



Restriction on Hours of Trade for Alcohol Licensees in Auckland: Phases 3 and 4

Prepared for: Auckland Council

Date: April 2014

Status: Final

Restriction on Hours of Trade for Alcohol Licensees in Auckland: Stage 2

Economic Impact Assessment

Auckland Council

Document reference: ACL045.13 Liquor Licensing Laws

Date of this version: April 2014

Report author(s): Thomas Worley, Derek Foy

Disclaimer

Although every effort has been made to ensure accuracy and reliability of the information contained in this report, neither Market Economics Limited nor any of its employees shall be held liable for the information, opinions and forecasts expressed in this report.

Contents

EXECUTIVE SUMMARY	2
1 PHASE 3: PREFERRED POSITION SCENARIO	4
1.1 SCENARIO RESULTS	5
1.2 CONCLUSION ON PREFERRED POSITION SCENARIO	11
2 PHASE 4: SALES CHANGES SINCE SSAA	12
2.1 METHODOLOGY	12
2.2 LIMITATIONS.....	13
2.3 RESULTS	13
2.4 CONCLUSION ON SALES CHANGES SINCE SSAA.....	17

Figures

FIGURE 1.1: REVISED AREA DEFINITIONS AND MAXIMUM TRADING HOURS.....	4
FIGURE 1.2: IMPACT ON SALES BY CENTRE GROUPING OF PREFERRED POSITION SCENARIO ON OFF-LICENCE VENUES.....	6
FIGURE 1.3: IMPACT ON SALES BY CENTRE GROUPING OF PREFERRED POSITION SCENARIO ON ON-LICENCE VENUES.....	6
FIGURE 1.4: IMPACT ON SALES BY CENTRE GROUPING OF PREFERRED POSITION SCENARIO FOR ALL LICENSE TYPES	8
FIGURE 1.5: IMPACT ON SALES OF THE PREFERRED POSITION SCENARIO BY OFF-LICENSE STORETYPE.....	10
FIGURE 1.6: IMPACT ON SALES OF THE PREFERRED POSITION SCENARIO BY ON-LICENSE STORETYPE	10
FIGURE 2.1: CHANGE IN AUCKLAND REGION SALES AND TRANSACTIONS POST-SSAA.....	18

Executive Summary

This report forms the third and final part of an assessment into the potential economic effect of The Sale and Supply of Alcohol Act 2012 (SSAA), and follows on from the earlier Phase 1 and Phase 2 reports titled “Restrictions on Hours of Trade for Alcohol Licensees in Auckland”. Phase 1 analysed the current value of annual alcohol sales in Auckland spatially and by time of the day and week, and determined the potential impacts of implementing the default restricted hours of trade for on- and off-license venues, as specified in SSAA. Phase 2 provided an impact analysis of a range of alternative scenarios to the default restricted hours of trade. This report contains Phases 3 and 4 as described below.

Phase 3

After reviewing the Phase 1 and 2 reports, Council commissioned M.E to complete an assessment on the impacts of another maximum trading hours scenario, as described in Auckland Council’s ‘Local Alcohol Policy Development Project: Preferred Position Paper’ (ACPPP) and summarised in Section 1 of this report. Under that scenario the default licencing hours imposed by the SSAA on off-licence outlets would be altered for all centre types, and for on-licence outlets the default hours would be different to the default hours for all centre types except the CBD.

It is estimated that the Preferred Position (PP) scenario would have a total direct impact on sales of \$46.0m, somewhat greater than the \$13.9m impact assessed for the default trading hour restrictions in Phase 1. The main reason for this change from the default hours impacts is a significant increase in the impact on sales of off-licence venues, in particular Supermarkets and Grocery Stores and Liquor Outlets.

Under the PP scenario the CBD is the centre that would experience the largest impact (\$10.2m), while the impacts on all other centres would also be expected to increase relative to impacts under the default hours scenario. Under the PP scenario the largest increase in impacts is expected to be in off-licence venues outside of the main centres, although in our opinion these potential impacts would likely be mitigated by a transferral of some affected spending to another time of day, reducing the overall impact. Therefore the results presented here are likely to represent a maximum impact for off-licence venues.

