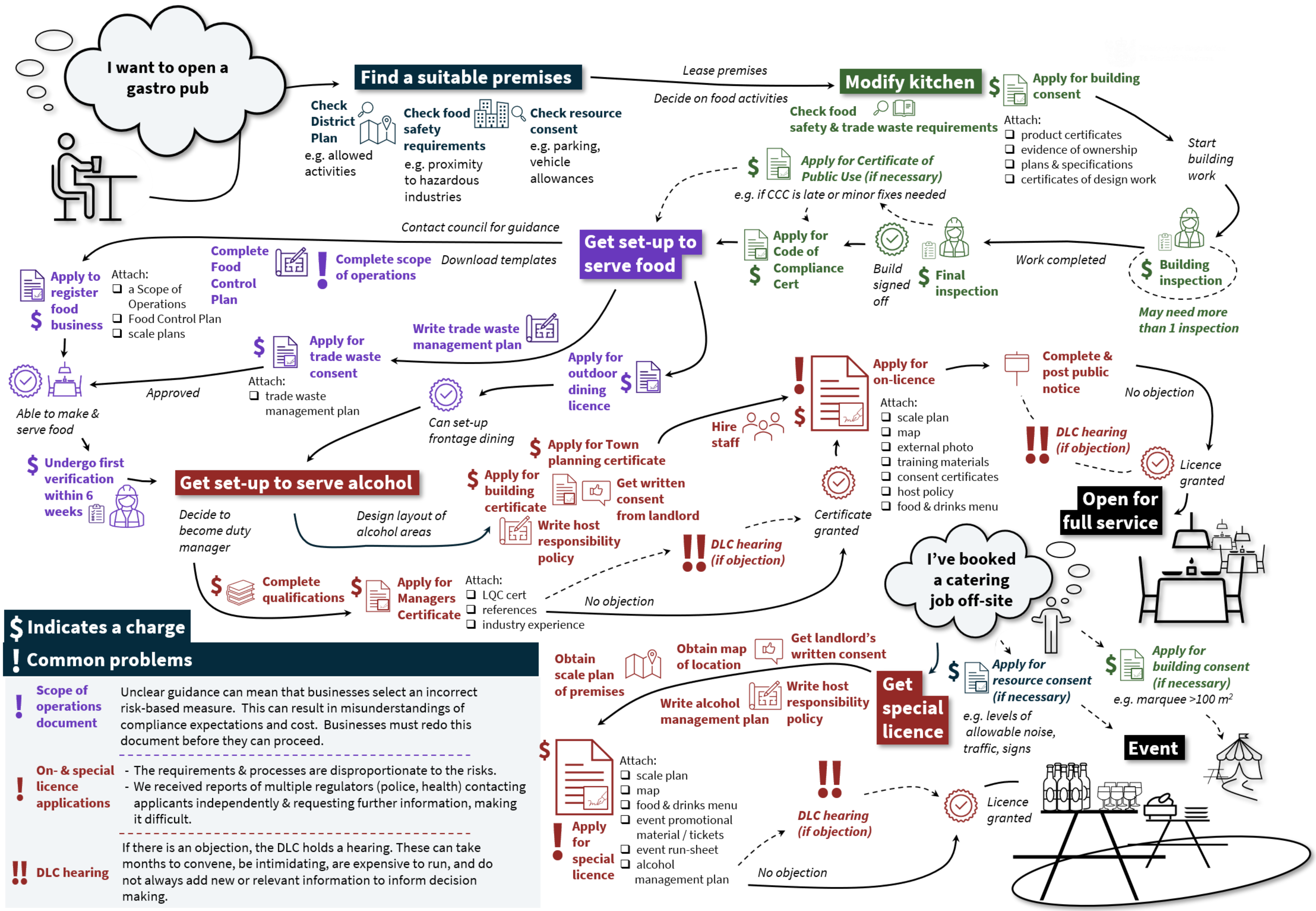
We regulate to control the supply of alcohol to reduce the likelihood of excessive or inappropriate drinking, and reduce the likelihood of harm, or mitigate the extent of the harm if it does occur.

***3. Addressing real and potential market failures***

In general, a free market is an efficient mechanism for directing limited resources towards their most productive use. Governments may choose to intervene in the market when resources are allocated inefficiently or unproductively (i.e., a market failure), and private solutions are unlikely to sufficiently resolve the problem.

There are three types of market failures that affect how food and alcohol are provided in hospitality settings, which the government regulates to address:

- **negative externalities —** the costs of alcohol consumption and foodborne illnesses are not borne solely by those who benefit from the sale and consumption of alcohol and food
- **information failures** — parties in the market do not have the relevant information to make rational, welfare-maximising choices. This includes information asymmetries between customers and hospitality businesses (e.g., a customer has little information about the safety of their food), and incomplete information (e.g., customers may not fully understand the risks of drinking alcohol, or hospitality businesses may not fully understand how to mitigate health risks caused by food and alcohol)
- **preference-related problems and behavioural biases** — parties in the market do not behave rationally, even when they have the relevant information (e.g., over-valuing present alcohol consumption over the likelihood of future health problems).




| | | |
|---|---|---|
| ! | Scope of operations document | Unclear guidance can mean that businesses select an incorrect risk-based measure. This can result in misunderstandings of compliance expectations and cost. Businesses must redo this document before they can proceed. |
| ! | On- & special licence applications | - The requirements & processes are disproportionate to the risks.<br>- We received reports of multiple regulators (police, health) contacting applicants independently & requesting further information, making it difficult. |
| !! | DLC hearing | If there is an objection, the DLC holds a hearing. These can take months to convene, be intimidating, are expensive to run, and do not always add new or relevant information to inform decision making. |

*Figure 3 — Example journey map to open a restaurant*

# Problems identified by the Review

We found the regulation of the hospitality sector is generally effective at protecting people's health, mitigating harm, and addressing the real and potential market failures. However, there are places where it is not effective, disproportionate to the risks, difficult to comply with, and creating unreasonable barriers to innovation.

We have identifed 16 problems in our priority areas of regulation. These problems are described in the sections below, alongside two case studies of hospitality businesses we met with during the Review we think are particularly illustrative of the problems we identified.

Detailed problem definitons are available in the relevant supplementary papers.

We have used quotes from regulated parties, regulators, and groups representative of the sector to illustrate some of the problems.

**How we considered problems**

Things go wrong in regulatory systems all the time — what distinguishes a problem that needs fixing from an expected (if annoying) hiccup or an isolated case?

We relied on the wide range of information from regulators, regulated parties, and other stakeholders. If an issue was raised with us a lot, or by people with different perspectives and incentives, this indicated to us it was a problem. We also considered the legislative design of the systems we assessed — if an issue or example was raised with us that could clearly be attributed to a feature of legislative design (e.g., a regulated party experiencing inflexible requirements when the law is very prescriptive), then we were more confident that it was likely to be a wider problem rather than a one-off issue.

*The problem of inconsistency*

A fundamental feature of many of the regulatory systems we considered in this Review is local regulators are given flexibility and discretion (within boundaries) to respond to local needs and preferences. This, by design, creates inconsistency within the system, creating situations where regulated parties in some places will be treated differently than in other places.

Many hospitality businesses and stakeholder groups told us they were unhappy with the inconsistency of regulatory decisions (especially in the alcohol regulatory system). However, our view is there is only a problem when ineffective, inefficient, unfair, or unpredictable decisions are made — this is not an inherent problem with inconsistency, but a problem with poor regulatory practice within the discretion allowed by the regulatory framework.

For this reason, you will not see "inconsistent" as part of the problems identified by the Review; we instead focus on the effectiveness, efficiency, or proportionality.

# Problems across regulatory systems

## *The flow of information between regulated parties and regulators is not always effective or efficient*

*"I just want the Council to have a folder with my name on it so I don't have to tell them the same things over and over"*
*- Restaurant owner*

The smooth flow of information between regulated parties and regulators is needed for regulation to work well. Most importantly, regulated parties need information from regulators about their regulatory obligations and how they can demonstrate compliance, and regulators need information about the extent to which regulated parties are complying. Figure 4 below outlines a full picture of the information flows that happen in the hospitality sector.

We found that information about regulatory requirements (including registration, licensing, consenting, and permitting requirements) across regulatory systems is not readily available nor clear to some hospitality businesses. This makes it difficult for them to understand and meet them.

There is a balance to be struck between placing the onus on the regulated party to understand how to comply with regulatory requirements and placing the onus on the regulator to make the requirements simple and easy to understand. We think this balance is not quite right in many of the regulatory systems that apply to the hospitality sector.

We also found that regulators asked for information from hospitality businesses via different systems to meet application requirements across different regulatory systems (e.g., asking for the same information multiple times across food registration, alcohol licensing, and building consent), which is unnecessary, time consuming, and duplicative.

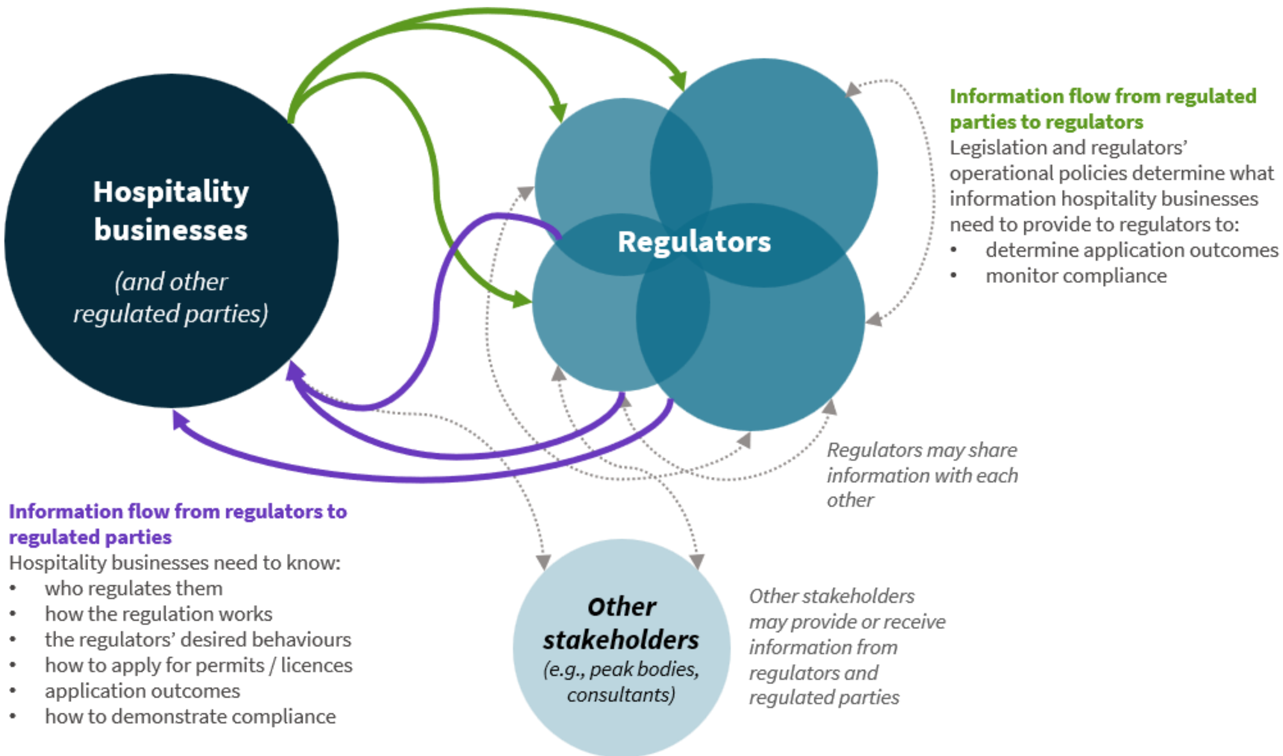



*Figure 4 — Illustrative information flows in the hospitality sector*

## **CASE STUDY:** THREADING THE REGULATORY NEEDLE

The Rusty Petticoat is a pop-up restaurant, café and catering business operating out of Roxburgh in Central Otago. As part of the Review's direct engagement with businesses across the sector, we met with Jessica Matheson, owner of the business, and heard about her experience of navigating the regulatory requirements to start a unique kind of hospitality business.

With 20 years of prior experience in the sector, Jessica envisioned the Rusty Petticoat as a one-of-a-kind mobile business with a fine dining experience. When establishing the business model, she assumed that because it was a unique food service offering, there would be government support for her venture. As a mobile, multi-faceted business, the Rusty Petticoat offers jobs in regions of New Zealand where jobs are not readily available. This model could pilot a way for food businesses to reach and enrich more isolated areas.

However, getting operations off the ground was not straight forward.

Jessica had to engage with multiple regulatory systems, this included food safety, transport, resource management, regional district planning requirements, and alcohol licensing.

Jessica highlighted some key frustrations she faced while navigating the regulatory requirements:

- **Different interpretations of the regulatory requirements across regional boundaries** make it challenging for mobile businesses to travel and expand.
- **Alcohol on-licence types were not attuned to her business' needs** — this means the effort and cost of obtaining a licence can outweigh benefits. She said it is difficult for mobile businesses to get on-licences given they change locations, and Bring Your Own (BYO) endorsements are costly and time-consuming compared to the extra revenue.
- **Food safety registration was unnecessarily complex** — the extensive paperwork and requirements are not well-explained, particularly for new operators. Jessica said this pushes businesses to take the 'path of least resistance' rather than innovate and expand their service offerings.
- **Mobile trading licences involve extensive and inconsistent requirements** — mobile trading licences often involve resource management requirements (e.g., in this case, a gravel transfer mitigation plan) and do not include events, which requires mobile businesses to pay separate fees and park offsite.

Jessica told the Review that after weeks of chasing information and following up on queries, she considered instead starting her business in Western Australia and inquired with the relevant regulatory bodies. She told us that within days she was allocated a single point of contact and a clear pathway to satisfying requirements was clearly laid out. In contrast, in Aotearoa New Zealand, we heard Jessica had to meet with 13 different officials from 8 different central and local government agencies. Regulatory information was fragmented and complex, and the lack of coordinated support for mobile businesses was a significant barrier to innovation.

Today, having overcome the layers of regulatory requirements, the Rusty Petticoat is thriving. However, Jessica was clear with us. For current and future hospitality businesses to be successful, compliance information needs to be streamlined, local government support should be proactive, and core regulatory requirements need to be practical.

### ***Fees are too high for some hospitality businesses, do not always reflect the risks, and are not covering the government's costs***

*"From a fairness perspective, a regulatory regime that imposes uniform charges on all operators regardless of performance status creates perverse incentives and penalises those doing the right thing"*
*- Café operator*

Hospitality businesses are required to pay a range of fees and levies based on the kinds of services and products they provide to consumers, including:

- alcohol licensing application, annual, and renewal fees
- food registration, verification, and renewal fees
- the MPI Food Business Levy (food levy).

These fees and levies are administered and charged by central and local government to recover the costs of regulatory activities (e.g., paying people to process applications, inspect premises, make decisions, and undertake compliance monitoring and enforcement). Overall, we are comfortable that the alcohol and food safety regulatory systems should be mostly funded by hospitality businesses (i.e., user-pays) as they confer the opportunity for businesses to profit from selling food and alcohol.

However, we found problems in how these fees and levies are set and administered:

- some costs are not scaled, meaning a small business sometimes pays the same as a large business, a lower-risk business (e.g., a coffee cart) sometimes pays the same as a higher-risk business (e.g., a bar), and a compliant business may sometimes cross-subsidise a non-compliant business
- how fees are set, what they are spent on, and the level of cost recovery are not transparent to businesses, system stewards, or the public. This can erode trust between regulated parties and regulators if the services paid for do not meet expectations
- fees are not covering many territorial authorities' costs, meaning that some regulatory activities are being subsidised by rate payers, and some regulatory activities are not being done at all.

### ***Some decisions can take too long, and how long a decision will take is often not transparent***

*“I have just opened a new hospitality business in the last 6 weeks. It took me almost 7 months to get a license when all requirements had been met within the first month”*
*- Business owner*

We found that, while many of the decisions being made by regulators — especially in the food safety and alcohol regulatory systems — are effective, some can take too long for the relative complexity or importance of the decision. This can cause a loss of trust between regulated parties and regulators, and resulting in direct and opportunity costs for businesses who are waiting on decisions to be able to operate.

Additionally, we found the expected timeframes that are published by regulators do not accurately reflect actual processing times or provide adquate predictability for regulated parties. Knowing how long regulatory decisions are likely to take is important for businesses' planning and cash-flow.

## Problems in the alcohol regulatory system

### There are reforms underway in the alcohol regulatory system

The Sale and Supply of Alcohol (Improving Alcohol Regulation) Amendment Bill 2025 before Parliament, if passed into law, will change the alcohol regulatory system. These changes include:

- allowing restaurants to hold off-licences and clubs to hold on-licences
- limiting public objections to people and organisations in the same territorial authority as the proposed licence
- allowing applicants the right of reply in hearings
- removing the ability to decline to renew a licence based on rules that came into force after the licence was first issued
- introducing a risk framework and other improvements to the assessment of special licences
- granting the relevant Minister power to recommend a stand-alone exemption for large-scale televised events (e.g., the Rugby World Cup), which means that businesses will not need to apply for individual special licences.

The problems we identified, and subsequent recommendations consider the likely impact of these changes, including our assessment of how much of a problem may remain once the changes are implemented.

### We considered excise tax settings for kegged beer and do not think there is a case for changing the regulatory settings

Alcohol excise tax is a tiered tax that is charged on alcohol products based on their alcohol content (higher taxes for higher alcohol content). The current system does not tax products differently based on container size, or the scale of the manufacturer.

We heard from the brewing industry that alcohol excise tax disadvantages kegged beer relative to canned or bottled beer. However, our analysis found the alcohol excise tax system is achieving its objectives and there is limited evidence the settings are negatively impacting competition.

Some countries have reduced excise tax rates for kegged beer to support the hospitality sector's recovery from the COVID-19 pandemic. Our analysis of how a similar intervention would work in New Zealand showed it would cost the Crown between $30 million and $283 million over 10 years, would not meaningfully change the final price of alcohol to consumers, nor support hospitality venues.

Therefore, we think no changes to excise settings are needed.

## *The alcohol regulatory system is not being effectively, efficiently, nor proportionately stewarded*

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

- creating and maintaining relationships between policy makers, frontline regulators, regulated parties, and other stakeholders in the regulatory system
- gathering data and insights about the performance of the system, and the actors within it
- improving and investing in capability at all levels of the system
- identifying and responding to risks and issues within the regulatory system in a coordinated, timely, and regular manner
- supporting innovation within the regulatory system.

The policy objectives of the alcohol regulatory system are that alcohol is sold, supplied and consumed safely and responsibly, and that harm from excessive and inappropriate consumption of alcohol is minimised.

The day-to-day administration of the alcohol regulatory system is delegated to territorial authorities, and decisions about whether to issue a licence are delegated to local decision-making bodies (District Licensing Committees (DLCs)).

We found that historic design, implementation, and funding choices have created challenges for the stewardship of the alcohol regulatory system. There is no ringfenced resource or funding, responsibilities are spread across multiple central government agencies (who are not necessarily structured to support a distributed regulatory system), and there are no formal structures of systemwide governance to support coherent stewardship across these agencies.

