Request for Costing an Election Commitment

Name of proposal:	Labor's plan for night life in Canberra – Supporting local hospitality venues and supporting artists in local venues
Person requesting costing:	Andrew Barr MLA
Date of request:	10 October 2024
Summary of proposal:	A re-elected ACT Labor Government will: • provide a 50% general and on liquor licence fee reduction for venues with up to a 150-person capacity; and • provide a 50% liquor licence fee reduction for venues up to a 350-person capacity that support and showcase local artists.
Issue the proposal will address:	This will reduce running costs for local hospitality venues
Proposal's public announcement details (media release or policy statement published on a party website)[1]:	https://andrewbarr.com.au/media/vcvp4wjh/labor-s-night-time-economy-plan.pdf

What are the key assumptions that have been made in the proposal?

Note: The costing will be developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

Liquor licence fees for relevant categories and occupancy limits are as outlined in Liquor (Fees) Determination 2024 (no. 2). Relevant fees outlined in table below.

Liquor licence fees (occupancy)	**12am ($)**	**1am ($)**	**2am ($)**	**3am ($)**	**4am ($)**	**5am ($)**
General (81-150)	3,390	5,933	7,739	12,444	14,707	16,971
On restaurants and cafes (81-150)	1,691	2,964	3,815	6,218	7,394	8,481
On - bar/general/special licence (151-350)	5,652	11,312	13,585	15,840	18,105	20,247
On - night clubs (151-350)	8,481	16,971	20,368	23,763	27,158	30,555
On - restaurants and cafes (151-350)	2,822	5,652	6,783	7,915	9,048	10,179
On - Clubs (151-350)	4,238	11,312	13,576	15,840	18,105	20,247

The above fees are for the 2024-25 financial year. It is assumed that Liquor Fees will be indexed annually in line with CPI.

[1] As per Part 2, section 5 of the *Election Commitments Costing Act 2012*

Reduce general liquor licence fees (for venues with an occupancy up to 150)

- Note that this fee waiver already applies for venues with a capacity up to 80.
- There are 77 general licences in the ACT (source linked below)
- As there is no public information that details the occupancy limit of licenced venues, we have assumed that there are **23 venues** with a general licence with an occupancy of between 81 -150 (i.e. 30 per cent of all general licences).
- It is assumed that the distribution of venues by licence time is similar across all occupancy limits. Therefore, the number of venues with a general licence and an occupancy of 81-150 is set out in the below table, along with the revenue (see table above for liquor fees) and impact of reducing fees by 50 per cent.

Licence time	General licence total		**Number of General licences with capacity 81-150**	Revenue ($)	**50% reduction in revenue**
to 12am	63	82%	**19**	64,071	**32,036**
to 1am	3	4%	**1**	5,340	**2,670**
to 2am	8	10%	**3**	23,217	**11,609**
to 3am	1	1%	**0**	0	**0**
to 4am	2	3%	**0**	0	**0**
Total	77	100%	**23**	92,628	**46,314**

50% reduction in liquor fees for venues up to 150-person capacity (On licence)

- Note that this fee waiver already applies for venues with a capacity up to 80.
- There are 470 On Licences in the ACT (source below).
- As there is no public information that details the occupancy limit of licenced venues, we have assumed that about one third of venues with this category of liquor licence have an occupancy limit of 81-150 (n=157).
- The number of on licences by licence time and therefore assumed revenue is as per the table below.

ON licence venues		Revenue ($)
to 12am	415	701,765
to 1am	7	20,748
to 2am	25	95,375
to 3am	4	24,872
to 4am	14	103,516
to 5am	5	42,405
	Total revenue	**988,681**
	Total for 30 per cent (estimated 157 venues with capacity between 81-150)	**329,560**
	50 per cent reduction	**164,780**

50% reduction in liquor fees for venues with a capacity of 151 - 350 that support and showcase local artists

- Note that this fee waiver already applies to venues up to 150 capacity.
- It is assumed that a further one third of venues with an on Licence type has a capacity of 151-350 (i.e. one third of venues).
- Based on information available via the 'Liquor licence- interactive map', it is assumed that the number of venues for each type of venue, the licence time, and therefore the total revenue collected by those categories and times is as per the below table.

