



tourism  
INDUSTRY

ASSOCIATION NEW ZEALAND

**Submission to the  
Justice and Electoral Select Committee  
on the  
Alcohol Reform Bill  
18 February 2011**

## Introduction

1. The Tourism Industry Association New Zealand (TIA or “the Association”) and its members largely support the Alcohol Reform Bill’s (or “the Bill”) objectives of minimising the harm caused by the excessive consumption of alcohol products. TIA members acknowledge that action needs to be taken by a range of agencies and organisations to address the growing social problems that surround the misuse of alcohol, as listed in the *General Policy Statement* of the Bill.
2. In the vast majority of cases, the Association’s members are responsible hosts who serve alcohol in a responsible manner. TIA members also believe that if the law in its current form was regularly and consistently applied and enforced, then it would address many of the concerns raised in the 2010 Law Commission report.
3. In the middle of 2010, the Association surveyed its members following the publication of the Law Commission report. TIA believes Select Committee members would benefit from hearing some of the wide ranging and diverse opinions and comments that came from this survey, so a snapshot of the results has been included in this submission.
4. The focus of this representation by TIA will therefore be on some specific concerns that have been brought to our attention by members. Through the submission process, the Association will be seeking clarification on those points on which it is unclear in order to avoid unintended consequences when the Bill becomes law. It is also likely that many of our members will provide you with detailed information in their own submissions on clauses that may have particular affects on their sector or business.

## Delivering Value

5. Tourism is big business for New Zealand as the country’s second largest export sector. Below is a snapshot of the economic value provided by tourism to the New Zealand economy:
  - Tourism contributes more than 8.7% of gross domestic product (GDP) for New Zealand as well as directly and indirectly employing one in ten New Zealanders.
  - Tourism in New Zealand is a \$61 million per day industry. The New Zealand tourism industry delivers \$26 million in foreign exchange to the New Zealand economy each day of the year. Domestic tourism contributes another \$35 million in economic activity every day.
  - Tourism expenditure reached \$22.4 billion for the year ended March 2010. International visitor expenditure accounted for \$9.5 billion or 18.2% of New Zealand’s foreign exchange earnings.

- Importantly, and despite more challenging times in the past three years, tourism is again New Zealand's largest foreign exchange earner with its contribution felt at national, regional and local levels.

## Member Survey

6. TIA conducted a survey of its membership in July and August 2010 to ascertain their views on a range of issues that emerged from the Law Commission report. Just as the tourism industry is diverse, so too were the responses that TIA received to this survey. In short, members were split on most of the key questions asked. Some of the main findings were:

- A majority of members said the minimum purchase age for alcohol should be raised to 20 years, but many added that doing so would not in fact solve the issue of excessive or so-called "binge" drinking.
- A majority of members supported an end to 24 hour alcohol trading, with better enforcement needed to prosecute those establishments breaching trading laws.
- A majority of members supported the right for supermarkets to continue selling beer and wine, but said they should not be able to sell other alcoholic beverages.
- Members were evenly split on whether there should be tighter controls on the advertising of alcohol.

7. Below is a sample of responses:

### *On the purchasing age*

"It's actually about education. From a tourism perspective it could have a severe impact on our ability to bring backpackers into the country".

"Purchase age must remain comparable with key overseas markets".

"Alcohol purchased and drunk in bars is not an issue. Drinking in uncontrolled parties is".

"Only from off licensed premise, on license remain at 18 as is well controlled".

### *On whether raising the purchase price will reduce excessive drinking*

"It's about culture not price. Increasing the price will just mean more is spent, not less binge drinking".

"Raising the price also punishes those that are responsible drinkers".

"It's about culture not price. Increasing the price will just mean more is spent, not less binge drinking".

*On an end to 24 hour alcohol trading*

“Sale in controlled sites only”.

“Sold in a controlled environment, alcohol sales shouldn’t be a problem”.

“Having come from the UK, limited times encourage binge drinking”.

“No one needs to drink through the night for extended periods and 24 hour drinking is not in keeping with the host responsibility issues for licensed managers”.