We found these choices have contributed to limited monitoring and evaluation of the performance of the regulatory system as a whole. There is also inconsistent guidance and implementation support for local regulators and decision makers.

Alcohol is also a highly politicised issue, meaning the regulatory system can be slow to respond to changing behaviours and technologies, leaving gaps that may be reducing its effectiveness and potentially unreasonably hindering innovation in the hospitality sector.

The lack of consolidated resource and focus on stewardship stands out, especially in comparison to the effort spent on the stewardship of other regulatory systems that have similar reach and impact (such as workplace health and safety).

**Off-licences are out of scope of the Review**

Off-licences allow licensees to sell and deliver alcohol for consumption somewhere else. While some types of hospitality businesses can hold off-licences (e.g., hotels, bars, and potentially restaurants if the bill before Parliament passes into law), very few issues were raised with us that were specific to off-licences held by hospitality businesses. While the requirements specific to off-licences were outside the scope of the Review, we have considered how our recommendations will impact off-licences, if they are to apply to them.

### ***Licensing and renewal requirements and processes can be disproportionate to the risk posed by hospitality settings***

*"True innovation thrives on flexibility… until compliance expectations are simplified and proportionate to business scale, small operators will remain constrained"*
*- Business owner*

There are three types of licences available in the alcohol regulatory system that are relevant for hospitality businesses:

- *on-licences*, which allow licensees to sell and supply alcohol for consumption on the premises and lets people consume alcohol on the premises. An on-licence can be endorsed for "Bring your own (BYO)", which means that licensees can allow people to bring their own alcohol onto the premises
- *club licences*, which can only be held by clubs, and allow people to drink alcohol on the premises
- *special licences*, which allow licensees to sell and supply alcohol at events, festivals, or other occasions. Special licences can cover between 1 and 12 events per licence.

On-licences and club licences are renewed initially after one year, then generally every three years thereafter (although regulators have the discretion to shorten this period, which some have used). The requirements and process to renew a licence is very similar to the requirements and process to get a licence for the first time.

We found that, by design and in practice, the requirements and process to get a licence for the first time are too high for lower-risk settings (e.g., a daytime café) and too low for higher-risk settings (e.g., a nightclub or large festival), as the same licensing requirements and processes initially apply to settings that pose very different levels of potential risk. This creates unnecessary costs for lower-risk businesses and may unnecessarily restrict business practices, while also not necessarily effectively mitigating risks for higher risk businesses.

Additionally, we found the current renewal requirements and process incentivise poor regulatory practice and are not likely to be effectively contributing to mitigating alcohol harm. In licensing regimes generally, licence renewals are intended to be a 'check-in' for regulators to ensure regulated parties are compliant, risks are being managed, and the scope of a business' operations has not changed. However, the current renewal process requires reapplying for a licence, which goes far beyond the intended purpose of renewals. The intervention logic for these additional requirements is not clear to us. We also observed that the renewal process is sometimes used as the primary point of intervention for regulators to address issues with a licensee's non-compliance. Our view is that good regulatory practice would be to address issues actively as they arise, rather than waiting.

## Licensing and renewal processes can be inefficient

*"We are so busy with compliance and fighting to get renewals there is any hardly any time left to think of innovating"*
*- Restaurant operator*

We found that, while likely effective, licensing and renewal processes are not efficient. Applications can take a long time to process, with an average of between 55 and 78 working days. They also involve significant duplication for both regulated parties and regulators, especially between the initial application and a renewal.

This inefficiency is creating unnecessary delays and costs for hospitality businesses, which may be creating investment uncertainty. It also creates unnecessary work for regulators and may be diverting resource from compliance monitoring and enforcement.

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

*"The rules seem to depend on who is reading the application at the time"*
*- Restaurant operator*

District Licensing Committees (DLCs) are responsible for making decisions about whether to issue a licence, and if so with what conditions. A DLC is an independent decision-making body appointed by an area's local authority — every territorial authority is required appoint least one DLC (there are 67 across New Zealand). Anyone can be a member (unless they have a conflict of interest, e.g., people involved in the licensing process or the alcohol industry).

DLCs serve two purposes in the alcohol regulatory system:

- make decisions about licences that effectively contribute to achieving the purposes of the alcohol regulatory system
- represent and incorporate local interests into decisions.

We found that in some cases, decision-making about licences (particularly the conditions that are placed on licences) are not transparent, and may not be effective at addressing alcohol harm. This, in addition to not being effective at achieving the purposes of the alcohol regulatory system, imposes unreasonable costs on hospitality businesses and reduces predictability of decisions, which may be creating investment uncertainty.

We also found that, in some areas, territorial authorities are struggling to recruit and retain members, which impacts both the DLC's ability to represent local interests and the availability of appropriately trained members. This may impact the effectiveness and efficiency of their decisions and raises questions about the future viability of the model.

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

*"Delays in scheduling and conducting DLC hearings and in issuing decisions are a major source of cost and frustration for applicants and Councils alike"*
*- Group representative of the sector*

A hearing provides the opportunity for the DLC to understand and question the applicant and any objectors, to be as informed as possible to make decisions regarding the licence.

A hearing must be held by a DLC if there is an objection to a licence from the public, or if the Police or local health authorities oppose the licence. A DLC can also hold a hearing without an objection or opposition.

We found that hearings are sometimes held when they are not necessary as the hearing process did not add any new information for decision makers.

We also found that applicants and regulators actively avoid hearings (even when they may be appropriate) because they can be expensive, time-consuming, and intimidating. This means communities may not be adequately involved in licensing decisions, and reduces the effectiveness, transparency, and fairness of decisions for hospitality businesses and communities.

## *Regulated parties do not always understand their responsibilities*

*"There is a huge gap in [operators'] understanding and knowledge of requirements to keep customers and community safe and free from injury"*
*- Regulator*

The level of alcohol-related harm indicates that in some hospitality settings, appropriate steps are not always taken to mitigate excessive drinking (i.e., intoxicated people are still served, and alcohol-related harm occurs as a result).

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

We found that some licensees and duty managers do not fully or adequately understand their regulatory responsibilities and what they are accountable for under the Sale and Supply of Alcohol Act 2012. This leads to point-of-sale decisions that may contribute to excessive alcohol consumption and alcohol related harm.

We found there was some evidence of duty managers being pressured to sell alcohol by their employer, when they otherwise would have chosen not to. However, we could not verify the scale of this problem.

## *Monitoring compliance and enforcement practices may not be effective, efficient, nor proportionate*

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

The main tools for monitoring compliance are inspections conducted by licensing inspectors (who work for territorial authorities) or Police, and controlled purchase operations (CPOs) where underage volunteers go into licensed premises to see whether they are served alcohol.

The main tools for enforcement are:

- infringement notices and fees (up to $500). We have heard this is the most common enforcement tool used
- criminal offences (depending on the offence, these can carry maximum fines of between $1,000 and $40,000 and imprisonment of up to 3 months)
- licence suspension or cancellation. To get a licence suspended or cancelled, the licensing inspector or Police must apply to a centralised tribunal, the Alcohol Regulatory and Licensing Authority (ARLA), that makes the decision.

We found that monitoring compliance and enforcement practices are not always effective or proportional. In some places, inspections do not occur frequently, nor do they focus on licensees' knowledge and practices, and the enforcement tools available are either too strong (e.g., suspension or cancellation of licence) or not a sufficient deterrent (e.g., infringement fee of $500).

Additionally, we found it was not efficient for many regulators to use the enforcement tools available to them, meaning they often went unused and non-compliance went unaddressed.

# Problems in the food safety regulatory system

### There are changes underway in the food safety regulatory system

New Zealand Food Safety, within the Ministry for Primary Industries (MPI) is currently undertaking a programme of work to improve the implementation of the Food Act 2014, the Food Act Improvement Programme (FAIP). The FAIP intends to reduce regulatory burden for businesses with low food safety risks (which will include some hospitality businesses), introduce simpler and more proportionate rules and record-keeping requirements, improve the consistency of verification practices, provide free training, and investigate changes to the food levy so that it can be more fairly applied across different types of businesses.

Our problems and subsequent recommendations consider, to the extent we have been able to, the likely impact of the FAIP.

## ***Current risk-based categories and requirements can be inefficient and disproportionate to the potential risk posed by hospitality settings***

*"Food safety requirements are necessary, but in certain areas it seems impractical to do properly… It is becoming a full-time job to complete the paperwork"*
*- Business owner*

Unless exempt, food businesses must register and operate under one of four categories (referred to as risk-based measures), based on the level of risk posed by their activities. These categories determine the food safety requirements a business must follow:

- *[Highest risk] Food Control Plan (FCP)*: includes manufacturers of high-risk foods (like dairy products), as well as most of the hospitality sector. These businesses need to have a written plan that sets out how they manage and monitor food safety risks to ensure the food they sell is safe and suitable. Most businesses use the template FCP, which is written by MPI.
- *National Programme 3 (NP3)*: includes retailers that handle food (but do not prepare or manufacture food), e.g., businesses that offer ready-to-eat meals that are reheated and served.
- *National Programme 2 (NP2)*: include some food manufacturers (e.g., bakeries who make only bread), as well as food service in early childhood centres.
- *[Lowest risk] National Programme 1 (NP1)*: includes retailers of hot beverages and shelf-stable manufacturer-packaged foods only, e.g., coffee-carts.

Most hospitality businesses use the template FCP, meaning they must meet the same requirements irrespective of their specific food safety risks. Our view is the template FCP requirements are generally too high for low-risk hospitality businesses (e.g., a small café) but proportionate to a higher-risk business (e.g., a large restaurant with complex menu items and a large customer base). This creates unnecessary costs for some businesses as they are spending resources on meeting requirements that are not needed to effectively manage their risks.

We found the FCP template and associated tools provided to businesses and regulators are too long and unclear to many. This means some key risk mitigations may be obscured in the volume of information that needs to be read, as well as provided.

We also found the application of the risk-based categories is not efficient — hospitality businesses struggle to understand where they fit in the system. Also, on-the-ground verification practices mean some businesses choose to operate in a higher risk-based category, creating costs for hospitality businesses and regulators.

We understand the FAIP is considering whether business types should move to different risk categories. As the draft or final outputs of this work have not been made available to the Review, we do not know if these issues will be effectively addressed.

### *Registration and renewal processes are not always effective nor efficient*

Most hospitality businesses must be registered with either their territorial authority or MPI before they can sell food. The registration process involves applying to the relevant registration authority (MPI or territorial authority) and paying the associated fee. In addition to general administrative information about the business, applicants need to include:

- their 'scope of operations', i.e., the type of trading operations they intend to conduct (e.g., importer, wholesaler, retail food operator, mobile operator, etc.), the type of food they are selling, and whether they undertake certain food preparation processes (e.g., reheating)
- confirmation of the verifier or verification agency.

Businesses' registrations are then renewed every year, or every two years depending on the risk-based category they fall into.

We found the initial registration process, as currently implemented for hospitality businesses, likely does not contribute much to reducing food safety risks. In some areas, registration operates merely as a notification system, letting territorial authorities know a food business has set up. The associated administration is inefficient and costly for both hospitality businesses and regulators.

Additionally, we found the renewal process is also unlikely to reduce food safety risks. As we discussed earlier in the alcohol regulatory system, the purpose of renewing a licence (or in this case a registration) is to allow regulators to 'check-in' to ensure regulated parties are compliant, risks are being managed, and the scope of a business' operations has not changed. For hospitality businesses, the verification process is currently serving this function, and therefore the renewal process serves no clear purpose.

Overall, these processes create unnecessary costs and work for hospitality businesses and regulators.

We note MPI is reviewing registration and renewal requirements as part of the FAIP. Our view is that the current work on registration and renewals will not resolve these problems.

## ***Monitoring compliance practices may not be effective, efficient, nor proportionate***

*“In some areas, [regulators] are pragmatic and supportive, but in others the same rules are enforced with unnecessary rigidity and repetition. This unpredictability adds anxiety and makes planning impossible”*
*- Business owner*

Monitoring compliance is a key part of the design and implementation of any regulatory regime.

The key tool for monitoring compliance in the food safety regulatory system is verifications. Verification is a process where a recognised verifier checks the business is selling safe food, is following good food safety practices, and is meeting the regulatory requirements. They do this by speaking with certain staff and asking them to explain their processes and procedures, reviewing certain records such as training and fridge temperature, and observing staff in the kitchen. After visiting the business, the verifier will write a report, highlight any corrective actions that need to be remedied, and report the outcome of the verification to the business owner. Verification outcomes are recorded as either acceptable, or unacceptable.

How often a business is verified depends on the risk-based category the business is operating under, and the outcome of the previous verification. Most hospitality businesses are operating under the template FCP and will be verified on a regular frequency, with up to 18 months between verifications. There are a proportion of coffee-carts who are operating under NP1, which means they are only verified once, and not seen again unless complaints are made about their operation.

While it works well in some areas, we found current verification practice is not always efficient and can result in corrective actions and a verification frequency that is disproportionate to risk.

While the intended approach to verification combines observation, interview, and reviewing records to confirm food safety controls are operating as intended, we found many verifications prioritised checking records and paperwork over the other aspects of verification, especially when the verifiers themselves were inexperienced with kitchen operations. This means verifiers may not observe kitchen reality (and therefore may not be identifying food safety risks).

Verifications can also be inefficient and expensive for hospitality businesses, especially if verifications are undertaken by third-parties (i.e., not an employee of the territorial authority, but through an approved private company), who generally charge higher fees. Many of the food trucks who operate in multiple regions are verified by third parties (because otherwise they would need to be verified by every territorial authority they operated in). This means they will likely pay more for a verification than a restaurant simply because they cross a boundary between regions.

Overall, this undermines the trust between regulators and hospitality businesses, creates unnecessary costs in some cases, and means non-compliance is not being identified and addressed.

We note one of the outcomes of the FAIP is to introduce national consistency in verification practices. As the draft or final outputs of this work have not been made available to the Review, we do not know if these issues will be effectively addressed.

**CASE STUDY:** STAYING AFLOAT *The Fat Duck, Te Anau, Southland*

The Fat Duck has been proudly serving the Te Anau community for over 10 years, earning recognition as Hospitality New Zealand's Gastropub of the Year 2025. As a locally owned and operated business in a remote tourism destination, its owners understand first-hand the challenges of balancing exceptional hospitality with the realities of operating in New Zealand's regulatory environment. Today, the Fat Duck is a thriving gastropub that seats up to 60 customers, welcomes many groups of travellers and tourists through the summer season, hosts functions and uses local suppliers to provide an authentic dining experience.

We met with Cameron Davies, the owner, as part of the Review's direct engagement with businesses across the sector, and heard about his experience operating in the current regulatory landscape. Being the owner of a busy gastropub means Cameron is aware of what it takes to meet the food safety and alcohol licensing requirements, as well as the other compliance costs involved. He described the challenge of keeping the business both vibrant and economically viable.

Our engagement with Cameron highlighted some key issues with the regulatory requirements and the supports available to businesses navigating the requirements. In summary, Cameron said that if no one can read and understand the rulebook, it might be time to change the book.

- **Alcohol licensing requirements are not aligned with real risk** — on-licences face more stringent, complex requirements than off-licences (e.g., opening hours for events / functions), even though hospitality businesses provide a supervised environment where risks are actively minimised.
- **Delayed regulatory processes are costly for businesses** — while businesses are required to be thorough and when providing information, local government regulatory processes including alcohol licensing can take months, with his last licence renewal taking 4 months.
- **Record-keeping requirements for food safety are not fit for purpose** — Cameron said compliance requirements (e.g., temperature checks) are demanding in terms of staff resourcing for data entry, and cost for software to support compliance. He also said that not all requirements directly contribute to food safety outcomes for customers.
- **Information about the regulatory requirements is out of step with the sector** — Cameron said there is limited guidance to support businesses and workers to understand the requirements, particularly for business owners who speak English as a second language.

We also heard from Cameron about the challenges associated with the range of compliance costs for a gastropub each year:

- **Compliance costs are unpredictable year-to-year** — some fees (e.g., for food safety verifications) are variable by nature. For the same business, charges for a process may differ every time, and it is unclear why. This makes it difficult for him to plan operating costs with precision.
- **Costs and requirements do not recognise good operators** — alcohol licensing and food safety charges are not set up to incentivise experienced, compliant operators. Cameron made the point that a 'good' operator that is consistently compliant, has no issues or complaints, and is prepared for verification may face the same charges as a poor operator.

Cameron said that requirements need to be transparent, regulators need to be accountable, and owners' and workers' lived experience is important for informing a system that works in practice — and that is not currently the case.

# Problems in other regulatory systems

### *Passenger service requirements for transport services offered by hospitality businesses are disproportionate*

Some hospitality businesses, mainly clubs, offer transport services (otherwise known as courtesy transport or courtesy vans) to transport their customers and members to and from their premises or other events. This is often done to prevent customers or members drinking and driving but is also sometimes offered as a service to club members i.e., taking them to medical appointments.

If offered for free, these services are exempt from passenger service requirements, which are aimed predominantly at commercial services such as taxis and rideshare operations. Passenger service requirements require the business to get a small passenger service licence, drivers to have passenger endorsements on their licences, and meet work time restrictions and recordkeeping requirements (among other things).

However, if a hospitality business wishes to accept donations or charge a small fee to cover the costs of the transport service, they are no longer exempt from the passenger service requirements. There are exemptions from these requirements that allow donations or fees to cover the costs of the vehicle (e.g., for charities and health services), but these do not apply to hospitality businesses.

We found these requirements, where they apply, are expensive. Additionally, our view is that hospitality businesses offering courtesy transport present no more of a risk charging a fee to recoup their costs than when they do not. Therefore, it is disproportionate that additional requirements be placed on hospitality businesses if they wish to recoup their costs.

### *Some laws are outdated and no longer serve their purpose*

We identified that the Hotel Association of New Zealand 1969 no longer serves a purpose, as the statutory body it established no longer exists.

We also identified 358 bylaws across New Zealand's 67 territorial authorities affecting hospitality businesses (approximately 6 per council). We heard some of these have become outdated due to how difficult and time consuming it is to change them.

Given the number of bylaws and the lack of levers to change them, we did not seek to determine whether each was aligned with our view of good regulatory design and practice.

### *Some buidling and resource consent requiements may be disproportionate*

Some hospitality businesses require building and resource consents to operate. We found there are some areas where the requirements may be disproportionate to the risks posed:

- building consent requirements (including the use of exemptions) for large temporary marquees may be too onerous in some areas, creating disproportionate costs for event businesses
- noise limits in some areas (especially urban areas) may be too low, and the enforcement of those limits under the resource management regime is too strict (or subjective) in some cases
- requirements for advertising signs can be complex and difficult to navigate
- outdoor dining permits may be disproportionately expensive in some areas.

**Outdoor dining permits are out of scope of the Review**

Some hospitality businesses raised the problem of outdoor dining permits with the Review; specifically, how expensive they are and how difficult they are to get. Our analysis revealed these issues do not arise as the result of a regulatory requirement or poor regulatory practice — it is a territorial authority's prerogative to set fees and rentals for commercial outdoor dining in a public place on land they own — and therefore it is not something we can resolve as part of this Review.