Impacts on on-licenced venues are less easy to predict, and it is likely that reducing their opening hours might alter consumer behaviour in the period before the new closing time. Some consumers might cease their patronage of certain types of venues or venues in certain locations, given the restrictions imposed on how long they can purchase alcohol there, resulting in a reduction of total sales before the periods affected by the PP restricted hours. However these potential responses cannot be accurately predicted, and the impact estimates presented in this report should be considered to be the maximum impact for on-licence venues, and might be mitigated to a lesser or greater degree depending on consumer behavioural responses. The resulting uncertainty in those responses should be considered in conjunction the estimated impacts presented here when making any policy related decision.

Phase 4

Subsequent to Council reviewing the Phase 3 report in March 2014, Council commissioned M.E to investigate the early observed effect on sales of the default SSAA licencing hours. To do this assessment, M.E commissioned a customised dataset of credit and debit card sales and transaction data from BNZ Marketview to compare those data since the SSAA came into force (December 18 2013 to March 18 2014) to the same period in previous years.

Assessment of that data showed some interesting trends, although given the short timeframe available (since the SSAA only came into force in December 2013), we have exercised some caution in interpreting any changes in these data, and note that it is likely to be some time before any causal links between changes to licencing hours and outlet sales can be inferred with a high degree of confidence.

These data indicate that the SSAA has not had any significant adverse effect on sales made by alcohol outlets in Auckland. While licencing hours have been restricted relative to the pre-SSAA licencing hours, our assessment indicates that overall the total sales by outlet types that sell alcohol have increased since the SSAA came into force. This indicates that any negative effect on the total sales of outlets selling alcohol has been only very localised spatially and temporally. The assessment also indicates that many customers have transferred spend that was previously being made inside the restricted hours to other times, and in some cases possibly to other locations, although it is not possible to establish these types of patterns conclusively from the data available.

1 Phase 3: Preferred Position Scenario

After reviewing the previous chapters in this report (as part of Phase 2), Council commissioned M.E to complete an assessment on the impacts of another maximum trading hours scenario, as described in Auckland Council’s ‘Local Alcohol Policy Development Project: *Preferred Position Paper*’ (ACPPP).

The centre groupings have been redefined for Phase 3, based on the Broad Areas described in the ACPPP. The hours that a licensed venue may be open for operation are dependent on which area/grouping the centre is aligned to. Figure 1.1 below defines each of these centre groupings and associated maximum trading hours:

Figure 1.1: Revised Area Definitions and Maximum Trading Hours

Area	Suburbs	Maximum Trading Hours	
		On-license	Off-license
Auckland City Centre	CBD	8am to 4am	9am to 10pm
City Fringe Centres	Grafton* Newton* Parnell Ponsonby Devonport** Kingsland***	8am to 3am	9am to 10pm
Metropolitan Centres (Existing)	Henderson Manukau New Market Takapuna	8am to 1am	9am to 10pm
Metropolitan Centres (Emerging)	Albany Botany New Lynn Papakura Sylvia Park Westgate/Massey North	8am to 1am	9am to 10pm
All Other Centres	All other centres not included in above categories.	8am to 1am	9am to 10pm
Outside Centres	All retailers not located in a centre	8am to 1am	9am to 10pm

* There are a very small number of licenses that have been identified to be located Grafton and Newton, instead they have primarily been included as part of Eden Terrace or the CBD. For the purpose of this analysis Eden Terrace has been included as a City Fringe Centre as a substitute for Grafton and Newton.

** Devonport is identified as a City Fringe suburb in the Auckland Plan. However, as part of this assessment it has also been tested as Non-City Fringe Centre.

*** Kingsland is not identified as a City Fringe Centre in the Auckland Plan. However, as part of this assessment it has been tested as both a City Fringe and Non-City Fringe Centre.

1.1 Scenario Results

Across Auckland the Preferred Position (PP) scenario is estimated to have a total direct impact on sales¹ of \$46.0m. This is compared to the direct impact on sales of \$13.9m as a result of the default trading hour restrictions. A breakdown of this impact at Centre and storetype level is presented in the sections below. The results presented are from the scenario consistent with the Auckland Plan, i.e. Devonport as a City Fringe centre and Kingsland not included as a City Fringe centre. However, the impact of changing these parameters has been assessed and is also described below. Please note that the impacts described below relate to sales that would have traditionally occurred during these times (Pre DTHR), and do not take into account consumers changing their time of purchase to a time within the new maximum trading hour limits.

1.1.1 Impact on Centres

The impact on centres is presented by centre grouping (as shown in Figure 1.1) with the exception of Devonport and Kingsland, which have been analysed separately due to their being tested under different scenarios.

