

# DRAFT FOR CONSULTATION

## **Sale and Supply of Alcohol (Restrictions on Issue of Off-Licences and Low and No Alcohol Products) Amendment Bill**

Member's Bill

### **Explanatory note**

#### **General policy statement**

The purpose of this Bill is to amend the Sale and Supply of Alcohol Act 2012 to allow premises which contain both a shop and a restaurant (e.g. premises that contain a restaurant and a specialist food store) to hold an on-licence for the restaurant part of the premises, but also hold an off-licence for the shop part of the premises under section 36. It also allows premises which hold an on-licence or club licence to provide the option of low or no alcohol beer, wine, or spirits.

Currently, under section 36(e), no shop that is situated (wholly or partially) within a shop is able to obtain an off-licence for their premises. The aim of the amendment in this Bill is to open opportunities for restaurant businesses to offer a broader dining and take-home experience, and therefore maintain their freedom of goods-distribution without compromising the standards of safety and commercial conduct, required under the Act.

The Bill amends section 32 to allow food and drink manufacturers that sell their products (e.g. cheese or cordials) from a retail outlet contained within their manufacturing site and that seek to sell alcohol as a complement to those products to qualify for the grant of an off-licence. They are presently prevented from doing so by section 32 of the Act, which requires that at least 85% of the annual sales revenue of a retail premises be earned from the sale of alcohol for consumption off-site in order to qualify for the grant of an off-licence. The Bill excludes from the calculation of annual sales revenue those goods that are manufactured at the premises.

In addition, the Bill amends section 52 to provide that on-licence or club licence premises must provide either alcohol containing not more than 2.5% ethanol by

volume at 20°C and/or beer, wine, or spirits that contain, on analysis, less than 1.15% ethanol by volume.

The Bill also amends section 51 to clarify that the drinks referred to in section 52 are not within the meaning of non-alcoholic drinks required to be available for purchase under section 51.

The growth of the ultra-low and no alcohol market has primarily occurred since the implementation of the Act in 2012. Non-alcoholic beer in particular has experienced significant growth of over 1000% from 2017 — 2024. Paired with the declining demand and therefore production of mid-strength products, this has created an onerous requirement for hospitality businesses to stock products which consumers don't want, which often reach expiry before being purchased, and which have become more difficult to source as production declines.

A recent Parliament Petitions Committee report on the issue noted: “It is clear that the requirements imposed by the 2012 legislation have restricted what might otherwise have been a natural market movement from low-alcohol to zero-alcohol options. Expanding section 52 to include zero-alcohol options would be preferable to imposing further requirements. We recommend to the Government that section 52 of the Sale and Supply of Alcohol Act 2012 be amended to allow licensed venues to meet the requirements of this section by providing low-alcohol or zero-alcohol beverages.”

### **Clause by clause analysis**

*Clause 1* is the Title clause.

*Clause 2* provides that the Bill comes into force on the day after Royal assent.

*Clause 3* identifies the Sale and Supply of Alcohol Act 2012 as the Act being amended.

*Clause 4* amends section 32 to exclude goods manufactured at the premises of the applicant from the calculation to establish whether at least 85% of the annual sales revenue is earned from the sale of alcohol.

*Clause 5* amends section 36 to clarify that the restrictions on the grant of an off-licence to premises that are situated (wholly or partially) within a shop or which the public can reach directly from a shop, do not apply to a premises that is a shop sharing premises with a restaurant.

*Clause 6* amends section 51 by adding *new subsection (2)*, which clarifies that the beverages referred to in section 52(1)(b) are not within the meaning of non-alcoholic drinks required to be provided under section 51.

*Clause 7* amends section 52 by allowing both low or no-alcohol products to meet the on-licensing requirements of this section, and amends the heading to the section to reflect this.

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### **The Parliament of New Zealand enacts as follows:**

#### **1 Title**

This Act is the Sale and Supply of Alcohol (Restrictions on Issue of Off-Licences and Low and No Alcohol Products) Amendment Act **2024**.

#### **2 Commencement**

This Act comes into force on the day after Royal assent.

#### **3 Principal Act**

This Act amends the Sale and Supply of Alcohol Act 2012.

**4 Section 32 amended (Kinds of premises for which off-licences may be issued)**

In section 32(1)(b), after “annual sales revenue”, insert “(excluding revenue generated from the sale of items manufactured on the premises)”.

**5 Section 36 amended (No off-licences for petrol stations, certain garages, dairies, convenience stores, conveyances, or shops within shops)**

In section 36, insert as subsection (2):

- (2) For the avoidance of doubt, nothing in subsection (1)(e) and (f) prevents a licensing authority or licensing committee directing that an off-licence be issued for premises of a kind described in section 32(1) where the premises is situated within or accessed through a restaurant.

**6 Section 51 amended (Non-alcoholic drinks to be available)**

In section 51, insert as subsection (2):

- (2) For the avoidance of doubt, the drinks referred to in section 52(1)(b) are not within the meaning of non-alcoholic drinks for the purposes of this section.

**7 Section 52 amended (Low-alcohol drinks to be available)**

- (1) Replace the heading to section 52 with “**Low-alcohol and no-alcohol drinks to be available.**”

- (2) Replace section 52(1) with:

- (1) The holder of an on-licence or club licence must ensure that there is available for sale and consumption on the premises at least 1 of the following:

- (a) alcohol containing not more than 2.5% ethanol by volume at 20°C:  
(b) beer, wine, or spirits that contain, on analysis, less than 1.15% of ethanol by volume.

- (3) After section 52(2), insert:

- (3) In this section—

**beer** has the meaning given in section 58(3)

**spirits** has the same meaning as spirit in section 5(1) of this Act

**wine** means fruit or vegetable wine, or grape wine, as those terms as defined in section 58(3)