However, we encourage territorial authorities to engage with any hospitality businesses that have concerns with outdoor dining permit charges and conditions to ensure they have considered all relevant factors when setting charges and conditions.

COMMENT

**Central government should take care to fully consider the implications of devolving or delegating regulatory functions to local government, and support local government to successfully implement these functions**

Central government often devolves or delegates regulatory activites to local government — rules are set centrally, then implemented locally. This is generally done when central government considers it important for local communities to decide how rules apply locally (devolution), or local government is appears to be a convenient way to deliver a service or regulatory activity, normaly due to proximity the people using the service or the relevant regulated parites (delegation). There are over 150 pieces of central government legislation that devolve or delegate functions to local government.

Most of the regulatory systems we considered in this Review — alcohol, food safety, building, transport, and resource management — are implemented in some way by local government. The level of discretion local government is afforded, and the level of support offered by central government to implement these systems at a local level, is different.

We take no issue with the principle of central government devolving or delegating regulatory activities to local government, and variation in how things are done in different regulatory systems is appropriate — these systems do not have the same goals, and the desired level of local community involvement is different, and so the approach should be different. However, when considering or making changes we think central government should fully consider:

- the breadth of the existing regulatory landscape to avoid local government being devolved or delegated different powers under different pieces of legislation to regulate the same activity. Examples relevant to the hospitality sector are noise and signs; local government regulates noise in the resource management system and the alcohol regulatory system, and regulates signs in the resource management system, the transport system, the health and safety system, and building system
- whether bylaws are an appropriate mechanism for local government to regulate an activity, or whether there different mechanisms that would be more effecitve or flexible — bylaws can be difficult to make and change and in some cases may be a disproportionately formal mechanism for the activity being regulated.
- what support, resources, and funding local government would need to successfully implement the devolved or delegated functions. Central government often assumes that local government's costs can be fully recovered by the fees charged for the service or regulatory activity — in practice, we see that this is often not the case, meaning local government absorbs costs on behalf of central government. Additionally, central government provides varying levels of support.

PROBLEM RESOLVED DURING THE REVIEW

### Security guards displaying Certificates of Approval was potentially putting them at risk

Security guards are licensed, and must carry two identification documents when at work: a Certificate of Approval (CoA) which is their record of being licensed and shows their name and certificate number; and an identification badge (ID) which shows their photograph, CoA number, the class of work they are permitted to undertake, and an expiry date.

IDs must be displayed at all times, but CoAs need only be produced on request. Incorrect information was listed on the New Zealand Security Association's (NZSA) website, which stated CoAs must always be displayed by security guards when on duty. Since a CoA displays a person's name, this created safety risks for some security guards.

The Review raised this with the Private Security Personnel Licensing Authority and the information on the NZSA website has been corrected to reflect the legislative requirements.

PROBLEM RESOLVED DURING THE REVIEW

### Easter, Christmas, and ANZAC trading restrictions were outdated and did not apply fairly to hospitality businesses

Our view was that restrictions on the sale and supply of alcohol and trading hour restrictions on Easter, Christmas, and ANZAC day did not reflect current consumer preferences, and applied unfairly across hospitality businesses (i.e., restaurants were allowed to open, but many bars and pubs were not).

On 3 April 2026, the Sale and Supply of Alcohol (Sales on Anzac Day Morning, Good Friday, Easter Sunday, and Christmas Day) Amendment Act 2026 came into force, which removed restrictions on the sale and supply of alcohol and allowed all types of hospitality businesses to open on these days. This resolved the restricted trading problem we were analysing as part of the Review.

COMMENT

While out of scope of the Review, our analysis has shown there is a wide range of views about whether restricted trading days should continue to exist. Public sentiment may have changed to the extent that government should consider whether the restrictions should continue, and in what form. Additionally, the current legislative framework is complex, difficult to interpret, and inconsistently enforced. There would be implications for New Zealand workers, some population groups more than others, and the broader public if the Shop Trading Hours Act 1990 is substantively changed, and various groups with strong views on both sides. We think the public should be consulted to feed into policy advice and subsequent decisions.

# Our recommendations to move towards our vision

# Our 24 recommendations

We have 24 recommendations which we expect will address the problems we identified and move towards our vision for the future. The recommendations have the potential to have significant benefits for the hospitality sector and open the door for more progress in the future.

We present our 24 recommendations in the order we think they should be implemented:

- **quick wins**: seven recommendations we expect will have a small impact on the hospitality sector, but fit into current central government reform programmes and can be implemented with limited additional investment
- **short-term recommendations**: 14 recommendations we expect will have moderate to high impact on the hospitality sector but require more effort and investment to implement than the quick wins
- **medium to long term recommendations**: three recommendations that are dependent on the successful implementation of previous recommendations or the progression of local government reforms.

Each recommendation describes who would be responsible for implementing it, the expected benefits and costs, and the mechanism for change. The icon to the left of each recommendation indicates which of our problems we expect it to address.

Detailed descriptions of our recommendations are available in **Appendix B.**

Taken together, our recommendations are expected make it easier and less expensive to open a hospitality business, keep it running and maintain (and potentially improve) public health and safety.

**How ongoing local and central government reforms may affect the implementation of our recommendations**

Both local and central government may undergo structural reforms throughout 2027 and 2028 (and potentially beyond).

This creates both opportunities and challenges for the implementation of our recommendations:

- *Opportunity:* our recommendations that align with the direction of the local government reforms will likely be easier to implement
- *Opportunity:* some of the costs of our recommendations that require IT changes can be minimised by rolling these changes in with wider IT reforms that will occur when territorial authorities merge
- *Challenge:* resource constraints in local and central government (including rates caps) means the capacity for local and central government to make changes is limited. We have been cognisant of this when considering the feasibility of our options and recommendations, but it is still a risk that may undermine their effectiveness.

## Consultation on options

Before confirming our recommendations, we consulted on a range of options for change in the Review's most complex areas — food safety and alcohol licensing (sent to both territorial authorities and sector representative groups) and information flows and fees and levies (sent to territorial authorities only). As a result of this consultation, some options were refined further, and some were included into broader recommendations. The views of regulated parties, regulators, and other stakeholders on our recommendations are detailed in **Appendix B**.

### How we considered benefits and costs

We considered the potential benefits and costs of changes throughout options identification, analysis, and settling on our recommendations. We discuss these benefits and costs differently as we present our recommendations across the following pages:

- Where we are confident about the implementation costs (e.g., have specific numbers from regulators) and the size of the group of businesses the change will affect, we have completed a fully monetised cost benefit analysis and present a 10-year net present value (benefits – costs) of our recommendation.
- Where we are less confident about exact implementation costs or benefits (e.g., future choices made during detailed design for implementation will affect the size of the costs and benefits, or the costs of infrastructure change are unclear due to the ongoing local government reforms) or we are less confident about the size of the group of businesses the change will affect (e.g., we do not have the information to understand the level of non-compliance and therefore estimate how often businesses will be inspected), we have discussed the costs and benefits qualitatively, or provided a conservative estimate of monetised time savings for businesses in one year, presenting the lower bound of the possible range.
- Where we are recommending removing a fee for businesses, we have estimated the fee avoided per business per year, then total in each year. For clarity, savings for businesses are not reflected in any monetised cost benefit analyses as they are fiscal transfers but still represent real savings for businesses.

Given these different approaches, we have not provided a total monetised benefit for the Review's recommendations, but we are confident that the benefits outweigh the costs of implementation.

# Overview of the Hospitality Review's Recommendations

The Hospitality Review's 24 recommendations will improve the regulation of the hospitality sector. We have three categories of recommendations – "quick wins" which we expect could be delivered by mid-2027; short-term recommendations which we expect could be delivered by the end of 2027; and medium to long term recommendations which we expect could be delivered in 2028 and 2029.

JUNE 2027

DECEMBER 2027

2028 - 2029

*Food safety regulatory system*

*Alcohol regulatory system*

*Other regulatory systems*

* *Secondary legislation change required*

** *Primary legislation change required*

## "Quick wins"

*Delivered through amendments to existing central government work programmes*

**Food Recommendation 1** Move some hospitality businesses to lower risk categories which have fewer requirements (i.e., template Food Control Plan to a National Programme)*

**Food Recommendation 2** Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements

**Food Recommendation 3** Review and update the full suite of operational policies and guidance to regulators to be simpler and more user-friendly

**Transport Recommendation** Allow hospitality businesses to receive donations to cover their transport running costs without triggering passenger service requirements

**System Stewardship Recommendation** Repeal the Hotel Association of New Zealand Act 1969**

**Information Flows Recommendation 1** Upgrade the "Compliance Matters" website to improve access to information on regulatory requirements

**Planning Regime Recommendation** Issue and publish guidance to regulators about how to assess whether noise is excessive against the new national requirements

## Short-term recommendations

**Food Recommendation 4** Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form**

**Food Recommendation 5** Improve verification practice, including extending verifications to two years for high-performing businesses*

**Food Recommendation 6** Allow food trucks which operate in more than one region to be verified by one territorial authority, and that verification is recognised by other territorial authorities**

**Food Recommendation 7, Fees and Levies Recommendation 1** Scale the food levy by business revenue, and centralise collection**

**Food Recommendation 8, Fees and Levies Recommendation 2** Set more specific and comprehensive principles for setting fees for food safety regulatory activities**

**Building Recommendation 1** Review the building consent exemption conditions for temporary marquees to increase the building exemption threshold

**Building Recommendation 2** Develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees

**Alcohol Recommendation 1** Establish a new system steward for the alcohol regulatory system

**Alcohol Recommendation 2** Significantly streamline and simplify alcohol licence renewals, including lengthening renewal periods for some lower-risk licences**

**Alcohol Recommendation 3** Clarify and simplify the process and requirements to get a licence for the first time, including making licensing criteria more specific and a simpler application form**

**Alcohol Recommendation 4** Require all alcohol licence holders, all people who serve alcohol, and regulators to be trained**

**Alcohol Recommendation 5** Introduce more tools for monitoring compliance and enforcement of minor non-compliance**

**Alcohol Recommendation 6** Allow alcohol licensing decision-making bodies to merge, set specific membership and training requirements for them, and increase payments to members of these bodies**

**Alcohol recommendation 7, Fees and Levies Recommendation 3** Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees**

## Medium to long term recommendations

**Alcohol Recommendation 8** Introduce a single coherent risk framework that governs what the licences are, the requirements to get each type of licence, the fees that apply, and the expected level of compliance monitoring**

**Alcohol Recommendation 9** Introduce a nationwide information system about licences, certificates, compliance activity, performance, alcohol related crime, incidents, and health effects

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

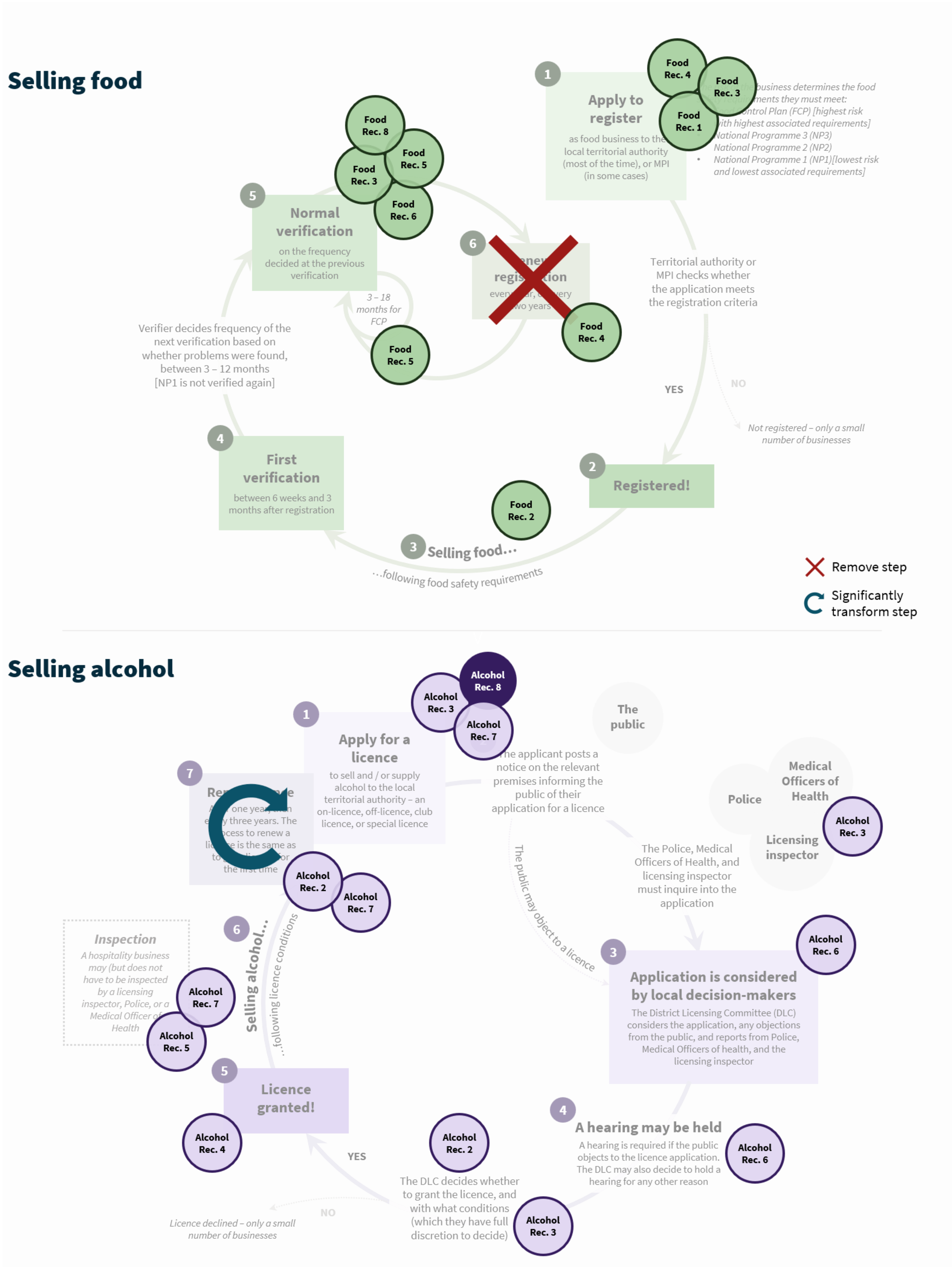
*OR*

**Information Flows Recommendation 2B (Not preferred)** Central Government set expectations that territorial authorities develop integrated application systems that prioritise the user experience

Ministry for Regulation
Te Manatū Waeture

# How our recommendations will change the regulatory processes for food and alcohol

Most of our recommendations relate to the regulatory processes for food and alcohol. We summarise the changes we expect our recommendations to have on these processes below.



# Quick wins

We have seven recommendations that fit into current central government reform programmes and can be delivered with no additional investment. We expect these recommendations could be delivered by these reform programmes by mid-2027.

## Recommendations for MPI's Food Act Improvement Programme

| FOOD RECOMMENDATION 1 | | |
|---|---|---|
| **Move some hospitality businesses to lower-risk categories (i.e., template Food Control Plan to a National Programme[1]** | *Responsibility* | Minister for Food Safety<br>Ministry for Primary Industries |
| | *Benefits* | More efficient food safety regulatory system<br>Clearer, more proportional food safety requirements<br>Lower costs for some businesses |
| | *Costs* | No expected impact on food safety risks<br>No additional investment required |
| | *Mechanism* | Secondary legislative change<br>Delivered as part of the planned Schedule Review in the Food Act Improvement Programme |

[1] For example, cafés that reheat food and make baked goods could potentially move from template Food Control Plan to National Programme 3, and coffee carts making shelf-stable baked goods could move from template Food Control Plan to National Programme 1.

FOOD RECOMMENDATION 2

| | | |
|---|---|---|
| **Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements** | *Responsibility* | Minister for Food Safety<br>Ministry for Primary Industries |
| | *Benefits* | Clearer, more proportional food safety requirements that are more focussed on outcomes<br>Greater flexibility for businesses and regulators<br>Some less administration for businesses and regulators |
| | *Costs* | No expected impacts on food safety risks<br>No additional investment required |
| | *Mechanism* | No primary or secondary legislative change required<br>Delivered as part of an amended Food Act Improvement Programme, which currently includes a simplified template FCP, but not a hospitality specific one |

FOOD RECOMMENDATION 3

| | | |
|---|---|---|
| **Review the full suite of operational policies and guidance to regulators to be simpler and more user-friendly** | *Responsibility* | Minister for Food Safety<br>Ministry for Primary Industries |
| | *Benefits* | More effective food safety regulatory system<br>Improved understanding of food safety risks and mitigations<br>Slightly lower costs for some businesses<br>Better relationships between regulators and businesses |
| | *Costs* | No additional investment required |
| | *Mechanism* | No primary or secondary legislative change required – regulatory practice changes<br>Delivered as part of an amended Food Act Improvement Programme, which currently includes some operational policy and guidance reviews |

## Recommendation for the transport regulatory reform programme

| TRANSPORT RECOMMENDATION | | |
|---|---|---|
| **Allow hospitality businesses to receive donations to cover their transport running costs without triggering passenger service requirements** | *Responsibility* | Minister of Transport<br>Ministry of Cities, Environment, Regions and Transport |
| | *Benefits* | Businesses can cover more of their running costs<br>Consistent treatment of non-commercial transport services<br>Potentially more hospitality businesses offering transport, preventing harm from drink-driving |
| | *Costs* | No expected impact on road or passenger safety<br>No additional investment required |
| | *Mechanism* | Secondary legislative change<br>Delivered as part of the existing transport regulatory reform work programme |

## Recommendation for PCO's Legislation Repeals Project

| SYSTEM STEWARDSHIP RECOMMENDATION | | |
|---|---|---|
| **Repeal the Hotel Association of New Zealand Act 1969** | *Responsibility* | Parliamentary Counsel Office (PCO) |
| | *Benefits* | Removes obsolete law |
| | *Costs* | No additional investment required |
| | *Mechanism* | Primary legislative change as part of the Legislation Repeals Project |

## Recommendation for MBIE's *Compliance Matters* work programme

*Compliance Matters* is an online tool run by the MBIE. It provides the public with information about regulatory requirements for businesses operating in a range of industries. It also points users to where they can find more comprehensive information on regulatory requirements.

*Compliance Matters* includes information about some hospitality sector-specific requirements (e.g., food registration) and more general compliance requirements that apply to all businesses (e.g., health and safety and building consents). However, it does not include information on alcohol licensing, or the various permits that a territorial authority might require (e.g., for outdoor dining on public land or trade waste).