Off-licence Impacts

Figure 1.2 below shows that the impact on centre sales from off-licence venues is greatest away from the major centre areas, i.e. in the All Other Centres (\$11.1m impact) and Outside Centre (\$13.1m impact) areas. This is most likely due to the large number of off-licence outlets, such as supermarkets and liquor stores that are located outside of these main centres. The largest impact on a particular centre is an additional \$3.7m impact on off-licence venues in the CBD, leading to a total direct sales impact of \$6.4m.

For all centre groupings it is estimated that there will be an increased impact on direct sales for off-licence venues over that which would have occurred under the Default Trading Hour Restrictions (DTHR). The total impact across Auckland is estimated to be \$35.5m, which is \$28.5m higher than the DTHR impact of \$7.0m.

There is not expected to be any additional impact of excluding Kingsland as a City Fringe centre for off-licence venues. If Devonport was excluded as a City Fringe Centre there would also be no extra impact to off-licence venues.

¹ This is compared to pre default trading hour restrictions and both Kingsland and Devonport have been considered as City Fringe centres.

Figure 1.2: Impact on Sales by Centre Grouping of Preferred Position Scenario on Off-licence Venues

Centre Summary (\$m)	CBD		City Fringe Centres (Excl. Devonport & Kingsland)		Devonport (City Fringe)		Kingsland (Non-City Fringe)		Metropolitan Centres (Existing)		Metropolitan Centres (Emerging)		All Other Centres		Outside Centres		Total	
	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR
Total Sales (Pre DTHR)	\$50.8	n/a	\$21.8	n/a	\$4.5	n/a	\$3.0	n/a	\$48.5	n/a	\$65.0	n/a	\$323.9	n/a	\$319.6	n/a	\$837.1	n/a
Sales Impact of DTHR (estimated)	\$2.7	5.3%	\$0.3	1.4%	\$0.00	0.0%	\$0.02	0.7%	\$0.0	0.0%	\$0.0	0.0%	\$1.4	0.4%	\$2.2	0.7%	\$7.0	0.8%
Additional Sales Impact of PP (estimated)	\$3.7	7.3%	\$0.9	4.1%	\$0.10	2.2%	\$0.10	3.3%	\$0.90	1.9%	\$2.10	3.2%	\$9.7	3.0%	\$10.9	3.4%	\$28.5	3.4%
Total Sales Impact of PP (Estimated)	\$6.4	12.6%	\$1.2	5.5%	\$0.10	2.2%	\$0.10	3.3%	\$1.0	2.1%	\$2.4	3.7%	\$11.1	3.4%	\$13.1	4.1%	\$35.5	4.2%

Figure 1.3: Impact on Sales by Centre Grouping of Preferred Position Scenario on On-licence Venues

Centre Summary (\$m)	CBD		City Fringe Centres (Excl. Devonport & Kingsland)		Devonport (City Fringe)		Kingsland (Non-City Fringe)		Metropolitan Centres (Existing)		Metropolitan Centres (Emerging)		All Other Centres		Outside Centres		Total	
	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR
Total Sales (Pre DTHR)	\$153.9	n/a	\$24.6	n/a	\$2.0	n/a	\$4.8	n/a	\$31.9	n/a	\$28.0	n/a	\$110.7	n/a	\$138.6	n/a	\$494.4	n/a
Sales Impact of DTHR (estimated)	\$3.8	2.5%	\$0.2	0.8%	\$0.02	1.0%	\$0.02	0.4%	\$0.3	0.9%	\$0.2	0.7%	\$1.0	0.9%	\$1.3	0.9%	\$6.9	1.4%
Additional Sales Impact of PP (estimated)	\$0.0	0.0%	\$0.3	1.2%	\$0.00	0.0%	\$0.04	0.8%	\$0.03	0.1%	\$0.01	0.0%	\$1.8	1.6%	\$1.5	1.1%	\$3.6	0.7%
Total Sales Impact of PP (Estimated)	\$3.8	2.5%	\$0.5	2.0%	\$0.02	1.0%	\$0.06	1.3%	\$0.3	0.9%	\$0.2	0.7%	\$2.7	2.4%	\$2.8	2.0%	\$10.5	2.1%

On-Licence Impacts

Figure 1.3 above shows the centre with the greatest impact on sales as a result of the PP scenario is still expected to be the CBD, with an impact of \$3.8m. However, there is no change between this result and the DTHR impact due to the restricted hours being the same. The biggest increase in impact, like off-licence venues, occurs in the All Other Centres and Outside Centres areas, with increases of \$1.8m and \$1.5m leading to total direct impacts of \$2.7m and \$2.8m each respectively. The impact compared to DTHR also more than doubles for City Fringe Centres, although the increase is only \$0.3m, leading to a total impact of \$0.5m for these centres.