*On whether restricting hours of operation would reduce alcohol related violence*

“We do not want the 6pm swill back but I feel bars etc should close 1-2am at the latest”.

“I think education is more important. If you restrict the hours of operation people will just start earlier or drink more in a shorter time”.

“Most are on their way before reaching licensed premises. At least in licensed premises it is monitored and controlled”.

*On whether it should be an offence to be drunk in a public place*

“Too many variables to enforce”.

“Yes...hideous for tourism...you never see this in Europe”.

“I think local by-laws should have the power to control this”.

“Yes, but policing may be difficult”.

*On supermarkets continuing to sell beer and wine*

“It’s definitely convenient and prices are competitive, but perhaps it’s a lot more accessible and affordable for younger consumers”.

“A code of practice and watch-dog should be established to ensure supermarkets are selling these products at a rate considered “normal” for the industry and not loss-leading on alcohol products (i.e. selling below) cost”.

“Our visitors appreciate the option of buying wine in a supermarket”.

*On tighter controls on the advertising of alcohol*

“This will not solve the perceived problem. Alcohol companies are encouraging people to drink in a social manner and in a responsible way”.

“Alcohol is a special product and needs to be promoted in a responsible manner. Deep discount price advertising is out and out irresponsible”.

“It appears that limiting cigarette advertising and sponsorship has had a positive impact in reducing the numbers who are taking up smoking”.

#### *Some other general comments*

“The culture and attitude has to change from parents and family and not be left to politicians and duty managers to monitor peoples’ behaviour”.

“There are too many small liquor outlets”.

“I think licences should only operate until 2am – no exceptions”.

“The hospitality sector overall has become tighter in not allowing entry/service to intoxicated patrons which has helped behaviour management and the credibility of the sector. There is a limit to how much any law can or should protect people from themselves and the wider public and the tourism and hospitality business”.

#### **Comment**

8. In this section, the Association seeks to highlight the particular concerns that its members have raised relating to clauses in the Bill. These include comments on:

- Trading Hours
- Sale and Supply
- Purchasing Age
- Advertising and Promotion
- Local Alcohol Policies
- Licensing Fees
- District Licensing Committees
- Education

#### **Trading Hours**

9. The permitted trading hours as defined in the Bill has been one of the more contentious areas for TIA members. In particular the biggest area of concern is the Bill may prevent licensed establishments from serving alcohol before 8am. This may signal an end to celebratory breakfasts, such as the so-called “champagne breakfast”. For example, hotels, the majority of whom have on-licences, will be prevented from serving non-house guests before 8am unless they have a specific licence condition or local policy exemption. The same rule may also apply to sports bars and cafes that may want to stage a champagne breakfast in conjunction with a live overseas sporting event.

10. TIA believes this clause requires amendment and or clarification as it may affect the ability of on-licence premises to host business and conference breakfast meetings, as well as special events. It could also be impracticable, not to mention costly, for a hotel, café or sports bar to have to apply for a special licence or exemption every time they want to run such an event.

## **Sale and Supply**

11. The rules in the Bill around the sale and supply of alcohol on Christmas Day, Good Friday, Easter Sunday and Anzac Day morning have also raised concerns for the tourism industry. These are days when hospitality businesses rely on the patronage of visitors to boost trade, and the proposals contained in the legislation appear to place further restraints relating to the sale and supply of alcohol. The restrictions, for example, relating to trading hours on these specified days could:
  - prevent the Interislander from serving alcohol on its Cook Strait sailings
  - limit Air New Zealand's ability to offer alcohol on its aircraft and in its Koru lounges
  - stop the service of alcohol on Overlander and Tranz Alpine train services; and
  - restrict the sale and consumption of wine at vineyards.
12. With respect to wineries, there is confusion amongst some TIA members as to what the impact of the Bill will have on their operations. For example, it is unclear if the trading hour restrictions described above will stop wineries from opening on specified public holidays. Easter Sunday is an important trading day for wineries and a time when many visitors flock to regions such as the Hawke's Bay, the Wairarapa, Marlborough and Nelson for long weekends that include enjoying these regions' many popular wine trails. Preventing the sale and supply of alcohol on Easter Sunday would be a body blow to the wine tourism sector that is so valuable to the industry.
13. The clause in the Bill specifying that food must be available on-licence at reasonable prices and within a reasonable time of being ordered raises further concern not just for wineries, but for other tourism and hospitality businesses. Many will be left wondering how to interpret this clause of the Bill and what it means for their business in terms of the amount and type of food they will be required to provide. For example, it would be a big step for a winery to have to go from serving nibbles with tasting to full scale meals that would require the need for a commercial kitchen.