We have found the *Compliance Matters* tool is currently not very user friendly. The content is quite technical, can be difficult to navigate, and does not provide a clear checklist of what a new (or existing) business might need to do to comply with regulation. The *Compliance Matters* team is aware of these issues and has plans to enhance the tool.

| INFORMATION FLOWS RECOMMENDATION 1 | | |
|---|---|---|
| **Upgrade the *Compliance Matters* website to improve access to information about regulatory requirements** | *Responsibility* | Minister for Small Business and Manufacturing<br>Ministry of Business, Innovation, and Employment |
| | *Benefits* | Improves businesses' access to information about requirements by creating a true "one-stop-shop"<br>Saves businesses time |
| | *Costs* | Some additional investment may be required, depending on the scope of the changes |
| | *Mechanism* | No primary or secondary legislative change required<br>Added to existing *Compliance Matters* work programme |

### COMMENT - FUTURE WORK ON *COMPLIANCE MATTERS*

The issues we have identified with *Compliance Matters* in relation to the hospitality sector are likely to also apply businesses in other sectors of the economy (e.g., the issues identified with navigation and not providing a checklist will also apply to other sectors).

The *Compliance Matters* team has plans to enhance the tool as part of a broader ICT engagement project but note that there are resource and budgeting constraints to resolving issues with the tool. To ensure *Compliance Matters* meets it purpose for the hospitality sector and other sectors, we think that any enhancements made to the tool need to ensure it approaches regulatory duties and obligations from the position of a regulated party.

## Recommendation for implementating the new planning regime

We support the work to develop national requirements for signs and noise limits (as part of the Ministry for Cities, Environment, Regions and Transport's work on Resource Management Act 1991 (RMA) reform). We understand this is intended to make these requirements more efficient, proportional, and easier to comply with for hospitality businesses.

We also support the work to develop more effective mechanisms to create local rules, other than bylaws. We identified 358 bylaws that affect hospitality businesses relating to waste, mobile trading, dog control, alcohol bn areas, traffic and parking, signs and advertising, alcohol fees and food grading. While bylaws provide territorial authorities with some flexibility to respond to local circumstances, they can result in unnecessary inconsistency across regions.

Encouraging territorial authorities to use alternative tools is an effective long-term approach to increase flexibility and reduce unnecessary inconsistency which we expect will have benefits for the hospitality sector.

| PLANNING REGIME RECOMMENDATION | | |
|---|---|---|
| **Issue and publish guidance to regulators about how to assess whether noise is excessive against the new national requirements for noise** | *Responsibility* | Minister Responsible for RMA reform<br>Ministry of Cities, Environment, Regions, and Transport |
| | *Benefits* | More effective and efficient noise control for the community<br>More transparency and certainty for businesses<br>More support for regulators to make better decisions |
| | *Costs* | No additional investment required |
| | *Mechanism* | No primary or secondary legislative change required<br>Delivered as part of the work programme to implement the new planning regime |

# Short-term recommendations

We have 14 recommendations that we expect will have moderate to high impact on the hospitality sector, but require primary or secondary change, additional investment, or further work to implement. We expect these recommendations could be implemented, including making the required legislative changes, by the end of 2027.

## Short-term recommendations for the food safety regulatory system

In addition to our three "quick wins" in the food safety regulatory system, we have five short-term recommendations (discussed here) and one medium to long term recommendation (discussed in the next section).

| FOOD RECOMMENDATION 4 | | |
|---|---|---|
| **Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form** | *Responsibility* | Minister for Food Safety<br>Ministry for Primary Industries |
| | *Benefits* | More efficient food safety regulatory system<br>Lower barrier to entry for businesses<br>Lower costs over time for businesses (approximately $1.9 million in fees avoided by hospitality businesses per year — an average of $150 each)<br>Less administration for businesses and regulators (expected ~$5 million in benefits over 10 years) |
| | *Costs* | No expected impacts on food safety risks<br>Changes to territorial authority IT systems |
| | *Mechanism* | Primary and secondary legislative change, including public consultation<br>Delivered as part of the Food Act Improvement Programme |

FOOD RECOMMENDATION 5

| | | |
|---|---|---|
| **Improve verification practice, including extending verifications to two years for high-performing businesses** | *Responsibility* | Minister for Food Safety<br>Ministry for Primary Industries |
| | *Benefits* | More effective food safety regulatory system<br>Lower costs and less administration for high performing businesses (expected ~$2.6 million in benefits over 10 years)<br>More accurate picture of kitchen reality for regulators |
| | *Costs* | No additional investment required |
| | *Mechanism* | Primary and secondary legislative change<br>Delivered as part of an amended Food Act Improvement Programme |

FOOD RECOMMENDATION 6

| | | |
|---|---|---|
| **Allow food trucks which operate in more than one region to be verified by one territorial authority, and that verification is recognised by other territorial authorities** | *Responsibility* | Minister for Food Safety<br>Ministry for Primary Industries |
| | *Benefits* | Lower costs and less administration for food trucks (expected ~$250,000 in benefits over 10 years) |
| | *Costs* | No additional investment required |
| | *Mechanism* | Primary and secondary legislative change<br>Delivered as part of an amended Food Act Improvement Programme |

FOOD RECOMMENDATION 7

FEES AND LEVIES RECOMMENDATION 1

| | | |
|---|---|---|
| **Scale the food business levy by annual revenue, and centralise collection** | *Responsibility* | Minister for Food Safety<br>Ministry for Primary Industries |
| | *Benefits* | Lower costs for some hospitality businesses |
| | *Costs* | Higher costs for some businesses (mostly food manufacturers)<br>No additional investment required |
| | *Mechanism* | Primary and secondary legislative change<br>Delivered as part of an amended Food Act Improvement Programme |

COMMENT

**To successfully implement the Food Act Improvement Programme, we think MPI should take a more collaborative approach with territorial authorities**

MPI has a dual role in the system, both as a co-regulator (i.e., they are a registration authority responsible for registration and enforcement of individual businesses), as well as the system steward (responsible for oversight and management of the food safety system).

We recognise this can be a challenging position because they need to be both a challenger and facilitator of the practice of territorial authorities. They must work alongside individual territorial authorities as co-regulators, work to improve and challenge the practice of individual territorial authorities, and engage constructively about the improvement of the overall system.

The Review has concluded that for the food safety regulatory system to fully achieve the intended outcomes of the Food Act Improvement Programme 2025–2027, MPI should foster a more collaborative and trusting system steward-regulator relationship with territorial authorities.

Many territorial authorities told us they find it hard to engage with the system steward (MPI) and do not feel their feedback on how the system is working for them, or on proposed changes to the system, are being heard or taken into consideration.

By way of example, some territorial authorities have developed some of their own internal processes, practices, and guidance material that they either use instead of nationally provided guidance or that fills a gap in nationally provided guidance.

### *We also recommend changing how fees in the food regulatory system are set*

We recommend changing how fees in the food regulatory system are set. Currently, fees are set by each territorial authority based on high level principles in legislation (equity, efficiency, justifiability, and transparency).

We recommend these principles are made more specific (e.g., specifying whether fees for one risk category should be higher than another, and whether fees should be fixed or hourly) to create more consistency, transparency, and predictability for businesses. These principles will be accompanied by cost-recovery reporting requirements and an annual adjustment mechanism.

We expect this will lead to lower costs for some lower-risk food businesses (including many hospitality businesses) and higher fees for some higher-risk food businesses.

FOOD RECOMMENDATION 8

FEES AND LEVIES RECOMMENDATION 2

| | | |
|---|---|---|
| **Set more specific and comprehensive principles for setting fees for food safety regulatory activities** | *Responsibility* | Minister for Food Safety<br>Ministry for Primary Industries |
| | *Benefits* | National consistency of fees<br>More transparency and predictability of costs for businesses<br>Regulators are more likely to cost recover<br>Lower costs for some businesses |
| | *Costs* | Higher costs for some businesses<br>No additional investment required |
| | *Mechanism* | Primary and secondary legislation, including public consultation<br>Delivered as part of an amended Food Act Improvement Programme |

# Short-term recommendations for the alcohol regulatory system

We have six short-term recommendations (discussed here) and two medium to long-term recommendations to improve the alcohol regulatory system (discussed in the next section).

Overall, we support the objects of the alcohol regulatory system: that the sale, supply, and consumption of alcohol should be undertaken safely and responsibly, and the harm caused by the excessive or inappropriate consumption of alcohol should be minimised. These objects underpin all our recommendations for how to address the problems we have identified.

If implemented, we do not expect these recommendations to increase the number of licensed premises, nor increase the availability of alcohol. Instead, these recommendations are intended to create a system that is more efficient for regulated parties and regulators, more proportional to risks (allowing reprioritisation of current resource towards higher-risk activities), and therefore more effective at achieving its objects.

Our first recommendation is the appointment of a new system steward for the alcohol regulatory system. This is required to progress all our other recommendations for the alcohol regulatory system and create the operational infrastructure to monitor the performance of the system over time, provide guidance to territorial authorities and DLC members, and create a regulatory system that more readily responds to changing circumstances, behaviours and technologies. The Ministry of Justice does not currently have the capacity to do this.

We estimate the cost of this function to be approximately $1-2 million per year — this creates up to 7 FTE positions dedicated to the stewardship of the alcohol regulatory system.

| ALCOHOL RECOMMENDATION 1 | | |
|---|---|---|
| **Appoint a new steward for the alcohol regulatory system with ring-fenced resource** | *Responsibility* | Associate Minister of Justice<br>Ministry of Justice<br>New Minister responsible for alcohol<br>New home agency of the system steward |
| | *Benefits* | More effective alcohol regulatory system, reducing alcohol-related harm<br>More effective and efficient regulatory practice<br>Higher quality information about the system's performance to enable a regulatory system that more readily responds to changing circumstances, behaviours and technologies |
| | *Costs* | Ring-fenced investment of $1–2 million per year |
| | *Mechanism* | Transfer administration of the Sale and Supply of Alcohol Act 2012<br>Establish a new team within the new home agency |

Following the appointment of this new system steward, we recommend two tranches of primary and secondary legislative change to the Sale and Supply of Alcohol Act 2012 and associated regulations, with support to embed the changes. The design of the Sale and Supply of Alcohol Act 2012 means very little consistent change can be achieved without making primary legislative changes.

The first tranche of changes, which we recommend are made in the short-term, create immediate improvements to the system (for both businesses and regulators) within the current framework.

The second tranche of changes builds on the first. We therefore recommend they are made in the medium to long-term. This will allow our previous recommendations to be embedded and for additional policy work to be completed, since these changes create more substantive reforms that change the framework and set up the alcohol regulatory system to be more effective, efficient, proportional, and flexible in the future.

Our recommendations for the first tranche of legislative change are described overleaf. Recommendations for the second tranche of legislative change are described in the next section.

### *Recommendations for the first tranche of legislative change*

| ALCOHOL RECOMMENDATION 2 | | |
|---|---|---|
| **Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences** | *Responsibility* | New Minister responsible for alcohol<br>New home agency of the system steward |
| | *Benefits* | Significantly less administration for businesses and regulators (~$1 million in business time saved in a year)<br>Additional time and cost savings for lower-risk and higher performing businesses<br>Reprioritisation of regulatory resources towards higher-risk activities within the alcohol regulatory system |
| | *Costs* | No expected impacts on alcohol-related harm<br>Some changes to territorial authority IT systems<br>Additional policy work required covered by ring-fenced funding for the new steward |
| | *Mechanism* | Primary and secondary legislative change<br>Operational changes for territorial authorities |

| ALCOHOL RECOMMENDATION 3 | | |
|---|---|---|
| **Clarify and simplify the process and requirements to get an alcohol licence for the first time, including making licensing criteria more specific and a simpler application form** | *Responsibility* | New Minister responsible for alcohol<br>New home agency of the system steward |
| | *Benefits* | Clearer, more proportional requirements and more certainty for businesses<br>Less administration for businesses and regulators (~$300,000 in business time saved in a year)<br>Clearer boundaries for regulators to use their discretion |
| | *Costs* | No expected impact on alcohol-related harm<br>Some changes to territorial authority IT systems<br>Additional policy work required covered by ring-fenced funding for the new steward |
| | *Mechanism* | Primary and secondary legislative change<br>Operational changes in territorial authorities |

| ALCOHOL RECOMMENDATION 4 | | |
|---|---|---|
| **Require licence holders, all people who serve alcohol, and regulators to be trained** | *Responsibility* | New Minister responsible for alcohol<br>New home agency of the system steward |
| | *Benefits* | More responsible point-of-service decisions about alcohol, potentially reducing alcohol-related harm<br>More support for businesses to understand their responsibilities<br>More support for regulators to be effective<br>More effective and efficient regulatory practice |
| | *Costs* | Additional policy and implementation work required covered by ring-fenced funding for the new steward |
| | *Mechanism* | Primary and secondary legislative change<br>Development and delivery of new training by the new system steward if necessary, leveraging existing training and guidance |

| ALCOHOL RECOMMENDATION 5 | | |
|---|---|---|
| **Introduce more tools for monitoring compliance and enforcement of minor non-compliance, such as Improvement Notices and Notices of Direction** | *Responsibility* | New Minister responsible for alcohol<br>New home agency of the system steward |
| | *Benefits* | Increased likelihood of identifying non-compliance, and more proportional and consistent consequences for non-compliance<br>Alignment with food safety system enforcement tools, which are familiar to businesses |
| | *Costs* | Potential changes to territorial authority IT systems<br>Additional policy work covered by ring-fenced funding for the new steward |
| | *Mechanism* | Primary and secondary legislative change<br>Development of guidance for regulators by the new system steward |

ALCOHOL RECOMMENDATION 6

| | | |
|---|---|---|
| **Allow DLCs to merge, set specific membership and training requirements for DLCs, and increase payments to DLC members** | *Responsibility* | New Minister responsible for alcohol<br>New home agency of the system steward |
| | *Benefits* | Fairer compensation for decision-makers<br>Alignment with local government reforms<br>More support for decision-makers to be effective, potentially reducing alcohol-related harm<br>Administrative efficiencies for territorial authorities |
| | *Costs* | Additional policy and implementation work required covered by ring-fenced funding for the new steward<br>Additional payments covered by additional revenue generated by recalibrating licensing fees (costs mostly covered by higher-risk licences such as off-licences) |
| | *Mechanism* | Primary and secondary legislative change<br>Development and delivery of training by the new system steward |

COMMENT - POTENTIAL FUTURE WORK IN THE ALCOHOL REGULATORY SYSTEM

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

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

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

### *We also recommend changing how fees in the alcohol regulatory system are set*

We recommend changes to how fees in the alcohol regulatory system are set. Currently, businesses must pay a fee when they apply for a licence (or renew a licence) and pay an annual fee. These fees are set in secondary legislation based on a framework that categorises different licences and activities by the risk they pose, with higher-risk businesses paying more than lower-risk businesses.

Territorial authorities can also pass bylaws that set different fees, if they broadly align with the risk framework in the Sale and Supply of Alcohol (Fees) Regulations 2013. Currently, 11 territorial authorities have a bylaw in place to set their own fees, typically as a way of improving cost-recovery. However, creating a bylaw is complex and resource intensive (and is harder to justify for smaller territorial authorities serving fewer businesses) and does not necessarily improve cost recovery over time. In our view, using bylaws to set fees is the wrong lever.

We recommend a series of changes to how fees are set to both recalibrate fees to risk and performance and align with our other recommendations:

- remove annual fees
- introduce inspection fees, so regulatory costs are covered by businesses that take up regulatory resource, rather than a blanket fee for all businesses
- significantly reduce renewal fees to align with the streamlined and simplified licence renewal process
- remove territorial authorities' bylaw-making power in relation to fees, and instead introduce fee bands, with a minimum and maximum fee for each category in the risk framework. This will make it easier for territorial authorities to change their fees while maintaining some predictability for businesses.

As per our recommendation for fees in the food safety regulatory system, this will be accompanied by cost-recovery reporting requirements and an annual adjustment mechanism.

We expect this will lead to lower costs for some lower-risk and better performing hospitality businesses, and higher fees for higher-risk and poorly performing businesses.

Our recommendations for how fees are set in the alcohol and food systems are not the same because we do not think there is one single "best practice" way of setting fees. Fees should reflect how a system measures risk, the regulatory services that are being delivered, and the maturity of regulatory practice; all of which are different between the food and alcohol regulatory systems.

ALCOHOL RECOMMENDATION 7

FEES AND LEVIES RECOMMENDATION 3

| | | |
|---|---|---|
| **Recalibrate licensing fees, including removing annual fees, significantly reducing renewal fees, and introducing inspection fees** | *Responsibility* | New Minister responsible for alcohol<br>New home agency of the system steward |
| | *Benefits* | More transparency and predictability of costs for businesses<br>Lower costs for lower-risk and higher performing businesses<br>More flexibility for regulators, meaning they are more likely to cost recover |
| | *Costs* | Higher costs for higher-risk (e.g., off-licences) and poorly performing businesses<br>No expected impact on alcohol-related harm<br>Additional policy and implementation work required covered by ring-fenced funding for the new steward |
| | *Mechanism* | Secondary legislative change, including consultation with territorial authorities<br>Operational changes in territorial authorities |

# Other short-term recommendations

| BUILDING RECOMMENDATION 1 | | |
|---|---|---|
| **Review the building consent exemption conditions for temporary marquees to increase the building consent exemption threshold** | *Responsibility* | Minister for Building and Construction<br>Ministry of Business, Innovation, and Employment |
| | *Benefits* | Increased efficiency of temporary marquee approvals if fewer temporary marquees require building consent or discretionary exemptions<br>Reduced administration for businesses and regulators |
| | *Costs* | Covered by baseline funding |
| | *Mechanism* | No legislative change required initially, but secondary legislative change would be needed to make changes to the exemption conditions |

| BUILDING RECOMMENDATION 2 | | |
|---|---|---|
| **Develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees** | *Responsibility* | Minister for Building and Construction<br>Ministry of Business, Innovation, and Employment |
| | *Benefits* | Increased efficiency of temporary marquee approvals<br>Improved clarity for regulators |
| | *Costs* | Additional policy and implementation work required covered by baseline funding |
| | *Mechanism* | Secondary legislative change |

# Medium to long-term recommendations

We have three recommendations that we expect will have moderate to high impact on the hospitality sector, but are dependent on the implementation of other recommendations, the progression of local government reforms, and further work and public consultation. We expect these recommendations could be implemented, including the required legislative changes, throughout 2028 and 2029.

# Medium and long-term recommendations for the alcohol regulatory system

As discussed above, we are recommending two tranches of legislative change to the Sale and Supply of Alcohol Act 2012 and associated regulations. Our recommendations for this second tranche of changes are described below.

The recommendations in the second tranche of legislative change build on the recommendations implemented in the first tranche.