For all centre groupings there estimated to be a small increase in the impact on direct sales. However, when compared to the impact of the PP on off-license venues (of \$28.5m), an impact of \$3.6m on on-licence venues is a lot less significant to the alcohol industry as a whole. The major difference between these two impacts however is that for off-licence venues, alcohol purchasing by consumers can just be shifted to another time of day, whereas for on-licence venues this loss in direct sales is less easily recovered, as people need to be in the venues to consume the alcohol at time of purchase.

The additional impact of excluding Kingsland as a City Fringe centre for on-licence venues is estimated to be \$35,000, i.e. if Kingsland was included in the City Fringe restrictions then the impact to Auckland sales would be reduced by \$35,000. If Devonport was excluded as a City Fringe Centre the extra impact to on-licence venues in Auckland would be just over \$3,500.

Total Impacts

Figure 1.4 below summarises the total impact for all license types across Auckland. The biggest impact on a particular centre is the sales impact of \$10.2mm on the CBD. As previously shown however, the increase of \$3.7m over the DTHR impacts is all related to off-license sales.

All other Centre groupings also see an increase over the DTHR impacts from the PP, with a total increase in impact across Auckland of \$32.1m, to an overall impact of \$46.0m.

Figure 1.4: Impact on Sales by Centre Grouping of Preferred Position Scenario for All License Types

Centre Summary (\$m)	CBD		City Fringe Centres (Excl. Devonport & Kingsland)		Devonport (City Fringe)		Kingsland (Non-City Fringe)		Metropolitan Centres (Existing)		Metropolitan Centres (Emerging)		All Other Centres		Outside Centres		Total	
	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR	Total	Impact as % of Pre DTHR
Total Sales (Pre DTHR)	\$207.4	n/a	\$48.0	n/a	\$6.8	n/a	\$8.9	n/a	\$83.1	n/a	\$99.4	n/a	\$460.2	n/a	\$558.9	n/a	\$1,472.6	n/a
Sales Impact of DTHR (estimated)	\$6.5	4.2%	\$0.6	2.4%	\$0.02	1.0%	\$0.03	0.6%	\$0.3	0.9%	\$0.5	1.8%	\$2.4	2.2%	\$3.5	2.5%	\$13.9	0.9%
Additional Sales Impact of PP (estimated)	\$3.7	2.4%	\$1.2	4.9%	\$0.1	5.0%	\$0.2	4.2%	\$1.00	3.1%	\$2.2	7.9%	\$11.4	10.3%	\$12.4	8.9%	\$32.1	2.2%
Total Sales Impact of PP (Estimated)	\$10.2	6.6%	\$1.7	6.9%	\$0.1	5.0%	\$0.2	4.2%	\$1.3	4.1%	\$2.7	9.6%	\$13.8	12.5%	\$15.9	11.5%	\$46.0	3.1%

1.1.2 Impact on Storetypes

Splitting the impacts of the PP out by storetype shows which type of retailer will be most affected by these restrictions. As Figure 1.5 (off-license and club venues) and Figure 1.6 (on-license venues) show below, the biggest expected increases on the impacts on direct sales over the DTHR will be felt by Supermarkets and Grocery Stores and Liquor Stores, with increases from \$1.9m to \$14.6m (\$12.7m increase) and \$3.7 to \$14.6m (\$11.0m increase) each respectively.

The impacts on on-license venues (as shown in the previous section) is much less. The only storetype with a significant increase in impact over the DTHR is Pubs, Taverns and Bars, with the PP restrictions expected to double to \$5.1m. The remaining on-license storetypes will all see an increase in impact, although compared to other storetypes the increase is small.