On licence (151-350)	12am	1am	2am	3am	4am	5am	Total	total revenue ($)
Nightclub	0	0	0	0	1	1	2	57,713
Restaurant and café	90	2	1	1	0	0	94	279,982
Bar/General/Special	30	1	9	5	3	4	52	517,640
Club	8	0	0	0	0	1	9	909,486

- For the purposes of this costing, we have assumed that the take up rate for this initiative will be:
  - Nightclubs – 50 per cent
  - Restaurants and Cafes – 25 per cent
  - Bar/General/Special licences – 50 per cent
  - Clubs – 25 per cent
- Therefore, the revenue impact for this component (50 per cent reduction in fees based on above take up rate) is assumed to be $185,605

The revenue impact for all three components above is as per the table below, which assumes that all fees will be indexed annually on 1 July, consistent with CPI.

It is assumed the fee reductions will come into effect on 1 January 2025, meaning there is a half-year impact only for the 2024-25 financial year.

$	2024-25	2025-26	2026-27	2027-28	Total
Venues supporting artists (151-350)	92,802	190,709	195,477	200,364	679,352
On licence (81-150)	82,390	169,312	173,544	177,883	603,129
General licence (81-150)	23,157	47,587	48,777	49,997	169,518

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?					
	2024-25	**2025-26**	**2026-27**	**2027-28**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue[a]	-198.3	-407.6	-417.8	-428.2	-1,452.0
Expenses[a]					
Capital[a]					
Depreciation[a]					
Offset - Expenses[a]					
Offset - Capital[a]					
Full-time equivalent employees					

(a) A negative number indicates a decrease in revenue or an increase in expenses, depreciation or capital outflows. A positive number indicates an increase in revenue or decrease in expenses, depreciation or capital inflows. The expenses row is not to include depreciation costs.

Has any specific information or data been utilised in generating the proposal? Please provide links or attach information/data sources referenced.
Liquor (Fees) Determination 2024 (no. 2): [Liquor (Fees) Determination 2024 (No 2) | HTML view (act.gov.au)] Number of Liquor licences (including in each category) is available on the 'Liquor Licences – Interactive Map' available on the Access Canberra website: https://app.powerbi.com/view?r=eyJrIjoiYTViZDJiZjAtYjlkZC00OTEyLWFhMmUtYTdmYTZiYTNmMmNjIiwidCI6ImI0NmMxOTA4LTAzMzQtNDIzNi1iOTc4LTU4NWVlODhlNDE5OSJ9

Where relevant, is funding for the proposal to be demand driven or a capped amount?
The 50% reduction in liquor fees for venues up to a 350 person capacity that support local artists is demand driven. The total discount for all components is capped.

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements?
No

Will funding/the cost require indexation?
The foregone revenue in this costing assumes that liquor fees will be indexed annually using CPI.

Who will administer the proposal?
CMTEDD (Access Canberra and the Better Regulation Taskforce)

How will the proposal be administered?
This is an extension and expansion of an existing initiative administered through Access Canberra. It would be administered using the existing structures and resources.
Is the proposal part of a broader package? If so, please identify the other elements of the package.
Yes, this is part of Labor's Plan for Night Life in Canberra. The initiative is not dependent on other elements of the package for delivery.
Has an allowance been made for expenses necessary to support the implementation of this proposal? – If no, will the government agency be expected to absorb expenses associated with this proposal? – If yes, please specify the key assumptions.
No. It is expected that Access Canberra and the Better Regulation Taskforce will have capacity to adjust this existing program without any additional resourcing.
Will the proposal generate savings or offsets? If so, please quantify any savings or offsets.
No
Has the proposal been previously costed by an external (third) party? If so, will a copy of this material, including any assumptions, be made available to Treasury?
No
What are the community impacts associated with the proposal? Who and how many people will be affected?
These new policy settings will benefit existing and new business owners. It will strengthen the contribution of the night-time economy in Canberra's cultural and tourism landscape.
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?
No
What is the intended implementation date of the proposal?
1 January 2025
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc.
The proposal will be fully operational from commencement
Will the proposal cease, and if so, when?
This is an ongoing proposal
Is there any additional information relevant to this proposal?
No