### *Recommendations for the second tranche of legislative change*

| ALCOHOL RECOMMENDATION 8 | | |
|---|---|---|
| **Remove the current licence types and replace them with a single coherent risk framework that governs what the alcohol licences are, the requirements to get each type of licence, the fees that apply, and the expected level of monitoring** | *Responsibility* | New Minister responsible for alcohol<br>New home agency of the system steward |
| | *Benefits* | A more coherent regulatory system that is better able to respond to changing risks, behaviours, and technologies, reducing alcohol-related harm<br>Clearer and more flexible requirements for businesses to get and keep a licence<br>More tools for regulators to respond to risk<br>Community input into licensing decisions more calibrated to risk (lower than the status quo for lower-risk licences, and higher than the status quo for higher-risk licences) |
| | *Costs* | Additional policy and implementation work required to further develop the proposed risk framework covered by ring-fenced funding for the new steward<br>Changes to territorial authorities' IT systems (between \$1–2 million), but the opportunity for some savings if implemented alongside IT changes that will be occurring as part of the local government reforms<br>Transition costs associated with changing a long-standing, relatively well understood system |
| | *Mechanism* | Primary and secondary legislative change, including public consultation |

ALCOHOL RECOMMENDATION 9

| | | |
|---|---|---|
| **Introduce a nationwide information system about licences, certificates, compliance activity, performance, alcohol related crime, incidents, and health effects** | *Responsibility* | New Minister responsible for alcohol<br>New home agency of the system steward |
| | *Benefits* | More effective compliance monitoring and enforcement, reducing alcohol-related harm<br>Less administrative work for businesses and regulators, as information is held in a central place<br>More tools for regulators to respond to risk |
| | *Costs* | Estimated initial investment of between $2–5 million to establish, then ongoing maintenance |
| | *Mechanism* | Primary and secondary legislative change, including public consultation |

COMMENT

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

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

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

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

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

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

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

COMMENT

**A free digital record keeping and template Food Control Plan system for hospitality businesses may be feasible after our other recommendations are implemented**

This option received strong feedback during engagement with most submitters supporting it. However, we have chosen not to recommend this option because the costs to develop new IT infrastructure would not outweigh the benefits without improvement in the content of the template Food Control Plan itself to make requirements simpler, more flexible, and more proportionate for hospitality businesses (Food Safety Regulatory System Recommendation 2).

However, after implementation of Food Safety Regulatory System Recommendation 2 and an assessment of the effect of these changes, the development of an IT solution to make requirements more accessible should be reviewed for feasibility.

Further work on how this IT solution would be funded is also required. While funds from the ongoing food levy could be used, care would need to be taken to ensure the levy is not increased to fund this change, creating significant additional costs for businesses. As there are already private IT solutions being utilised by some businesses, it would be unfair for these businesses to pay for the development and ongoing costs of a government-developed product they do not intend to use.

**We think MPI should consider whether additional enforcement tools are required**

We think there is merit for MPI to consider introducing infringment offences for non-compliance with food safety requirements in the future (infringement offences currently exist in the Food Regulations 2015, but these relate to registration and labelling only). Infringement offences relating to food safety and suitability requirements were considered potentially appropriate during the 2015 consultation on the proposed Food Regulations. It was thought that once the Food Act's three-year transition period had ended, MPI would consider whether any further infringement offences would be required. To our knowledge, this has not occurred.

There is clearly strong appetite to increase the suite of infringement offences from territorial authorities, but not at the expense of the regulator — regulated party relationship. Food Safety Officers currently have a suite of tools available to them, and the enforcement regime appears to be working well. However, we are of the view there is merit in undertaking further work to determine whether additional infringement offences related to the safety and suitability of food are needed.

Outputs from this Review, coupled with the FAIP, should have the intended effect of more proportionate, flexible, and easier to understand requirements for hospitality businesses, and more consistent advice and verification practices across New Zealand. These outputs are likely improve the overall effectiveness of the system. Therefore, following a monitoring period, the system steward should undertake a piece of work to consider if increasing offences is necessary.

COMMENT

### Changes to the food safety regulatory system may be needed in the future

As part of the Review, we considered whether changes to the underlying design of the food safety regulatory system would solve the problems we identified. We concluded that given the current system is effectively reducing food safety risks, we do not consider the costs of changing the underlying design would outweigh the benefit of a less complex system.

Additionally, we acknowledge we have primarily considered the regulatory system from the perspective of the hospitality sector and have not considered the impacts more fundamental changes may have to the broader food safety system — including on New Zealand’s status as an internationally trusted exporter. Therefore, this Review is not the appropriate vehicle to recommend underlying changes to the food safety system.

We believe our recommendations, combined with work already underway by MPI, will reduce the cost and complexity of the system for hospitality businesses. Having said that, if Ministers wish to reduce the costs and complexity of the system further, our view is that fundamental design and practice change would be needed.

We consider any underlying change could include the following, and acknowledge that considerable detailed policy work would be required to pursue these ideas and analyse them against alternatives:

- replacing the current risk-based measures framework with one based on business activity and that are more intuitive and easier to understand. The activities would be food service, food retail, manufacturing and institutional food service. Within each activity there would be a graduated spectrum of risk that determined specific regulatory requirements
- introducing a different approach to monitoring compliance and enforcement, centred around a national food grading system.

We also considered recommending replacing the current co-regulatory model between MPI and territorial authorities with one central regulator. Theoretical benefits included economies of scale and scope, and reduced administrative burden, complexity, and consistency for both regulators and regulated parties. Again, we concluded the costs of change would be too high.

We encourage MPI, in their role as the system steward, to consider whether the benefits of more fundamental changes would outweigh the cost of change when considering the performance of the whole regulatory system, and the post implementation outcomes of the current work and recommendations implemented as a result of this Review.

# A medium to long-term recommendation for improving information flows

To improve information flows between regulators and regulated parties, enhance regulated parties' experience with application systems, and improve efficiency, we believe application systems need to change. We recommend application systems:

- be integrated across regulatory systems; e.g., a business can apply for an alcohol licence and a food registration through the same system.
- remember regulated parties' information; e.g., if a business is renewing a licence, their information is available in the system to review, and they do not need to enter their information again.

We acknowledge that some territorial authorities do this very well already, but many do not.

We think there is a choice about how this is done — either territorial authorities develop integrated systems as part of the IT changes that will need to occur as part of local government reforms, or central government provides centralised infrastructure for territorial authorities to use. We prefer that central government provide the infrastructure, as we think this would be more cost effective overall and achieve more benefits for both territorial authorities and regulated parties, but it is a significant undertaking. We present both options below.

| INFORMATION FLOWS RECOMMENDATION 2A (Preferred) | | |
|---|---|---|
| **The Ministry of Cities, Environment, Regions and Transport establish and maintain an information and application portal that is used by all territorial authorities for all applications** | *Responsibility* | Minister of Local Government<br>Ministry of Cities, Environment, Regions, and Transport |
| | *Benefits* | Significantly improved efficiency across multiple regulatory systems<br>Significantly reduced administration and duplication for businesses, especially for businesses that operate in multiple regions |
| | *Costs* | Significant capital expenditure for central government. This cost should be assessed relative to the costs amalgamated territorial authorities would incur over time if they had to run their own systems. We expect ongoing administrative for one system to be lower than if each territorial authority maintained a system |
| | *Mechanism* | No primary or legislative change required |

**OR**

| INFORMATION FLOWS RECOMMENDATION 2B (Not preferred) | | |
|---|---|---|
| **Central government set expectations that territorial authorities develop integrated application systems that prioritise the user experience** | *Responsibility* | Minister of Local Government<br>Ministry of Cities, Environment, Regions and Transport |
| | *Benefits* | Improved efficiency across multiple regulatory systems<br>Less administration and duplication for businesses |
| | *Costs* | Changes to local government IT systems as part of amalgamation under the local government reforms, with potentially additional costs from ensuring application systems are integrated and prioritise the user experience |
| | *Mechanism* | No primary or legislative change required |

CASE STUDY

**Some territorial authorities, large and small, are creating integrated application systems that prioritise the user experience**

Auckland Council has recognised the challenge that hospitality businesses often face when trying to navigate regulatory obligations and is implementing changes to make the process easier. In March 2026 Auckland Council launched Hospo Hub, an online support form that connects a hospitality business with a single point of contact for guidance on food registration, alcohol licensing, outdoor dining, and other regulatory obligations. They're also in the process of developing an integrated digital application system for food and alcohol licensing to streamline application processes, including reducing duplication.

Some smaller territorial authorities are also putting resource into improving their information and application systems. For example, Kāpiti Coast District Council is moving to a fully integrated application system for all their online forms and already has a dedicated information page on their website for hospitality licensing.

### COMMENT - FUTURE WORK TO IMPROVE DECISION-MAKING TIMEFRAMES

In our view, the most efficient, effective, and feasible way for hospitality businesses to have greater certainty on how long decisions take on their applications (i.e., food registration, alcohol licensing and renewal, building and/or resource consent) — is for the regulator to publish how long it takes to make decisions on these application types.

This means instead of publishing the expected timeframe, restating the statutory timeframe, or not publishing a timeframe at all, the regulator publishes real data on how long applications take from receipt of correct information to issuing a decision.

This practice is becoming more common, and expected, from regulators in New Zealand. For example, the Department for Internal Affairs publishes an interactive dashboard on the time it takes for birth, death, and marriage certificates to be issued, as well as passports. Or the Environmental Protection Authority's simple static webpage, which is updated regularly, on how long it takes to process a new hazardous substance application.

With respect to hospitality businesses, we think the type of data that should be made available to the public is the:

- full number of working days from receipt of application to decision (without 'stop-clock' time elapsed)
- the number of working under statutory timeframes elapsed from receipt of application to decision (if applicable, with 'stop-clock' time elapsed)
- percentage of applications meeting statutory or expected timeframes.

We think territorial authorities should work on publishing dashboards that cover all licensing decision activities in one place (rather than duplicating across the different activities). Given current local government reform, RMA reform, as well as any changes to regulatory processes as a result of the Review, this work could be packaged and progressed as part of work currently underway.

In the interim, we encourage territorial authorities to publish static webpages with this data — starting with alcohol licensing decisions, as this was an area the Review received a lot of feedback on. We note that data on resource consent and building consent application timeframes is currently available on Ministry for the Environment and the Ministry for Business, Innovation, and Employment websites.

# Conclusions and next steps

# What next?

The Review’s recommendations will be presented to the relevant portfolio Ministers by the Minister for Regulation and the Minister for Tourism and Hospitality. Following their decisions, we will work with the relevant agencies on the detailed design and implementation of the recommendations which Ministers choose to progress, including seeking Cabinet decisions when needed.

## Responsibility for implementation

There is a choice for Ministers about who is responsible for the implementation of our recommendations. The Ministry for Regulation could lead the work or support the responsible policy agency.

**Reflections on the Ministry’s broadest regulatory review**

Due to the breadth of regulation that applies to a single sector like hospitality, we took a wide view of all the issues initially, before narrowing in on the ones we thought would have the most impact for the sector (see our analytical approach on *How we did this Review*). There were advantages and disadvantages to this approach, and lessons that we will take into our next reviews:

Advantages:

- We could engage broadly with the sector — there was “no wrong door” for problems the sector was experiencing.
- We had the scope to consider the cumulative requirements and costs across multiple regulatory systems and see how they fit together (or do not).
- We could pinpoint the areas where changes would make the most difference for the hospitality sector.

Disadvantages:

- Given the wide scope, our timeframes meant that some of our recommendations are higher-level than recommendations made by the Ministry’s previous reviews. This means implementation may take longer, although we have partially mitigated this by recommending a phased approach, allowing some recommendations to be progressed now while additional policy work on others is progressed.
- Limiting the scope to a single sector meant that other problems we identified while considering a regulatory system (or where the same problem also occurred in other sectors) were out of our scope.

We will continue to work with the responsible policy agencies as the agreed recommendations are implemented.

# Glossary and appendices

# Glossary

| | |
|---|---|
| **Bylaws** | Local rules or laws usually made by territorial authorities and apply to ways that people live, work and play within their local community (See also "Legislation"). Defined in section 2 of the Local Bylaws Act 1910. |
| **Club** | A club is a membership-based organisation (sports clubs, working men's clubs, Returned and Services' Association clubs, or private clubs) that serves food and alcohol to their members, members' visitors, and members of clubs with reciprocal visiting rights. |
| **Club licence** | A licence that lets clubs sell and serve alcohol under the Sale and Supply of Alcohol Act 2012. |
| **District licensing committee (DLC)** | A DLC is an independent decision-making body appointed by territorial authorities that issues alcohol licences. |
| **Enforcement** | A legal tool that regulators use to require someone to comply or issue a penalty or punishment when they do not. |
| **FAIP** | Food Act Improvement Programme currently underway, led by the Ministry for Primary Industries. |
| **Fee** | A defined payment from a specified party to another in return for the provision of a good or service. |
| **FCP / Food Control Plan** | Food Control Plan; a written plan that sets out what steps a business making or selling higher-risk foods needs to take to make safe food. A general description is set out in section 36 Food Act 2014. |
| **Guidance** | Non-binding advice or examples that help regulated parties and / or regulators understand their roles, responsibilities, rights, and powers. |
| **Hotel** | Defined in the Hotel Association of New Zealand Act 1969 as an establishment that provides to the public, for a fee —<br>a) lodging, and<br>b) alcohol, meals, and refreshments for consumption on the premises. |
| **Improvement notice** | A direction to take certain actions or refrain from certain actions for compliance. |
| **Infringement notice** | An 'on the spot' fine for an alleged offence or contravention of the law that can be paid instead of going to court. |
| **Legislation** | Laws created by Parliament, or those authorised by Parliament, to regulate various aspects of society. Its purpose is to establish rules, rights and responsibilities for people within New Zealand.<br>Legislation can be further divided into primary and secondary:<br>a) Primary legislation is an Act, also called a statute, made by Parliament.<br>b) Secondary legislation is law which can be made outside Parliament. It includes regulations, rules, notices, standards and bylaws. |
| **Levy** | A charge payable by a particular party, for a specified purpose, but not necessarily for a specific good or service. |
| **Licence** | Legal permission for a business to sell and supply alcohol. |
| **Licence conditions** | Rules a business must follow to sell alcohol that are set by a DLC. |
| **Licence hearing** | A legal process, like a court hearing, called by a DLC when there are objections to an alcohol licence application. A hearing provides a forum for the applicant and objectors to make their cases for and against the licence application. |

| | |
|---|---|
| **Market failure** | The situation where the allocation of goods and services under an unregulated market does not maximise the overall welfare of society. |
| **MBIE** | Ministry of Business, Innovation and Employment |
| **MCERT** | Ministry of Cities, Environment, Regions and Transport |
| **Ministry** | Ministry for Regulation |
| **MoJ** | Ministry of Justice |
| **Monitoring compliance** | A continual process that aims to provide agencies and stakeholders of an ongoing intervention with early indications of compliance with responsibilities, and progress, or lack thereof, in the achievement of results. |
| **MPI** | Ministry for Primary Industries |
| **National Programme** | Lower and medium-risk businesses who are registered under a National Programme do not need to use written Food Control Plans, but must register the business, meet food safety standards, keep some records, and get checked. A general description is outlined in section 74 Food Act 2014. |
| **Off-licence** | A licence that lets a business sell alcohol to be taken away to be drunk elsewhere (e.g., supermarket or liquor store). |
| **On-licence** | A licence that lets a business sell alcohol to be drunk immediately on the premise (e.g., bar or restaurant). |
| **PCO** | Parliamentary Counsel Office |
| **Registration** | To run a business under the Food Act, a business needs to register with the relevant registration authority. |
| **Registration Authority** | A territorial authority or MPI that can register a food business. |
| **Regulated party / parties** | A person or organisation that is subject to behavioural expectations, obligations, and/or sanctions within a regulatory system. Generally, in this context it means hospitality businesses. However, in the alcohol licensing system duty managers are also considered a regulated party. |
| **Regulation** | Any government intervention that is intended to order or influence people's behaviour, or how they interact with each other, including by directing the use and exchange of private property, resources or capital to pursue a desired policy objective. |
| **Regulations** | A type of secondary legislation. An empowering Act sets out the regulations that can be made (See also "Legislation"). |
| **Regulator** | An organisation with the authority to carry out regulatory activities in a certain area. It is authorised by Parliament. |
| **Review** | The Hospitality Review |
| **RMA** | Resource Management Act 1991 |
| **Regulatory systems** | Sets of formal and informal rules, norms and sanctions, given effect through the actions and practices of designated actors, that work together to shape people's behaviour or interactions in pursuit of a broad goal or outcome. |
| **Restricted shop trading days** | As outlined in the Shop Trading Hours Act 1990, there are three-and-a-half days when some businesses cannot open — these days are Anzac Day until 1pm, Christmas Day, Good Friday, and Easter Sunday. |
| **Special licence** | A licence that lets businesses sell and serve alcohol to customers at an event, festival, or special occasion. |
| **Template Food Control Plan** | A pre-evaluated written Food Control Plan for managing food safety and suitability. A general description is set out in section 36 Food Act 2014. |
| **Territorial authority** | Local government body that makes decisions for people living in that area (i.e., local councils or district councils). There are 67 territorial authorities in New Zealand. |

| | |
|---|---|
| **Verification** | The process where a recognised verifier checks the business is selling safe food, is following good food safety practices, and is meeting the regulatory requirements. |
| **Verifier** | An agency or person that has gained the appropriate recognition to check if a business is following good food safety practices. |

## Appendix A

# List of supplementary papers

- Alcohol licensing
  - Paper 1 – An economic analysis of whether government should intervene in the sale and supply of alcohol
  - Paper 2 – An analysis of the current state and problems with how the sale and supply of alcohol is regulated in hospitality settings
  - Paper 3 – Options and recommendations for improving how alcohol is regulated in hospitality settings
- Food safety
  - Paper 1 - An economic analysis of whether government should intervene in domestic food safety
  - Paper 2 – An analysis of the current state and problems with how the domestic food safety system is regulated in hospitality settings
  - Paper 3 – Options and recommendations for improving how food safety is regulated in hospitality settings
- Fees and levies for hospitality businesses
- Regulatory information flows in the hospitality sector
- Alcohol excise tax on kegged beer
- Building consent requirements for marquees
- Regulatory requirements for transport provided by hospitality businesses
- Regulatory stewardship
- Decision-making timeframes
- Restricted shop trading
- Liquid Petroleum Gas storage
- Identification requirements for security guards
- Other issues raised in the Hospitality Review
- Problems and opportunities not progressed