Figure 1.5: Impact on Sales of the Preferred Position Scenario by Off-license Storetype

Storetype Summary (\$m)	Supermarket and Grocery Store		Liquor Retailing		Catering Services		Other Off-License		Sports Clubs		Other Club-License	
	Total	Impact on Direct Sales as a % of Pre DTHR	Total	Impact on Direct Sales as a % of Pre DTHR	Total	Impact on Direct Sales as a % of Pre DTHR	Total	Impact on Direct Sales as a % of Pre DTHR	Total	Impact on Direct Sales as a % of Pre DTHR	Total	Impact on Direct Sales as a % of Pre DTHR
Total Sales (Pre DTHR)	\$327.2	n/a	\$437.9	n/a	\$59.7	n/a	\$12.4	n/a	\$125.3	n/a	\$15.7	n/a
Sales Impact of DTHR (estimated)	\$1.9	0.6%	\$3.7	0.8%	\$1.3	2.2%	\$0.2	1.6%	\$0.0	0.0%	\$0.0	0.0%
Additional Sales Impact of PP (estimated)	\$12.7	3.9%	\$11.0	2.5%	\$4.1	6.9%	\$0.6	4.8%	\$0.0	0.0%	\$0.0	0.0%
Total Sales Impact of PP (Estimated)	\$14.6	4.5%	\$14.6	3.3%	\$5.4	9.0%	\$0.8	6.5%	\$0.0	0.0%	\$0.0	0.0%

Figure 1.6: Impact on Sales of the Preferred Position Scenario by On-license Storetype

Storetype Summary (\$m)	Pubs, Taverns and Bars		Cafes and Restaurants		Accommodation		Other On-License	
	Total	Impact on Direct Sales as a % of Pre DTHR	Total	Impact on Direct Sales as a % of Pre DTHR	Total	Impact on Direct Sales as a % of Pre DTHR	Total	Impact on Direct Sales as a % of Pre DTHR
Total Sales (Pre DTHR)	\$176.9	n/a	\$221.0	n/a	\$64.3	n/a	\$32.2	n/a
Sales Impact of DTHR (estimated)	\$2.5	1.4%	\$3.1	1.4%	\$1.00	1.6%	\$0.30	0.9%
Additional Sales Impact of PP (estimated)	\$2.6	1.5%	\$0.4	0.2%	\$0.10	0.2%	\$0.50	1.6%
Total Sales Impact of PP (Estimated)	\$5.1	2.9%	\$3.5	1.6%	\$1.10	1.7%	\$0.80	2.5%

1.2 Conclusion on Preferred Position Scenario

The Preferred Position of Auckland Council in relation to alcohol trading hour restrictions in Auckland, as described Auckland Council's 'Local Alcohol Policy Development Project: Preferred Position Paper', is estimated to have a total impact on direct alcohol sales of \$46.0m. This is a \$32.1m increase over the default trading hour restrictions of \$13.9m. The main reason for this change from the DTHR is a significant increase in the impact on sales of off-license venues, in particular Supermarkets and Grocery Stores and Liquor Outlets.

In terms of impacts on centres, the CBD is the centre with the highest impact (\$10.2m). All other centres are also expected to see an increase in impact over the DTHR, although most of the increase across Auckland is attributed to venues in the All Other Centres and Outside Centres areas.

The direct impact on sales of including Kingsland as a City Fringe centre would be to reduce the overall impact by \$35,000. If Devonport was excluded as a City Fringe suburb the impact would be to increase the impact on sales by just over \$4,500.

As the increase in the impact on sales of the PP is predominantly in off-license venues outside of the main centres, most of this spending (we can assume) will be transferred to another time of day, reducing the overall impact. Therefore the results presented here are likely to represent a maximum impact for off-license venues.

The impact for on-license venues however needs to be viewed differently, as changing/reducing the opening hours of licensed venues will likely alter consumer behaviour for the period before the new closing time. For example, some consumers who traditionally went into the CBD or City Fringe after midnight and stay until 6am may choose not to make the trip at all as they will be deterred by the prospect of having to leave 'early'. Similar patterns of behaviour may be applied for other consumers for different time periods and in different centres. This would have the effect of reducing the total sales before the periods affected by the PP restricted hours. The alternative may also be true however where instead of leaving early (with no end to the night in-sight), consumers may choose to stay slightly longer knowing that the venue will be closing soon, so they 'may as well' stay to the end. The impact of these types of scenarios compared to those estimated is unclear, however they are factors that should to be considered in conjunction the estimated impacts presented here when making any policy related decision.

2 Phase 4: Sales Changes Since SSAA

In this section we review sales and transaction data recorded since the SSAA came into force, and compare these data to those recorded over the same period in previous years to assess the changes between the current year under the SSAA, and previous pre-SSAA years.

