



# **Master Grocers Australia Ltd**

Trading as:

**MGA Independent Retailers  
and  
MGA Liquor**

---

**Northern Territory Risk Based Licence Fee  
Draft Framework**

---

**Submission to  
Alcohol Review Implementation Team  
(ARIT)**

February 2019

## **Submission by Master Grocers Australia (MGA Independent Retailers) to the Alcohol Review Implementation Team (ARIT)**

**February 2019**

### **Introduction**

MGA Independent Retailers (MGA) is the peak registered national employer industry organisation representing family enterprises and private supermarket and packaged liquor businesses in all States and Territories of Australia trading under brand names such as; FoodWorks, Friendly Grocers, IGA, SPAR, Supa IGA, Bottlemart, Cellarbrations, Ritchies Liquor, The Bottle O and various independents.

MGA members range in size from small, to medium and large businesses.

Independently owned and operated licensed Supermarkets and stores play a major role in the retail industry and make a substantial contribution to the communities in which they trade.

In Australia, MGA's 2,700 members made up of employ over 115,000 full time, part time and casual staff, representing more than \$15 billion in retail sales. Many MGA members are small family businesses, employing 25 or fewer staff.

MGA represents a significant cross section of independent supermarkets and packaged liquor stores within the Northern Territory.

MGA welcomes the opportunity to provide their submission which outlines the response of our members to the introduction in the NT of an anual Risk Based Licence Fees as recommended by the Riley Review.

## Purpose of the Review

The purpose of this review is to give ARIT feedback and insights to their draft *Risk Based Licence Fee Formula Framework* as distributed and discussed by teleconference on 16<sup>th</sup> October 2018, for inclusion in the new *Liquor ACT*.

The Riley Review recommended *‘that all liquor licence application fees be reviewed and set at an appropriate level in line with other jurisdictions (recommendation 2.4.1.), and further that an annual risk-based licensing fee be introduced for all liquor categories based on the following principles (recommendation 2.4.2) ’*

1. A base fee that applies to the different category of licence;
2. A loading fee to reflect the patron capacity of the venue for on-premise and club licence categories;
3. A loading fee for the takeaway licence category based on volume of sales;
4. A loading fee for extended hours authority; and
5. A loading fee attributed to a poor compliance history.

## Executive Summary

MGA understands that under the existing provisions of the *liquor ACT* there is a one off \$200 application fee payment for all types of licences with no on going annual licence renewal fee, MGA agrees that this is inadequate and the introduction of a risk based licence fee would put the NT in step with all other jurisdictions.

State and Territory jurisdiction have varying annual risk based licence fee modelling which include a Base Fee, Trading Hours, Patron Capacity and Compliance History, with the ACT being the only jurisdiction that includes sales volume as a multiplier to calculate its Risk Based Licence Fees. In the Riley Review (chapter 2.6) Density of liquor licences and the size of liquor outlet states *‘the issue is not the floor space but the volume of alcohol sold into the community’* whilst questioning his view on floor space, MGA agrees that volume is a critical component of the formula when calculating risk based licence fees in the NT.

MGA asserts that all licence issued must be fit for purpose and supports the introduction of the Licence Authorities model. This will help the liquor licensee define the conditions of the licence and be able to model their businesses accordingly whilst also ensuring that licences with multiple Authorities pay the risk rating base fees in which they will be trading in.

MGA asserts that Liquor licence fee reviews should not be any greater than the annual CPI published figure and all funds raised used to assist in the administration of the system.

MGA believes that the new *Liquor ACT* to be introduced by government which will include *Risk Based Licence Fees*, does not present a onerous burden on business and look to keep red tape to a minimum.

## Review

MGA will address Risk Based Licensing Framework, specific to Store Licences.

### 1. The Risk Based Licence Fee Formula - Store Licences

The proposed annual risk based licence formula;

*Licence fee = [base fee x hours multipliers x volume multipliers – discounts] x breach loading.*

#### Recommendation

Rather than have a base fee plus all the multipliers, MGA would submit that if the average trading hours are accepted as 72 per week and deemed as standard weekly trading hours then tied to a volume range scale, similar to the ACT model e.g. >\$5,000 but < \$100,000 = fee, >\$100,000 < 500,000 = fee etc. This would then group similar sales trading retailers to the same level of fees before Discounts or Breaches and simplify the administration of annual licence fee calculations.

Recommended annual risk based formula

*Licence fee = [base fee x standard hours x applicable volume range scale – discounts] x breaches*

### 2. Loading fee to reflect the patron capacity of the venue for on-premise and club licences

No comment as not applicable to our members

### **3. A Loading fee for extended trading hours**

In the Riley Review Takeaway Standard Hours (recommendation 2.5.10) states ‘*Standard Hours for all takeaway liquor outlets be provided in the Liquor ACT to be no earlier than 10 am and no later than 10 pm Monday to Saturday, and cannot trade on Sundays, Good Friday or Christmas Day (recommendations 2.5.6; 2.5.9).* Currently Hotels with Drive Thru bottleshops can trade on Sundays from 12.00 to 9.00 pm giving them a clear advantage over takeaway licences.

#### **Recommendation**

MGA supports a loading fee for extended trading hours and would support the introduction of a similar model to that of Victorian, where the licence fee loading to trade outside the normal trading hours is a set percentage loading on the base fee and where the applicant has to show extenuating circumstances in there application. However, MGA firmly believes that like for like businesses should have common trading days and times.

### **4. Compliance Discounts and Breach Loadings**

The primary objective of introducing a Compliance Discount or a Breach Loading is to contribute to improved compliance with liquor laws and a responsible liquor industry.

#### **Recommendation**

MGA fully supports the carrot and stick approach as outlined in the draft consultation paper, which rewards compliant retailers and punishes non compliant retailers, but would recommend that the Liquor Licensing Commission and their agencies such as the PALIs engage and work more closely with retailers and their staff to assist them to stay compliant and help train them on how to deal with unruly or intoxicated customers.

MGA, on behalf of its members, thanks the Alcohol Review Implementation Team (ARIT), for the opportunity to make comment on the introduction of a Northern Territory Risk Based Licence.

Yours Sincerely,



George Kovits  
President  
MGA Liquor  
February 2019