## Appendix B
# Detailed recommendations

## Recommendations for the food safety regulatory system

*Quick wins in the food regulatory system*

**Food Recommendation 1 -** Move some hospitality businesses to lower-risk categories (i.e., template Food Control Plan to a National Programme)

| | |
|---|---|
| **Description** | We recommend that the current risk-based measures (Food Control Plan and National Programmes 1-3) are retained, with the expectation that through the Food Act Improvement Programme (FAIP) Schedule Review a more granular approach for hospitality businesses is taken when allocating a risk measure. This more granular approach should consider the risk presented by the food produced, the methods used, and would place more emphasis on exposure (i.e., volume of customers) than the current framework.<br>While the vast majority of hospitality businesses are currently registered under a Food Control Plan (most on the template not custom), we are of the view that if a more granular approach is taken through the Schedule Review, then lower risk cafes (i.e., those that handle food including reheating, but make their own shelf-stable baked goods for example, would be included in National Programme 3 and coffee-carts only making shelf-stable baked goods would be included in National Programme 1). |
| **Expected benefits** | *Overall:* Allocation of risk categories, and therefore requirements, are more proportionate to the potential risk posed. |
| | *For hospitality businesses:* A fairer more proportionate risk-based system resulting in reduced costs for lower-risk hospitality businesses, through having to comply with fewer, less arduous requirements and having less frequent verification. |
| | *For regulators:* Improved proportionality would likely see more hospitality businesses move down a risk-based measure, thereby improving the efficiency of the regulatory system as the regulators will have more time to spend on the higher-risk hospitality business. |
| **Expected costs** | We do not expect there to be additional costs. The Schedule Review is a significant component of the FAIP and work on review is currently underway. |
| **Implementation** | The Review understands MPI will deliver advice to the Minister for Food Safety in August 2026 with the results and associated recommendations of the Schedule Review. Our recommendation is that this re-categorisation of hospitality businesses is reflected in that advice. We anticipate continued engagement with hospitality business representatives during the Schedule Review process to ensure the description and granularity of these types of business is appropriate.<br>MPI is aiming for implementation of the FAIP Schedule Review by July 2027. |
| **Impact on other types of food businesses** | While the FAIP Schedule Review is covering all types of food production and sale, this recommendation will not affect other types of food business. |
| **Key stakeholder views** | Sector representative groups wanted more changes to the risk-based measures, while regulators preferred retaining the fundamentals of the system. |

| **Food Recommendation 2** - Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements | |
|---|---|
| **Description** | We understand MPI is currently developing a food service business specific template Food Control Plan. We support this. Our recommendation is that this template:<br>• is significantly less prescriptive than the current one, with flexibility for businesses to achieve food safety outcomes in the way they know works for their business<br>• has reduced record keeping requirements that are tailored for food service businesses.<br>We would expect this to be developed in collaboration with hospitality representatives, co-regulators, and subject matter experts. |
| **Expected benefits** | *Overall:* Requirements are more proportionate to risk, easier for businesses to understand and comply with, which will improve the overall effectiveness of the regulatory system. |
| | *For hospitality businesses:*<br>• requirements are more proportionate to the risk posed by the business's activities<br>• greater level of flexibility to allow businesses to innovate and achieve safe and suitable food while still managing risk<br>• reduced cost from removal or reduction of requirements that are not managing risk for that type of business. |
| | *For regulators:*<br>• easier to understand and more fit-for-purpose requirements are easier to verify<br>• flexibility in the plan also enables more discretion to be applied during the verification process where appropriate (which will be achieved if implemented effectively with **Food Recommendation 3** – improving operational policy and guidance for regulators)<br>• supports a healthy regulator-regulated party relationship if businesses can clearly understand what is expected of them. |
| **Expected costs** | We expect the cost to implement this recommendation to be relatively low. No legislative change is required and work to introduce a simplified template Food Control Plan, including reduced recording-keeping requirements, is currently underway through the FAIP. The FAIP is funded through the food business levy. |
| **Implementation** | As mentioned, simplification of the current template Food Control Plan is currently underway through the FAIP, led by MPI. We expect this recommendation be implemented as part of this work and early drafts are tested with key industry stakeholders and local authorities to test workability.<br>This should be implemented as soon as practicable given no legislative change is required. However, our view is that this option will be most effective implemented alongside **Food Recommendation 3** — improving operational policy and guidance for regulators. |
| **Impact on other types of food businesses** | There are unlikely to be any impacts on other types of food businesses that do not operate under a template Food Control Plan in the short-term.<br>However, if the sector-specific template provides better outcomes for hospitality businesses, then a similar model could be applied and sector-specific guidance developed for businesses under National Programmes (e.g., extractors and packers of honey, manufacturers of non-alcoholic beverages, and manufacturers of confectionary, and other National Programme food sectors). |

| **Food Recommendation 2** - Develop a significantly simpler, and hospitality specific, template Food Control Plan that has fewer record keeping requirements | |
| --- | --- |
| **Key stakeholder views** | There was broad support from both regulators and sector representative groups to introduce a hospitality-specific Food Control Plan or requirements, instead of a one-size-fits-all approach. Some sector representative groups stated that the current system does not reflect the diversity of the hospitality sector and believed an activity-based system would be more effective. |

| **Food Recommendation 3** – Review the full suite of operational policies and guidance to regulators to be simpler and more user-friendly | |
|---|---|
| **Description** | We recommend that operational policy and guidance for food safety regulators is improved and simplified. This can be achieved through stronger stewardship of the system and a review of all operational policies and guidance to regulators. The intent being to simplify content and standardise and streamline verifier practice — with consideration of the regulated party experience.<br><br>The regulated party experience of the system should be taken into consideration, from pre-registration through to verification (compliance monitoring) and enforcement. This may require the introduction of new operational policy or guidance.<br><br>We expect the output to:<br>• have clear alignment with the legislative framework (i.e., use the same language and not add new frameworks)<br>• include clear guidance for verifiers about what they check and assess against at verification, and how they do it<br>• be clear on the expectation that verifiers re-focus verifications on practice in the kitchen, and making a clearer more direct split between the ‘inspection and observation of practices’ component and ‘audit’ component of a verification<br>• include specificity about how advice and support should be provided to regulated parties (pre-registration meetings, pre-opening visits, pre-verification visits, etc), while still balancing regulatory obligations<br>• include simplified and standardised templates for verifiers to work off for their verification outcome reports<br>• outline practices to improve consistency of verifications across the country, for example cross-territorial authority peer-review of verification outcomes and reports<br>• be in plain English. |
| **Expected benefits** | *Overall:* long-term efficiency gains and likely increased effectiveness of the regulatory system. |
| | *For hospitality businesses:*<br>• improved understanding and confidence in how to comply for some businesses<br>• better verification outcomes and more consistent and predictable verifications over time (leading to lower costs in the long-term). |
| | *For regulators:*<br>• improved relationships with regulated parties<br>• improved regulatory practice<br>• efficiency gains from better and more consistent verification and advice to businesses. |
| **Expected costs** | We expect the costs to develop this guidance to be low. These changes can occur through the FAIP programme of work and be absorbed through the current funding allocated for it and being collected through the food business levy.<br><br>There are likely to be increased costs to some territorial authorities in implementing any changes. It is expected that clearer guidance for regulators and improved support upfront for businesses will likely result in better outcomes for the regulatory system overall. |

| **Food Recommendation 3** – Review the full suite of operational policies and guidance to regulators to be simpler and more user-friendly | |
|---|---|
| **Implementation** | This recommendation does not require primary or secondary legislative change – but requires further work from MPI through the FAIP.<br><br>We expect this recommendation to be implemented as part of MPIs FAIP activity which aims to introduce national consistency in the application and advice provided by territorial authorities.<br><br>The most significant cost will be for central government, but this should be offset by drawing on the current expertise, practice, templates, and internal guidance already produced by proactive and larger territorial authorities.<br><br>We expect MPI to foster collaborative relationships with their co-regulators, implement the guidance and practices that work, and give them the confidence and tools they need to be good regulators.<br><br>As indicated, the FAIP contains an output to ensure consistency across verifications and update guidance and training for territorial authorities. However, we do not know the detail behind this output, and therefore the degree to which the FAIP will address the issues we identified – including the extent to which existing operational policy and / or guidance is being reviewed. |
| **Impact on other types of food businesses** | We expect the benefits that are likely to be delivered from better overall regulatory practice to benefit all food businesses. |
| **Key stakeholder views** | We did not consult with regulated parties or other stakeholders on this option. |

*Short-term recommendations in the food regulatory system*

| **Food Recommendation 4** - Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form | |
|---|---|
| **Description** | We recommend the registration process is retained but simplified (as opposed to moving to a notification system for hospitality businesses), and the registration renewal process is removed.<br>The would be achieved by:<br>• introducing one standard simple, easier to understand initial registration form<br>• removing registration renewal and relying on the verification process to ensure regulators have up-to-date information about businesses. |
| **Expected benefits** | *Overall:* A more efficient registration system for regulators and regulated parties. |
| | *For hospitality businesses:* Simpler initial registration process and reduced ongoing costs for businesses over time. |
| | *For regulators:* Administrative efficiencies; with a simpler form it will be easier for regulators to understand the business' intentions and be easier for regulators to process. The registration processes would continue to allow for a regulator-regulated party relationship to begin prior to operation of the business. |
| **Expected costs** | We expect the costs to make these changes, including the development and delivery of the simplified form and the legislative changes needed to remove renewals would be low. These changes can occur through the FAIP programme of work and be absorbed through the current funding allocated for it.<br>While regulators would lose some revenue from stopping renewal fees, this would likely be offset by the efficiencies gained through a more streamlined initial registration and renewal process. There would be easier processing of initial registration applications, and regulators would no longer be processing renewal applications, removing this administrative process. The Review's recommendations about fees and levies will also support in this regard. |
| **Implementation** | The development of simpler forms can occur in conjunction with implementation of the outcomes from the FAIP Schedule Review. Primary legislative change would be required to remove the requirement for renewals.<br>Limited further work may be required to mitigate the potential risk of business scope creep and ensuring business details remain up-to-date for those businesses on much longer verification cycles (3 years) or who no longer require further verification (some National Programme 1 businesses). This could be achieved through reminding businesses of their obligations to notify the regulator if there are significant changes in circumstance, or other interventions such as additional verifications where only businesses details and scope are checked. |
| **Impact on other types of food businesses** | We expect the benefits of this recommendation to apply across all food businesses (except those under a custom Food Control Plan, who go through a higher initial barrier to entry, which would remain the same under this option).<br>We acknowledge that we are recommending removing renewals for hospitality businesses because that is the scope of the Review – we would expect MPI to consider whether removing renewals for other types of food businesses was useful. |

| **Food Recommendation 4** - Remove (annual or bi-annual) renewals for hospitality businesses and introduce a simpler, nationally set, application form | |
|---|---|
| **Key stakeholder views** | Regulators preferred retaining the registration process but introducing simpler initial forms for businesses to complete. Sector representative groups were split on the registration process. Some would prefer to have a notification system, while others said registration was not the issue, but more renewals and verification inconsistency. |

<table>
<tr><th colspan="2">Food Recommendation 5 - Improve verification practice and extend verifications to two years for high-performing businesses</th></tr>
<tr><td>Description</td><td>We recommend that verification practice is improved and that well performing businesses are rewarded. This can be achieved through:<ul><li>decreasing verification frequency for consistently well-performing hospitality businesses. This looks like the introduction of an additional ‘two-year’ verification step for hospitality businesses currently operating on MPI’s template Food Control Plan. This would be attainable for hospitality businesses who are consistently high performing (i.e., no or low/minor corrective actions for the past two 18-month verifications). The criteria, along with the step change will be set through amendments to the Food Regulations 2015.</li><li>the introduction of more unannounced verifications to enable verifiers to see more kitchen reality. This looks like the introduction of a proportionate and risk-based approach to identifying businesses whose verification will be unannounced in a given verification cycle.</li></ul></td></tr>
<tr><td rowspan="3">Expected benefits</td><td>Overall: Increased efficiencies and greater confidence in the verification system for both regulators and regulated parties, while rewarding high-performing businesses.</td></tr>
<tr><td>For hospitality businesses: Reduced financial cost and time cost for consistently high-performing businesses through reduced verification frequency</td></tr>
<tr><td>For regulators:<ul><li>a better understanding of kitchen reality through an appropriate increase in unannounced verifications</li><li>efficiency gains through decreased verification frequency in high performing businesses (i.e., regulators can divert their time to higher risk and / or lower performing food businesses).</li></ul></td></tr>
<tr><td>Expected costs</td><td>The following costs are associated with this option:<ul><li>secondary legislation change is required for introduction of a two-year verification frequency for consistently high-performing business.</li><li>operational policy development to support implementation of the recommendations will also be required.</li></ul></td></tr>
<tr><td>Implementation</td><td>Legislative change would be required for all the recommendations, coupled with the development of associated guidance.<br><br>Further operational policy work would be required to implement an increase in unannounced verifications. The method to choose which businesses would be subject to unannounced verifications would be developed by MPI. It could be based on a model similar to the recently published multi-site verification guidance, supporting a risk-based and proportionate approach. We expect this to be completed as part of Food Recommendation 3 (Improve and simplify operational policies and guidance to regulators).</td></tr>
<tr><td>Impact on other types of food businesses</td><td>We expect the benefits that are likely to be delivered by improving verification practice will apply across all food businesses.</td></tr>
</table>

| **Food Recommendation 5** - Improve verification practice and extend verifications to two years for high-performing businesses | |
|---|---|
| **Key stakeholder views** | Regulators strongly preferred more unannounced verification, or giving businesses less certainty about the exact date and time of the verification, as it would encourage ongoing compliance. Sector representative groups were evenly split between announced and unannounced inspections, mainly because of the disruption a fully unannounced verification can cause to a business, particularly during peak times.<br><br>Both regulators and sector representative groups largely supported a two-year verification frequency step for consistently high performing hospitality businesses. |

| **Food Recommendation 6** - Allow food trucks that operate in more than one region to be verified by one territorial authority, and that verification is recognised by other territorial authorities | |
|---|---|
| **Description** | Allowing all territorial authority verifiers to verify food trucks (who operate in more than one jurisdiction) registered in their territory and other territorial authorities recognising that verification. |
| **Expected benefits** | *Overall:* Some small efficiencies and greater confidence in the verification system |
| | *For hospitality businesses:* food truck businesses that have delayed expanding their customer base due to the cost of third-party verification will be able to do so |
| **Expected costs** | We expect very low costs for implementing this recommendation because territorial authorities already undertake verification activities of food trucks that operate within their region. |
| **Implementation** | Legislative change would be required, coupled with the development of associated operational policy and guidance documents. |
| **Impact on other types of food businesses** | We do not anticipate there will be any impacts on other types of food business. |
| **Key stakeholder views** | There was broad support of this option by both regulators and sector representative groups. |

<table>
<tr><th colspan="2">Food Recommendation 7, Fees and Levies Recommendation 1 - Reform the levy charging framework by introducing revenue-based rates and centralising collection</th></tr>
<tr><td>Description</td><td>We recommend:
<ul>
<li>using aggregate revenue data to develop tiered levy rates for domestic food businesses in regulation, so that higher-revenue food businesses are subject to higher levy rates, and lower-revenue food businesses are subject to lower levy rates.
<ul>
<li>revenue-based tiers could be set out for micro businesses, small businesses, medium businesses, and large businesses using estimates of business revenue based on data held by central government and in consultation with local government.</li>
<li>businesses could self-select their revenue tier at point of registration, with a requirement in secondary legislation to update this information where revenue changes (supported by documentation if necessary). Registration information for businesses registered with their local TA is already shared with MPI to inform the central register. This makes the point of registration a feasible mechanism for allocating businesses to food levy tiers.</li>
<li>a provision in the Food Act 2014 could be used to enable MPI to request financial statements from a business (or a subset of food businesses) on a periodic basis for the purposes of verifying their revenue and therefore their allocated levy rate. This provision should also apply where non-compliance is suspected.</li>
</ul></li>
<li>centralising the levy collection mechanism that is currently carried out by TAs</li>
<li>setting out statutory requirements for annual reporting about MPI’s levy income, expenditure, and key outcomes (e.g., achievements through the FAIP).</li>
</ul></td></tr>
<tr><td rowspan="3">Expected benefits</td><td>Overall: Provides a more precise, proportionate charging framework and a more efficient collection mechanism for the food levy.</td></tr>
<tr><td>For hospitality businesses: Ensures that levy charges are tailored to the scale of different businesses, and that system improvements being funded are visible.</td></tr>
<tr><td>For regulators: Reduces duplication and inefficiency inherent in the current localised collection model, removing cost pressures on local government and making MPI the single point of contact for the levy.</td></tr>
<tr><td>Expected costs</td><td>We expect that design and implementation costs for central government for recalibrating the charging framework could be largely covered through the existing levy funding. There may be an increase to administrative and operational costs for MPI as part of the day-to-day administration of the new centralised collection mechanism; these would need to be included equitable as part of the levy charges or met through other means.
<ul>
<li>A review of the charging framework is already planned for as part of the FAIP. There would be moderate short-term costs to local government from contributing to the development of a revenue-based charging framework.</li>
</ul></td></tr>
</table>

| **Food Recommendation 7, Fees and Levies Recommendation 1** - Reform the levy charging framework by introducing revenue-based rates and centralising collection | |
|---|---|
| **Implementation** | MPI would be responsible for legislative amendments to primary and secondary legislation, and for designing and developing the revenue-based framework, including consultation with the sector.<br>We recommend that work to change the levy collection mechanism is initiated as soon as possible to ensure that centralised collection is in force prior to the introduction of a new charging framework. This minimises the sunk costs from updates to IT systems and administrative overheads for local government, with consideration of local government amalgamation underway.<br>We recommend the development of a revenue-based charging framework is undertaken alongside the centralisation of the levy collection, with changes coming into force subsequently. We recognise that developing a revenue-based framework presents complexities that may require a longer lead-in time.<br>The centralised collection mechanism should be implemented by 1 July 2027, with the revenue-based charging framework planned to come into force by the end of 2027. |
| **Impact on other food sectors** | A revenue-based model would ultimately lead to changes in the levy rates applied to manufacturers. The scale of manufacturing businesses would ultimately determine whether their individual liability would increase or decrease. MPI would need to consult with all affected food sectors as part of the design and development of the new charging framework for the food levy. |
| **Key stakeholder views** | The fees and levies options were only consulted with territorial authorities. 93% of territorial authorities supported centralising the levy collection mechanism. However, most submitters favoured retaining the status quo i.e., a flat business food levy regardless of the size of the business. |

| **Food Recommendation 8, Fees and Levies Recommendation 2 -** Introduce comprehensive principles for local government to follow in setting charges for food safety regulatory activities | |
|---|---|
| **Description** | We recommend adopting a principles-based approach to setting registration and verification fees in regulation, including specifying:<br>• whether fees for one registration category should be higher or lower than for another registration category<br>• whether fees should be different based on the activities being undertaken by the different businesses registered under each category<br>• whether fees for verification should be fixed or hourly<br>• whether fees for verification should be different (for example, higher or lower) for different risk-based registration categories.<br>• the indexation measure and adjustment mechanism (e.g., notices) for increasing fees in line with changes to inflation<br>• cost-recovery reporting requirements and timeframes for TAs to publish their annual income and expenditure on food safety regulatory activities.<br>As a means of providing businesses with specific visibility over cost components, and how charges are calculated, MPI and LGNZ should develop a directive for territorial authorities to support them to standardise invoicing practices. |
| **Expected benefits** | *Overall:* Provides a nationally consistent basis for charges that cost-recover food safety regulatory activities. |
| | *For hospitality businesses:* Increases transparency around the rationale for and components of the different food safety charges, improving their ability to understand and navigate the system and predict compliance costs year to year. Costs may be reduced for lower-risk businesses. |
| | *For regulators:* Provides local government with the flexibility to set service prices that reflect their unique cost pressures while providing the sector and central government with assurance that costs are justified and proportionate to risk. |
| **Expected costs** | We expect that design and implementation costs for central government could be largely covered through the existing FAIP funding provided by the food levy, although there may be some additional administrative costs to MPI, for which additional funding would need to be sourced. There would be moderate short to medium-term costs to local government from consultation and implementation, for example where revenue and finance policies and published fees and charges need to be updated. |
| **Implementation** | MPI would be responsible for the policy design and development of the principles-based approach to fee setting, including by leading the requirement amendments to primary and secondary legislation. Individual territorial authorities would be responsible for carrying out reviews of their respective food safety charges as part of adopting the new principles-based approach, including consultation with local food businesses.<br>We recommend that changes to primary and secondary legislation take place as soon as possible. The recommended changes align with issues identified through the review of charging frameworks underway through the FAIP, and consultation with territorial authorities to develop charging principles could be carried out under this programme of work, alongside changes to make verifications more consistent and predictable. Territorial authorities could carry out consultation and implementation for their new fees and charges as part of their next annual planning process. |

| **Food Recommendation 8, Fees and Levies Recommendation 2 -** Introduce comprehensive principles for local government to follow in setting charges for food safety regulatory activities | |
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| **Impact on other food sectors** | Principles around setting charges may include how charges for registration and verification differ for businesses registered under the risk-based measures. Registration and verification charges may change for food manufacturers etc., however the basis for these changes would be consistent, and these other sectors of the food industry would be consulted by MPI and the relevant local TAs ahead of implementation. |
| **Key stakeholder views** | We only consulted with territorial authorities on this option, which they broadly supported. |