2.1 Methodology

We have previously commissioned customised datasets from BNZ Marketview to provide baseline estimates for centre sales by time of day for a range of outlets that sell alcohol. That data was used in our economic impact assessment of changing alcohol licensing hours, as described in the Stage 1 report. Marketview data was used for that assessment because it provides actual data to a fine resolution (by time and space) that is consistent across time. Other data sources such as Statistics NZ's Retail Trade Survey provide coarser resolution (the RTS is an annual survey, so has no daily or hourly time breakdown, and little data is published at a sub-regional level).

To provide a high-level indication of changes in sales and transaction numbers made by alcohol outlets, we have commissioned another customised dataset from Marketview. This data was for the three-month period (December 18 2013-March 18 2014) just completed, being the timeframe since the SSAA came into force (on December 18) until as close as possible to present. That timeframe was then used to source data for the four previous years (the three month periods ending March 18 2010, 2011, 2012 and 2013) for comparison.

Data was provided for four outlet types, which together comprise the vast majority of alcohol sales:

- Supermarkets and dairies
- Liquor stores
- Pubs, taverns and clubs
- Cafes and restaurants

These data were split into several key types of locations which function as the main focal points for these types of outlets:

- Auckland City CBD
- City Fringe: Ponsonby, Parnell, Devonport, Eden Terrace
- Existing Metropolitan Centres: Newmarket, Takapuna, Manukau Central, Henderson
- Emerging Metropolitan Centres: Botany, New Lynn, Albany, Sylvia Park, Papakura, Westgate

- Other: All other locations in Auckland, including centres and out of centre locations.

We compared the change in sales and transaction numbers at different times of the day over the five year period for each outlet and centre type. The times assessed were 11pm-6:59am (the default hours during which the SSAA restricts sales in off-licence outlets), and 4am-7:59am (the default hours during which the SSAA restricts sales in on-licence outlets). These time blocks are called 'Off-Licence Restricted Hours' and 'On-Licence Restricted Hours' in the following assessment. Overall the economic impact created by these changes is driven by the total sales made across all times of the day, and so this total is a key focus of the following assessment.

2.2 Limitations

The changes assessed give some indication as to the changes in sales since the SSAA came into force, although should be interpreted with some caution:

- Because there is only one three month period since the SSAA came into force, and we have data for the four years prior, we do not yet have a large enough sample to definitively establish reasons for any differences between years. That is, the SSAA cannot be identified as the cause for any changes in sales between 2013/14 and previous years, although if significant changes are present across most store and location types, then the SSAA may be a possible cause.
- The short period of time (quarter of a year) and seasonal influences over this period (Christmas and the holiday season) are likely to have potentially significant effects year to year. The effect of having one more weekend in some years' data or the timing of a public holiday may also have some effect on total sales.
- Data presented are for total sales made by these outlets, and are not restricted to alcohol-only sales. This is necessary because no data is available that records what type of product is being sold in each transaction, so there can be no distinction between, for example, transactions in which the only product being purchased is alcohol, transactions with no alcohol involved, or those in which alcohol is part of the total purchase. This restriction means that the sales changes post-SSAA are for a comparable base to the economic impacts assessed, which were also not restricted to alcohol sales only.

2.3 Results

2.3.1 All Outlet Types Combined

Overall, sales in the four outlet types assessed have increased by 8% since the SSAA came into effect compared to the average sales level for the same time in the four previous years. This increase was greater in the on-licence restricted hours (4am-7:59am, when sales increased by 15%) than in the off-licence restricted hours (a 1% increase compared to the pre-SSAA average) (Figure 2.1).

Total sales by alcohol outlets increased by 10% in the CBD, Existing Metropolitan Centres and the 'Other Locations' group, by 9% in the City Fringe, and remained steady in Emerging Metropolitan Centres. Transaction numbers showed similar changes, although increased at a greater rate than sales in some centres, leading to the average transaction size remaining close (within 6%) to pre-SSAA levels.

In aggregate then these data indicate that total sales by the assessed outlet types that sell alcohol have increased since the SSAA came into force. Sales during restricted hours of trade have decreased in some locations, but these are compensated for by larger increases outside those restricted hours, indicating that the restricted hours of trade may have caused a transferral of some spend to other times of the day, but have not removed that spend from the economy completely.