## **Case Study: Wine Tourism**

14. The Ministry of Tourism completed a sector profile of wine tourism in September 2009. The study found that in 2008, more than 195,000 visitors went to a winery. The average spend by these international wine visitors was \$3,543, much higher than the average international spend of \$2,710. Meanwhile, international visitors going to a winery tended to be highly satisfied with their winery experience with an average satisfaction rating of 8.3 out of 10.
15. The profile of wine tourism demonstrates how important this sector is to New Zealand's tourism industry. Not only do they purchase wine at the cellar door, but

the international visitors become familiar with New Zealand labels and buy them in their own countries.

16. Details of this research can be found at <http://www.tourismresearch.govt.nz/Data-Analysis/Tourism-Sector-Profiles/Tourist-Activity-Profiles/Wine-Tourism/>.

#### Importance of New Zealand hospitality offering

17. In separate research conducted by Tourism New Zealand (TNZ), many visitors identify that New Zealand's hospitality is an important aspect of their experience and one in which they say provides a great deal of enjoyment. Visitors were surveyed on their interest in urban-based activities and more than 90% said they wanted to try new cuisine and fine dining while 80% wanted to attend a food or wine show. Full details of these activities can be found at the following link : <http://www.tourismnewzealand.com/markets-and-stats/other-research/active-considerers-research/>

#### Purchasing Age

18. The purchasing age for alcohol (often referred to as the drinking age) would not normally be an issue for a trade association to comment, especially as MPs themselves treat this as a conscience vote. However, in the view of some TIA members, particularly those in the backpacker and youth market, the purchasing age is an important matter given the value to the New Zealand tourism industry of this sector.
19. In the year ended September 2010, nearly 22,000 international visitors in the youth cohort stayed in backpacker or hostel accommodation, but more importantly during their stay backpackers or hostellers spent an average of \$5,400 because of their length of stay in the country. Critically, many backpackers are here on working holiday permits with a number employed in the hospitality and tourism sector. In short, they a critical source of labour not only for the tourism and hospitality industries, but also for many other sectors.
20. To continue to attract working holiday makers and the important backpacker youth market, TIA members who work in the youth sector, have stressed the importance of having a purchasing age that is in line with our major competitor Australia where the age is 18.

#### Advertising and Promotion

21. Clause 220 of the Bill relating to the irresponsible promotion of alcohol prompted some comments from members, especially those in the hotel industry. The Association believes this clause needs further consideration. For example, sub clause (c) states that it will be an offence to advertise "alcohol that is free of charge". This may rule out a hotel offering a complimentary glass of wine on arrival, giving a repeat guest a bottle of wine or offering a bottle of champagne as part of a weekend package. It is our view that these types of promotions do not lead to irresponsible or excessive drinking. Clarification is also needed in this clause in relation to discounting as many premises may be in breach of the law if promoting discounted drinks.