## Recommendations for the alcohol regulatory system

### *Short-term - Recommendations for the first tranche of legislative change*

<table>
<tr><th colspan="2">Alcohol Recommendation 1 – Appoint a new steward for the alcohol regulatory system with ring-fenced funding</th></tr>
<tr><td>Description</td><td>We recommend that a new system steward for the alcohol regulatory system be appointed that consolidates and strengthens the stewardship functions that currently sit across three government agencies. This new system steward would be responsible for:
<ul>
<li>governance of the alcohol regulatory system</li>
<li>establishing and maintaining relationships with frontline regulators, regulated parties, and other stakeholders</li>
<li>monitoring and evaluating the performance of the alcohol regulatory system, and the regulators within it</li>
<li>supporting regulators, decision-makers, and regulated parties, including producing training and guidance</li>
<li>keeping the Sale and Supply of Alcohol Act 2012 and associated regulations up to date to maintain their effectiveness over time.</li>
</ul>
We recommend that this system steward sit in an agency that has experience stewarding similar ‘legal but harmful’ policy areas, has existing structural relationships with local regulators, and capacity to effectively deliver operational policy in local regions. If this recommendation is agreed, specific transition arrangements would be worked through.<br><br>
Responsibility for supporting the Alcohol Regulatory Licensing Authority (ARLA) would remain with the Ministry of Justice (as ARLA are a tribunal), but we would expect the new system steward to engage regularly with ARLA to understand their insights about how the alcohol regulatory system is working.</td></tr>
<tr><td rowspan="3">Expected benefits</td><td>Overall: Increased effectiveness of the alcohol regulatory system through more effective and efficient regulatory practice, and a regulatory system that responds to changing behaviours and technologies, reducing alcohol-related harm.</td></tr>
<tr><td>For hospitality businesses: Fairer application of requirements, more frequent updates to the law to address issues and enable innovation.</td></tr>
<tr><td>For regulators and decision makers: Additional support, higher-quality information about the system’s performance, and a legislative framework and enforcement tools that remain fit for purpose over time.</td></tr>
<tr><td>Expected costs</td><td>We expect that establishing this system steward will likely require ongoing ringfenced investment of approximately $1–2 million per year. There is currently no ringfenced investment for the stewardship of the alcohol regulatory system.</td></tr>
<tr><td>Implementation</td><td>We recommend that this new system steward be established as soon as possible. This streamlined model aligns with the direction of recently announced public sector reforms and underpins the effectiveness of many of the Review’s other recommendations.<br><br>
The (new) home agency would be responsible for establishing and recruiting for the new stewardship team, including working through any transition arrangements for existing staff.</td></tr>
<tr><td>Impact on off-licences</td><td>We expect that that the benefits that are likely to be delivered by stronger and more effective stewardship will apply across all licence types and processes, including for off-licences.</td></tr>
<tr><td>Key stakeholder views</td><td>We did not consult with regulated parties or other sector stakeholders on this option.</td></tr>
</table>

**Alcohol Recommendation 2** – Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences

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| **Description** | We recommend streamlining licence renewals by:<br>• **introducing a shorter renewal process and associated forms** (for on-, special, and club licences) that does not require the resubmission of information that has not changed since the last renewal. For example, this would mean a business would not have to resubmit plans of their premises, a town or building planning certificate, or lease agreement when renewing their licence if none of these things had changed since their last renewal. There would be an opportunity for the applicant to review information held by the territorial authority to ensure it was correct.<br>• **scaling renewal periods by performance of the licence holder**. For example, this would mean that a business that has had no incidents with police and has had satisfactory inspections would have a longer timeframe between renewals (e.g., 5 years), whereas a business that has been shown to be non-compliant or has had their licence suspended recently would have a shorter timeframe between renewals (e.g., 1 year). Recommendation 6 provides regulators with alternate and additional tools to intervene outside of the renewal process, so we do not expect extending renewal periods for some businesses to result in non-compliance going unnoticed or unaddressed.<br>• **allow the DLC to delegate decisions to renew unopposed lower-risk licences** or manager's certificates to the secretary of the DLC, e.g., very low or low risk licences under the current framework, which would cover many restaurants and other hospitality venues, including BYO restaurants and cinemas. [This reflects the Law Commission's recommendation 46].<br>• **introducing automatic approvals for some low-risk licence or manager's certificate renewals** after a certain period of time has passed. For example, this would mean that the DLC would have a certain period (e.g., 8 weeks) to respond to an application for renewal, after which it is assumed to be granted. If any concerns are raised, this stops the automatic approval. |
| **Expected benefits** | *Overall:* Increased effectiveness of the alcohol regulatory system through reprioritisation of regulatory resource towards higher-risk activities. |
| | *For hospitality businesses:* Across the board, significantly less administration to renew a licence, with additional time and cost savings for lower-risk and higher performing licence holders. |
| | *For regulators and decision makers:* Less administrative work, providing the space to focus regulatory resource on higher risk and non-compliant licence holders. |
| **Expected costs** | We expect that the costs to make these changes at the operational level are likely to be moderate. However, we think that there is opportunity for savings if implemented alongside the IT changes that will be occurring as part of the local government reforms. |
| **Implementation** | We recommend that these changes be made as soon as possible, as they do not require significant additional policy work or complicated legislative amendments to implement. However, primary legislative change would be required. |
| **Impact on off-licences** | These changes can be made for only club, special, and on-licences without impacting renewal processes for off-licences. We do not intend that these changes extend to off-licences at this stage. |

| **Alcohol Recommendation 2** – Significantly streamline and simplify licence renewals, including lengthening renewal periods for some licences | |
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| **Key stakeholder views** | All submitters, particularly sector representative groups, agreed a scaled approach to renewals would support good actors and continue oversight on ones that need improvement. Regulators submitted the renewal process is valuable and suggested if there was too long between inspections, it can mean poor regulatory practice is unseen for too long. |

<table>
<tr><th colspan="2">Alcohol Recommendation 3 – Clarify and simplify the process and requirements to get an alcohol licence for the first time</th></tr>
<tr><td>Description</td><td>We recommend that, in the short-term, small changes be made to improve the efficiency and proportionality the of licence application process by:<ul><li>changing the licensing criteria to be clearer and more specific. For example, this would include clarifying what should be considered as part of the suitability of the applicant; setting expectations of the design and layout of a premises (e.g., the whole dance floor of a club should be able to be supervised from the bar); and stating what appropriate noise levels are (which would be linked to the national noise standards in the new planning regime).</li><li>allowing DLCs to exempt applicants from some requirements / licensing criteria in certain circumstances. For example, this would mean that a DLC could grant a licence if building work was not completed if they were satisfied that the ongoing work did not compromise the ability for the licence holder to sell and supply alcohol responsibly and safely.</li><li>introducing an improved, standard licence application form for new licences, which the system steward will manage and territorial authorities cannot change.</li><li>replacing temporary authorities with temporary licences that can be granted if certain licensing criteria are met.</li><li>changing reporting requirements so Police and Medical Officers of Health only need report on an application if it meets a certain set of criteria. These criteria would be different for Police and Medical Officers of Health, meaning Police would be able to report into more applications than Medical Officers of health). For example, they would be required (as per the status quo) to report on high-risk licences and could report on any licence if they have concerns of a certain nature, but do not need to report on very low or low risk licences.</li><li>allowing decision-makers more discretion about when a hearing is called. This would create a set of criteria that, if met, would allow DLCs not to call a hearing if a public objection was received. It would also explicitly allow DLCs to receive more information from objectors outside of a hearing process (i.e., requesting more information in writing).</li></ul></td></tr>
<tr><td rowspan="3">Expected benefits</td><td>Overall: In the short-term, more efficient and proportionate processes.</td></tr>
<tr><td>For hospitality businesses: In the short-term, less administration, more certainty, and shorter timeframes to get a licence while still maintaining standards.</td></tr>
<tr><td>For regulators and decision makers: In the short-term, clearer boundaries within which to use discretion, potentially reducing work and risks.</td></tr>
<tr><td>Expected costs</td><td>In the short-term, we expect that the costs to make these changes, at both the legislative and operational levels, are low and can be absorbed by baseline funding of the new system steward.</td></tr>
<tr><td>Implementation</td><td>We recommend these changes be implemented in two stages. The first set of changes can be made in the short-term as they do not require significant additional policy work or complicated legislative amendments to implement. We expect that they would be made as part of the first tranche of primary legislative changes, which would be led by the new system steward.</td></tr>
<tr><td>Impact on off-licences</td><td>We do not intend these changes extend to off-licences at this stage.</td></tr>
</table>

| **Alcohol Recommendation 3** – Clarify and simplify the process and requirements to get an alcohol licence for the first time | |
|---|---|
| **Key stakeholder views** | Both sector representative groups and regulators preferred provisional licences, but most regulators did not support any additional changes to the alcohol licensing system. Three sector representative groups supported the introduction of exemptions for licensing criteria, and one supported the introduction of more specific licensing criteria.<br>In regard to reducing flexibility but increasing specificity about when regulators are involved, there was some consensus between regulators and sector representative groups. We did not consult on the option to reduce renewal fees. |

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

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

**Alcohol Recommendation 6** – Allow DLCs to merge, set specific membership and training requirements for DLCs, and increase payments to DLC members

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

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

### *Medium to long term - Recommendations for the second tranche of legislative change*

**Alcohol Recommendation 8** – Introduce a single coherent risk framework that governs what the alcohol licences are, the requirements to get each type of licence, the fees that apply, and the expected level of compliance monitoring

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

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

## Other recommendations

### *Recommendations to improve information flows and decision-making timeframes*

*Quick-win – Recommendation for MBIE's Compliance Matters work programme*

| **Information Flows Recommendation 1** – Upgrade *Compliance Matters* to improve access to information on regulatory requirements | |
|---|---|
| **Description** | We recommend the Ministry of Business, Innovation and Employment (MBIE) invest in developing and implementing upgrades to the existing information hub *Compliance Matters,* so it provides information on regulatory obligations in the alcohol licensing regulatory system, is simpler to understand, and is easier to navigate. Alongside upgrades to the *Compliance Matters* information hub itself, we recommend MBIE invest in improving hospitality businesses' awareness of the *Compliance Matters* tool. |
| **Expected benefits** | *Overall:* Improved quality of information flows to hospitality businesses will improve the efficiency of relevant regulatory systems by reducing the resource needed by hospitality businesses to access the information they need to meet their regulatory duties and obligations. |
| | *For hospitality businesses:* Improved access to information on regulatory duties and obligations by having all relevant information available in one place, and through greater awareness by businesses that this information source exists. This will save businesses time searching for information. |
| | *For regulators and decision makers:* May be some efficiency gains if improved information flows reduce excessive time spent individually informing regulated parties about regulatory duties and obligations. |
| **Expected costs** | Improvements to *Compliance Matters* will require government investment. Funding could come from a re-prioritisation of resource as part of MBIE's current work programme or by allocating additional resource. In addition, there will be ongoing costs to keep the information up to date. |
| **Implementation** | Recommended improvements could be implemented as part of MBIE's current work programme to enhance *Compliance Matters*. MBIE should consider how it can make best use of AI to manage ongoing changes to *Compliance Matters* to ensure it keeps up to date. |
| **Wider impacts / other considerations** | The regulatory systems that hospitality businesses operate within also apply to other regulated parties outside of the hospitality sector. These regulated parties may benefit from improvements to the quality of regulatory information flows in *Compliance Matters*. |
| **Key stakeholder views** | Most submitters supported improvements to existing tools, including *Compliance Matters*. Two submitters told us they did not realise tools like this existed until the Review. |

*Medium to longer-term recommendations for territorial authorities*

| **Information Flows Recommendation 2A** – Ministry of Cities, Environment, Regions and Transport (MCERT) establishes an information and application portal that is used by all territorial authorities for all applications | |
|---|---|
| **Description** | MCERT establishes a full-service information and application portal for territorial authorities that:<br>• hosts information on regulatory obligations for regulatory systems where territorial authorities are responsible for managing applications<br>• allows a business or individual to set up an account, submit online applications to territorial authorities, and reuse information and documents that has been submitted previously.<br>The portal would prioritise the user experience by:<br>• eliminating unnecessary duplication<br>• making application forms easier and quicker to fill out<br>• making it clear which application forms a business needs to complete<br>• ensuring information on regulatory obligations is clear and concise (to the extent possible).<br>The portal would be hosted centrally but each territorial authority would be able to access any applications submitted to them. |
| **Expected benefits** | *Overall:* A centralised information and application portal will improve the efficiency of regulatory systems where the territorial authority is responsible for managing applications. Efficiency will be improved by reducing the time businesses need to spend on regulatory duties and obligations and by helping streamline territorial authorities' regulatory processes. |
| | *For hospitality businesses:* Time spent on regulatory duties and obligations will be reduced because application forms will take less time to fill out (e.g., due to less duplication) and information on regulatory obligations will be easier to find. |
| | *For regulators and decision makers:* A centralised information and application system will help streamline application assessment and decision-making processes, leading to efficiency gains. In addition, the cost of maintaining one nationwide system instead of a different system for each amalgamated territorial authority will be lower in the long term. |
| **Expected costs** | Development of a centralised information and application portal is expected to be high cost, but the cost of this development should be assessed relative to the costs amalgamated territorial authorities would incur over time if a centralised information and application portal was not developed. Territorial authorities may also face break costs with contracted IT providers, but some of these break costs will be incurred as part of the amalgamation anyway.<br>Ongoing maintenance costs are expected to be lower than maintenance costs if each amalgamated territorial authority had their own information and application system. |
| **Implementation** | A centralised information and application portal will take some time to implement. Issues such as privacy, security and Māori data sovereignty will be required considerations when developing the portal.<br>First steps would be for MCERT to determine key features and capability of the system and then go out to vendors. |
| **Wider impacts / other considerations** | The information and application portal would apply to all applications that are submitted to territorial authorities, so businesses and individuals outside the hospitality sector would also benefit. |

| **Information Flows Recommendation 2A** – Ministry of Cities, Environment, Regions and Transport (MCERT) establishes an information and application portal that is used by all territorial authorities for all applications | |
|---|---|
| **Key stakeholder views** | While we did not consult specifically on this option, submitters said they wanted a national integrated digital platform that would enable centralised document storage and ensure it is compatible with existing council systems or invest in a shared platform. One submitter said this would enable a "tell us once" approach. |

| **Information Flows Recommendation 2B** – Integrated application systems are developed by each amalgamated territorial authority that prioritise user experience | |
|---|---|
| **Description** | Our view is that the most effective solution to regulatory information flow issues in the hospitality sector is to have one central integrated information and application portal that prioritises user experience is developed (recommendation 2A). However, we acknowledge that the implementation cost and complexity of recommendation 2a makes it a substantial undertaking. This recommendation (recommendation 2B) recommends integrating application systems within each amalgamated territorial authority. This would be more achievable than recommendation 2A but is expected to deliver lower benefits.<br><br>We recommend integrated application systems that prioritise user experience are developed and implemented as part of the process of amalgamating territorial authorities under the Ministry of Cities, Environment, Regions and Transport's (MCERT) Simplifying Local Government work.[2] We would expect each amalgamated territorial authority to implement an integrated application system as part of their IT integration.<br><br>Prioritising user experience would include eliminating unnecessary duplication, making application forms (including renewals) easier and quicker to complete, and making it clear which application forms a business needs to complete. |
| **Expected benefits** | *Overall:* Improved and integrated application systems that prioritise user experience will increase the efficiency of regulatory systems by reducing the time hospitality businesses need to spend on regulatory duties and obligations. |
| | *For hospitality businesses:* Less duplication in information provision and application forms that are easier to fill out will reduce time spent on regulatory duties and obligations. |
| | *For regulators and decision makers:* Efficiency gains if integrated systems and improved user experience streamline the application assessment and decision-making processes, and if the costs of maintaining each application system can be spread across larger amalgamated territorial authorities. |
| **Expected costs** | There will be costs for amalgamated territorial authorities to develop integrated application systems and some territorial authorities may face break costs with contracted IT providers. However, amalgamated territorial authorities will incur some of these development and break costs as part of the reforms anyway. There will be some additional cost from ensuring the application systems are integrated and prioritise user experience. Ongoing maintenance costs may increase for some territorial authorities but are not expected to increase (relative to the status quo) on average. |
| **Implementation** | MCERT (in its role supporting local government) should provide guidance to amalgamated territorial authorities on how to develop and implement integrated application systems that prioritise user experience. This guidance would be most useful when territorial authorities are in the implementation phase of their reorganisation (either under the Head Start pathway or the compulsory backstop process). |
| **Wider impacts / other considerations** | Integrated application systems that prioritise user experience will also benefit businesses outside the hospitality sector (and potentially individuals) that submit applications to territorial authorities. |

[2] This amalgamation could happen through the Head Start pathway or using the backstop process.

| **Information Flows Recommendation 2B** – Integrated application systems are developed by each amalgamated territorial authority that prioritise user experience | |
|---|---|
| **Key stakeholder views** | As with recommendation 2A, we did not consult specifically on this option. However, submitters said they wanted a national integrated digital platform that would enable centralised document storage and ensure it is compatible with existing council systems or invest in a shared platform. One submitter said this would enable a “tell us once” approach. |