## **Local alcohol policies**

22. The Association is concerned at aspects of the Bill relating to local alcohol policies. If these are introduced as proposed, it may affect well established businesses that do not have any liquor management or retailing issues. It could also disadvantage the chain hotels that have businesses in many regions around the country. Such properties may find themselves needing to comply with a local alcohol policy in one area that could be quite different to a local alcohol policy in another area. The idea of creating local alcohol policies on top of national provisions is an area that does need addressing in the Bill.
23. Of most concern is a catch-all provision in the Bill that will enable Councils to include policies on any matter not related to licensing but relevant to the policy objectives of the Bill. This means Councils may have the discretion to impose rules around pricing, promotion, or anything else on licence holders that meets the policy objectives of the Bill. This could even extend to banning the sale of alcohol products in a certain district.
24. In addition to the inconsistency that local alcohol policies create, there is concern in the industry that such policies will increase licensing and operating costs for many tourism and hospitality businesses. As the Bill's Regulatory Impact Statement says "...the development of local alcohol policies is likely to carry significant costs for local government, which will be recovered through licensing fees". At a time when the tourism industry, as with many other sectors, is experiencing difficult trading conditions, extra regulation and compliance costs only compound trading difficulties.

## **Licensing fees**

25. TIA is concerned at the prospect that individual Councils will be able to set licensing fees. This will not only create inconsistency around the country, but will give powers to set fees without consultation and may be seen by many businesses as nothing more than a revenue collecting exercise. To avoid this situation, a licensing fee regime set and controlled at a national level may be a better option.

## **District Licensing Committees (DLCs)**

26. The Bill in its present form appears to give considerable powers to District Licensing Committees. TIA understands these committees will have wide ranging powers to refuse licenses and make regulations and that they will be able to do this in the absence of submissions from affected license holders. The Association believes the DLCs will be given too much judicial responsibility for which they are neither skilled nor resourced.

## **Education**

27. As many of TIA's members have commented on in the survey, education has been a recurring theme. The Association would like the Committee to consider how this Bill will address the need for quality education that informs New Zealanders of the harm caused by excessive drinking. TIA is aware of the

campaigns that have been run by the Alcohol Advisory Council (ALAC), but more and better quality initiatives are needed especially at the school level. Perhaps there is an opportunity for central and local government and industry to get together and jointly fund initiatives aimed at communicating some very strong messages about the dangers of excessive and inappropriate drinking.

## **Conclusion**

28. In summary, the Association re-iterates its support for the objectives of the Bill that aim to reduce the harm caused by excessive drinking and intoxication. TIA believes its members have a role in promoting these objectives and working with other agencies and organisations to promote a responsible drinking culture. TIA's main area of concern, as discussed in this submission, deals with particular clauses that have potentially negative implications for tourism and hospitality businesses who are largely responsible hosts. Alcohol consumption is an important aspect of New Zealand society and a critical element in the country's visitor offering. The Association just wants to see sensible laws that will work in practice and that will allow visitors to enjoy a drink in a pleasant environment.
29. TIA would appreciate the opportunity to appear before the Committee.

## **Background**

### **A bed-rock of New Zealand's economy**

30. Tourism for New Zealand is big business. It is a major contributor to the New Zealand economy that will always be here – and won't easily go offshore. Tourism takes the lead in promoting New Zealand to the world. Thanks to our 100% pure positioning, New Zealand is recognised as one of the most beautiful, unspoiled and scenic places on earth. 100% Pure signifies pride in our country, pride in our people and culture, and pride in the unique environment and experiences that New Zealand offers.
31. The brand positioning built by a vibrant tourism industry has become an important source of national confidence and identity and a front window for "Brand New Zealand". Indeed, the clean, green, pure offer that is synonymous with New Zealand tourism has been widely adopted and used to promote New Zealand exports in a range of other industries as well.
32. If New Zealand Inc. is to continue to prosper, to attract investment and to raise its position in OECD rankings, then it is vital the tourism industry, and the positive image it projects, remain strong.

### **About TIA**

33. TIA has been the lead association that represents the interests of about 1,700 tourism businesses in New Zealand. The Association was first established in 1955 and the businesses TIA represent cover a range of tourism-related activities – hospitality, transport, accommodation, adventure and activities, attractions and retail as well as related tourism services.

34. The primary role of TIA is to be the voice of the tourism industry. This includes working for members on advocacy, policy, communication, events and membership and business services. The TIA team is based in Wellington and led by Chief Executive Tim Cossar.