### *Transport Regulatory System Recommendation*

*Quick win – Recommendation for transport regulatory reform programme*

<table>
<tr><th colspan="2">Transport Recommendation — Allow hospitality businesses to receive donations to cover their transport running costs without triggering passenger service requirements</th></tr>
<tr><td>Description</td><td>We recommend exempting licensed premises, as defined in the Sale and Supply of Alcohol Act 2012, from requirements for small passenger services (which are contained Land Transport Rule: Operator Licensing 2017), as long as the:<br>• vehicle used is provided by the organisation or the driver<br>• driver is either a volunteer or a staff member of the organisation whose primary responsibility is not driving, and<br>• only payment made is for reimbursing the driver/organisation for the running cost of the vehicle and does not include payment for the driver’s service.</td></tr>
<tr><td rowspan="3">Expected benefits</td><td>Overall: Improves the proportionality of regulation and creates a more flexible and adaptable regulatory system.</td></tr>
<tr><td>For hospitality businesses: Those that choose to provide transport for their patrons or members will be able to accept donations or koha to cover their running costs, without incurring the ongoing costs of obtaining a passenger service licence. This provides cost savings for the small number of licensed premises that already have a passenger service licence, as they will no longer need one. It enables hospitality businesses to offer a service where some of their costs are recovered, without increasing road safety risks or passenger safety.</td></tr>
<tr><td>For regulators and decision makers: Regulatory requirements will be aligned across similar transport services, resulting in ease of monitoring and enforcement. No expected impact on road or passenger safety.</td></tr>
<tr><td>Expected costs</td><td>The recommended change requires amendment to the Land Transport Rule: Operator Licensing 2017. We expect this work to be carried out within the MCERT’s current resourcing.<br>There may be a slight reduction in revenue received from hospitality businesses that have gone through the process of getting a passenger service licence.</td></tr>
<tr><td>Implementation</td><td>The recommended amendment to the Land Transport Rule: Operator Licensing 2017, is a rule change made by the Minister of Transport. Under section 161(2) of the Land Transport Act 1998, the Minister of Transport must:<br>a. publish a Notice of Intention to change a Land Transport Rule<br>b. consult any persons the Minister considers appropriate.</td></tr>
<tr><td>Wider impacts / other considerations</td><td>We expect no wider impacts to commercial passenger services, as hospitality businesses are already able to offer transport, so long as they do not receive payment. Opening this exemption up to all licensed businesses with safeguards, means commercial operators will not be able to game the system.<br>If more hospitality businesses were to provide transport to their patrons, it would provide indirect road safety benefits to road users and patrons who live in areas where there are no alternative transport options i.e., taxis or Uber.</td></tr>
<tr><td>Key stakeholder views</td><td>We did not consult external stakeholders on this option.</td></tr>
</table>

### *Resource Management System Recommendation*

*Quick win – Recommendation for the implementation of the new planning regime*

| **Planning regime recommendation — Issue and publish guidance to regulators about how to assess whether noise is excessive against the new national requirements for noise** | |
|---|---|
| **Description** | We recommend MCERT issue guidance to territorial authorities (including their enforcement officers) and constables on how to assess whether noise is excessive. This guidance should include a list of which factors (e.g., time of day, type of noise, location) should be considered when determining whether noise is excessive and how to assess each of the factors. The guidance should be published so that hospitality businesses can also access the guidance. |
| **Expected benefits** | *Overall:* Increased efficiency and effectiveness of noise control. Efficiency will improve because:<br>• hospitality businesses would be more informed about how excessive noise is assessed and take suitable actions to avoid excessive noise<br>• enforcement officers and constables may be able to make decisions quicker because they have more guidance.<br>Effectiveness will improve because it will reduce unjustified variation in excessive noise decision-making processes and decisions across territorial authority boundaries. |
| | *For hospitality businesses:* More certainty for businesses on what actions they should take to avoid being issued an excessive noise direction. |
| | *For regulators and decision makers:* Additional support on how to make decisions on whether to issue an excessive noise direction or not. |
| **Expected costs** | There will be costs to MCERT of developing the guidance and to enforcement officers and constables of ensuring they understand and apply the guidance. There will be an ongoing cost of ensuring the guidance is kept up to date. |
| **Implementation** | We recommend that this guidance is issued soon after the Planning Act comes into force. |
| **Wider impacts / other considerations** | We expect no wider impacts. |
| **Key stakeholder views** | We did not consult external stakeholders on this option. |

### ***Stewardship Recommendation***

*Quick win – Recommendation for PCO's Legislation Repeals Project*

| **Stewardship Recommendation - Repeal the Hotel Association of New Zealand Act 1969** | |
|---|---|
| **Description** | We recommend repealing the Hotel Association of New Zealand Act 1969 (HANZA) as the statutory body it established no longer exists. Additionally, powers in the Act have not been used in over 10 years. |
| **Expected benefits** | *Overall:* Improves effectiveness of the hospitality regulatory system by removing obsolete primary legislation that no longer achieves any policy objective. Supports good regulatory stewardship by ensuring the statute book remains up to date and fit for purpose. |
| **Expected costs** | None. |
| **Implementation** | A repeal of HANZA could be done in two ways:<br>1. Parliamentary Counsel Office (PCO)'s Legislation Repeals Project: the aim of this project is to repeal outdated legislation and improve the ability to find and use relevant legislation. PCO completed its initial round of consultation in February this year and is currently conducting the second round, with a third round planned for mid-2026. The scope of the Legislation Repeals Project reviews Acts dating from 1840 to the 1960s.<br>2. By the lead agency or the Ministry for Regulation: if PCO could not for whatever reason lead this work, MoJ as the regulatory steward could undertake the repeal process, or it could be led by the Ministry for Regulation. |
| **Wider impacts / other considerations** | None. |
| **Key stakeholder views** | We did not consult external stakeholders on this option. |

### *Building Regulatory System Recommendations*

*Short-term recommendations*

**Building Recommendation 1 — MBIE review the building consent exemption conditions for temporary marquees to increase the building consent exemption threshold**

| | |
|---|---|
| **Description** | We recommend that MBIE:<br>• assess how much the $100m^2$ size threshold in the current building consent exemption for temporary marquees[3] (the *primary building consent exemption*) could be increased<br>• assess whether a second building consent exemption (a *secondary building consent exemption*) should be introduced for temporary marquees that are larger than the revised size threshold that is conditional on the design being carried out or reviewed by a chartered professional engineer.[4]<br>The assessment should include consideration of whether it is better to use a secondary building consent exemption or discretionary exemptions to manage the health and safety risks posed by temporary marquees above the size threshold in the primary building consent exemption.<br>This programme of work should include targeted consultation of industry and technical experts and assessment of the health and safety risks of different size marquees. |
| **Expected benefits** | *Overall:* Increased efficiency of temporary marquee approvals if fewer temporary marquees require a building consent or discretionary exemption. The number of marquees requiring a building consent or discretionary exemption will fall if the size threshold for the primary building consent exemption is increased and/or a secondary building consent exemption is introduced. |
| | *For hospitality businesses:* Hospitality businesses will be required to apply for fewer building consents and/or discretionary exemptions for temporary marquees. This reduces regulatory obligations and the costs to businesses of applying for building consents and/or discretionary exemptions (both the fee charged by the territorial authority or Building Consent Authority and the cost of any requirements to get the building consent or discretionary exemption (e.g., a design producer statement (PS1) from a structural engineer). |
| | *For regulators and decision makers:* Will need to assess fewer building consent and discretionary exemption applications for temporary marquees. This will free up resource to assess building consent applications for other types of building. |
| **Expected costs** | There will be costs to MBIE from:<br>• undertaking targeted consultation<br>• assessing how building consent exemption conditions for temporary marquees should be changed<br>• the policy development and enactment process for amendments to the Act.<br>If a secondary building consent exemption is enacted, hospitality businesses will face the costs of engaging a chartered professional engineer when erecting a temporary marquee that is larger than the revised size threshold for the primary building consent exemption.[5] |

[3] Building Act 2004, sch 1 cl 5.
[4] This second exclusion would fit best in Part 3 of Schedule 1 of the Building Act. Part 3 lists exclusions for building work where design is carried out or reviewed by a chartered professional engineer.
[5] However, in the current state, territorial authorities or Building Consent Authorities often require a building consent or discretionary exemption application to include a statement by a structural engineer (e.g., a PS1), so the cost of engaging a chartered professional engineer is expected to be largely offset by the benefit of no longer requiring a design producer statement (PS1) from a structural engineer.

| Building Recommendation 1 — MBIE review the building consent exemption conditions for temporary marquees to increase the building consent exemption threshold | |
|---|---|
| **Implementation** | We recommend that MBIE start this work as soon as possible. The review of marquee building consent exemption conditions could form part of a wider review of building consent exemptions in Schedule 1 of the Act. |
| **Wider impacts / other considerations** | Any changes made to building consent exemption conditions for temporary marquees will also impact businesses and individuals outside the hospitality sector that use marquees that are over $100m^2$ in floor area. |
| **Key stakeholder views** | We did not consult external stakeholders on this option. |

| Building Recommendation 2 — MBIE develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees | |
|---|---|
| **Description** | If discretionary exemptions continue to be used for temporary marquees, we recommend that MBIE develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees. The guidance should include guidance on process, what supporting material an applicant should be required to provide, and reasonable conditions to put on a discretionary exemption.<br><br>The guidance should be:<br><br>• developed in consultation with territorial authorities, industry, and technical experts<br>• focussed on ensuring that territorial authorities are appropriately assessing the health and safety risks of temporary marquees, while not imposing unnecessary regulatory obligations on applicants<br>• targeted at territorial authorities but should also be published so that applicants for temporary marquee discretionary exemptions can access it.<br><br>This guidance will not be required if territorial authorities stop routinely using discretionary exemptions for temporary marquees. We expect discretionary exemptions will rarely be used for temporary marquees if a secondary building consent exemption (that is conditional on the design being carried out or reviewed by a chartered professional engineer) is introduced for temporary marquees that are larger than the size threshold in the primary building consent exemption.[6] Use of discretionary exemptions for temporary marquees would also reduce if the size threshold (currently $100m^2$) in the primary building consent exemption is increased.[7] |
| **Expected benefits** | *Overall:* Increased effectiveness of temporary marque discretionary exemptions and improved efficiency of the discretionary exemption process.<br><br>Effectiveness will increase because the guidance will help territorial authorities to base temporary marquee discretionary exemption decisions on an appropriate assessment of health and safety risks.<br><br>Efficiency will increase because there will be greater consistency and understanding of the temporary marquee discretionary exemption process. In addition, the guidance will help territorial authorities to remove unnecessary requirements on applicants.<br><br>Benefits will depend on the uptake of the guidance by territorial authorities. |
| | *For hospitality businesses:* Removal of unnecessary requirements in the discretionary exemption process will save hospitality businesses time and money. The guidance will also improve hospitality businesses clarity on the temporary marquee discretionary exemption process and what a territorial authority is likely to require (including supporting material and conditions) for a temporary marquee discretionary exemption to be issued. |
| | *For regulators and decision makers:* Increased clarity for territorial authorities on what they should consider when assessing a discretionary exemption for a temporary marquee. |
| **Expected costs** | There will be costs to MBIE from developing the guidance.<br><br>There may be some initial costs for territorial authorities to change their discretionary exemption processes and requirements to align with the guidance. |

[6] Recommendation 1 recommends that MBIE assess whether a secondary building consent exemption should be introduced.
[7] Recommendation 1 recommends that MBIE assess how much this threshold could be increased.

| Building Recommendation 2 — MBIE develop guidance for territorial authorities on the use of discretionary exemptions for temporary marquees | |
|---|---|
| **Implementation** | This recommendation only needs to be progressed if territorial authorities continue to use discretionary exemptions for temporary marquees. We recommend that MBIE assess whether discretionary exemptions are likely to continue to be used for temporary marquees once it has completed the assessment required under recommendation 1. |
| **Wider impacts / other considerations** | The guidance would also be applicable to any application for a temporary marquee discretionary exemption from outside the hospitality sector. Territorial authorities may also apply some of the guidance to discretionary exemption applications for other types of buildings. |
| **Key stakeholder views** | We did not consult external stakeholders on this option. |

## Appendix C
# Analytical framework

ANALYTICAL FRAMEWORK FOR THE HOSPITALITY REVIEW

**What does "better regulation" mean?**
"Better regulation" - as per the Review's Terms of Reference – means regulation that is:
- more effective, efficient, proportionate, adaptable, and easily complied with
- less costly and administratively burdensome
- better aligned with the Ministry's view of good regulatory practice.

GOAL
**Better regulation for the hospitality sector**

STEP 1: GATHER EVIDENCE

**What do we know about the current state?**

The Review will consider the following evidence, within and across the regulatory systems that affect the hospitality sector:
- submissions from regulated parties, representative groups, regulators, and other members of the public received during consultation or through the red tape tipline (see the submissions analysis framework below)
- direct engagement with regulated parties, representative groups, and regulators
- input from the responsible policy agencies
- what other jurisdictions do, and why they do it that way
- economic analysis.

*Based on the evidence, there may be a problem or opportunity*

*The status quo is acceptable*

STEP 2: DEFINE THE PROBLEMS

**What are the potential problems / opportunities?**

For each potential area, the Review will conduct a current state analysis and specifically define the potential problem / opportunity.

For the current state analysis, the Review will consider:
- What are the regulatory requirements that apply, including the underpinning primary and / or secondary legislation?
- Who are the actors in the regulatory system, and who bears what costs and benefits? (regulated parties, regulators, policy responsible agencies, benefactors of regulation)
- What is the policy rationale for the current regulatory requirements / what is the first-principles rationale for government intervention in this area?
- Are there any Treaty settlement obligations for the Crown in this area?

For the problem analysis, the Review will consider:
- Is this a problem with current regulatory requirements (including overlaps between regulatory systems), regulatory practice, or a gap in the regulatory requirements?
- What principle in the Regulatory Standards Bill / Act, or other criteria or standard is the regulation or regulatory practice not meeting? Conduct a regulatory quality and / or practice assessment if helpful.
- Who does this problem impact, and to what extent?
- Does this problem / opportunity impact Māori as citizens, or whānau, hapū, Iwi as tangata whenua?

*The problem / opportunity relates to a gap in regulatory requirements*

*The problem / opportunity relates to regulatory requirements and / or regulatory practice*

STEP 2.5: CONFIRM RATIONALE FOR INTERVENTION

**Is there rationale for the government to intervene to fill this gap?**

Consider:
- What are the market or government failures that exist, and what are the current or potential future consequences of them? Are these consequences significant enough to warrant intervention?
- Are there any other risks that would justify government intervention (e.g., public health risks, economic risks, issues with human rights)?
- Does the Crown have any partnership responsibilities to Iwi and hapū, or kāwanatanga responsibilities to Māori citizens that are not being met?
- Do other comparable jurisdictions intervene in similar gaps, and for what reasons?

*Sufficient rationale for intervention*

*Insufficient rationale for intervention*

STEP 3: PRIORITISE THE PROBLEMS

**Should we address these problems / opportunities through the Hospitality Review?**

Potential problems / opportunities will be assessed against the following prioritisation criteria:
- **Potential benefits:** whether the problem / opportunity will likely have identifiable and meaningful economic and other benefits for the hospitality sector, and the size of those potential benefits.
- **Feasibility:** either the scope of the of the work required to analyse and address the problem is achievable within the timeframe for the Review, or – if we cannot analyse and address the problem completely - what can likely be achieved within the timeframe for the Review will still be of benefit to the hospitality sector.
- **Timing:** now is a good time to address this problem / opportunity. This assessment will include considering current reforms underway and whether these reforms are likely to address the problem / opportunity, the authorising environment, and alignment with Ministerial priorities.

These criteria is not exclusionary (e.g., reforms underway will not automatically exclude an problem / opportunity from the Review), but considering these criteria will allow the Review to make informed decisions about the mix of problems / opportunities we consider. The output of this assessment will be a list of priority problems / opportunities the Review wishes to take to the options development stage. Depending on the problems / opportunities that arise, this list may include choices for Ministers (i.e., we could address [x] or [y] or both). This list will include an appropriate mix of small / large, straightforward / complicated, and politically expedient / challenging problems and opportunities.

*Problems / opportunities prioritised*

*Problems / opportunities not prioritised*

*Continued overleaf*

## ANALYTICAL FRAMEWORK FOR THE HOSPITALITY REVIEW

*Problems / opportunities prioritised*

*Problems / opportunities not prioritised*

STEP 3.5: ORGANISE THE PROBLEMS FOR FUTHER ANALYSIS

**How are the priority problems / opportunities best organised for further analysis?**

Once the list of priority problems / opportunities has been identified, the Review will organise them for future analysis and ease of explanation (i.e., identify workstreams). This organisation will take into account:

- The relevant regulatory system(s) and overlaps between them; e.g., should all the problems / opportunities in one particular regulatory system be considered together?
- The types of problems / opportunities; e.g., should the problems / opportunities that stem from a particular type of market or government failure be considered together, or should the problems / opportunities that create a specific consequence (e.g., too much paperwork) be considered together?

STEP 4: CONFIRM PROBLEMS WITH MINISTERS

**Get agreement from relevant Ministers on priority problems / opportunities for the Review**

- First, the Review will brief the Ministers for Regulation and Tourism and Hospitality on the list of priority problems / opportunities the Review wishes to take to the options development stage. This briefing will outline the prioritisation approach in Step 3 and - in addition to the priority problems / opportunities - will also include list of the problems / opportunities that we do not recommend proceeding with and why.
- Following agreement from the Ministers for Regulation and Tourism and Hospitality, the Review (in collaboration with Ministers' offices) will brief and seek agreement from the other relevant Ministers responsible for the areas affected by the priority problems / opportunities.

*Problems / opportunities agreed by Ministers*

*Problems / opportunities not agreed by Ministers*

STEP 5: DEVELOP OPTIONS

**What are the options to address the problems / opportunities?**

For each of the priority problems / opportunities confirmed by the relevant Ministers, the Review will develop options. Where possible, these options will include consideration of the possible implementation alternatives. The Review will consider the following during options development:

- submissions from regulated parties, representative groups, regulators, and other members of the public received during consultation or through the red tape tipline (see the submissions analysis framework below)
- how other regulatory systems in New Zealand address similar problems / opportunities
- how other jurisdictions address similar problems / opportunities
- the Review's position of the appropriate level of government intervention to address the problem / opportunity, and why
- the full range of government and private instruments available to address the problem / opportunity.

STEP 6: ASSESS OPTIONS AGAINST CRITERIA

**What are the Review's preferred options to address these problems / opportunities?**

For each of the priority problems / opportunities, the Review will assess the options developed against the following criteria:

- **Effectiveness:** how well does the option address the problem / opportunity and produce the desired results?
- **Efficiency:** how well are the costs and benefits of the option balanced? Is value for money maximised, to the extent possible? This will involve conducting cost / benefit analyses to the extent that is feasible
- **Feasibility:** What would be required to implement this option, and how easy would it be? Are there any potential implementation risks that may undermine the effectiveness or efficiency of the option?
- **Impact on rights and liberties:** What, if any, impact is there on individual rights and liberties? Will it unduly diminish liberties, personal security, freedoms or property rights? Is it likely to introduce or increase taxes, levies, or takings?

*Preferred options*

*Other options*

STEP 7: RECOMMEND

**What does the Review recommend to better regulation for the hospitality sector?**

Based on the options analysis, the Review will arrive at a series of preferred options to address the priority problems / opportunities. The Review will then decide which of these options to recommend to the Ministers for Regulation and Tourism and Hospitality, considering:

- the total number of recommendations
- the appropriate mix of "fast track" (no further policy work required) and "slow-track" (further policy work required) recommendations.

**Additional commentary**

In addition to recommendations, the Review may decide to make additional comments in order to:

- indicate what the Review heard from stakeholders and the sector
- explain why an issue was not prioritised
- provide more detail about options analysis process or alternative options considered
- provide direction for longer-term reform or a low or medium complexity review
- clarify common misunderstandings.

]

## Appendix D

# Summaries of engagement

[Attached separately]

Te Kāwanatanga o Aotearoa
New Zealand Government

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