Interestingly, in some locations even sales during the restricted hours of trade have increased. This is possible because the data summarises total sales, and is not restricted to alcohol-only sales. For example, while supermarkets may have had a decrease in sales of alcohol during off-licence restricted hours (in theory now making no alcohol sales in those hours), their sales of non-alcohol products may have been unaffected or increased. The indications from these data are that the restricted hours of trade have therefore not had significant (or in many cases any) adverse effects on the total sales made by outlets that sell alcohol.

2.3.2 Individual Outlet Types

The effect of the restricted hours on the turnover of alcohol outlets is more apparent when considering the sales by individual outlet types. Some key observations from this data are provided below.

Supermarkets and Dairies

Total supermarket sales increased by 5% post-SSAA, and sales in the off-licence restricted hours also increased by 5%. Supermarkets in the City Fringe, Existing Metropolitan Centres and Other centres increased by 8-10%, while supermarkets in the CBD and Emergent Metropolitan Centres were unchanged. Sales changes during the restricted hours of trade varied significantly between centres, with the centre types that experienced a total increase in 24 hour sales experiencing large (20-47%) increases in sales, and the other centre types experiencing a decrease in sales during the restricted hours.

Liquor Stores

There have been significant decreases in sales by liquor stores during the off-licence restricted hours of trade post the SSAA, with a regional decrease of 77%. Prima facie it might be expected that these sales should have decreased to nil, or close to nil, given liquor stores sell primarily alcohol and are restricted from selling alcohol at all during these hours. However, it is possible that these stores could remain open during restricted hours and sell non-alcohol products or that some transactions are recorded in the few minutes after 11pm.

It should be remembered that these data are all transactions recorded by Marketview, so are a sample (indicatively capturing 10%) of all transactions made in the marketplace. The number of transactions recorded for liquor stores in the restricted hours of trade were very small for some types of centres, with only 14 transactions recorded in Existing Metropolitan Centres and 20 in Emerging Metropolitan Centres (in the three month sample period of 2013/14). Those transaction numbers indicate around 150-200 transactions in each centre type in the three month sample period, compared to 2,000 to 4,000 in each of the other three centre types. Large percentage changes in the Metropolitan Centres are not necessarily representative of large changes in behaviour due to the SSAA.

Bearing these relative market sizes in mind, sales during these hours decreased by 92% in the CBD, by 96% in Emerging Metropolitan Centres, and by 78% in Other centres. City Fringe liquor sales increased by 22%, solely due to an increase recorded between 11pm and midnight (from a low base). This indicates that there are sales made in the restricted hours in some locations, whether with dispensation, or without (such as from stores trading beyond 11pm deliberately or due to an influx of customers near the cut-off time). However, sales during the restricted hours did tend to be limited to the early and late parts of that period, with 83% of restricted hours transactions in liquor retailers (in 2013/14) made between 11pm-midnight, 10% between midnight and 1am, and 5% between 6am-7am. These patterns may change over time as consumers become more accustomed to the new licencing hours.

The average transaction size across all times of the day increased slightly from \$35 to \$36, an insignificant change given the small data base analysed. There were however very large increases in the average transaction size during the restricted hours of trade, and the average overall regional transaction during those hours increased from \$17 pre-SSAA to \$72 post-SSAA a 316% increase (albeit from sales level that fell by 77%). The average transaction inside the restricted hours in the CBD increased from \$12 to \$30 (+140%), in Emerging Metropolitan Centres the increase was from \$27 to \$33 (+21%), and in Other centres the increase was from \$27 to \$67 (+146%). The average transaction in Existing Metropolitan Centres decreased from \$41 to \$27 (-33%), although as noted very few transactions were made in the Metropolitan Centres.

The average transaction size made by liquor retailers in the City Fringe group during the restricted hours of trade was very high at \$87 pre-SSAA, and this increased to \$183 (+110%) post-SSAA. Over 85% of those transactions were made between 11pm-midnight, and 10% between midnight and 1am. Both of those time periods had high average transaction values before the SSAA (\$85 and \$108 respectively) which increased significantly (to \$190 and \$201) post-SSAA. However, given the coarseness of the data it is not clear why these high transaction values might exist in this centre type at this time of the day. It may be that there is one particular retailer that is significantly affecting that average, such as a high-end wine or spirits store, or store that makes a lot of cases sales of wine, for example.

Pubs, Taverns and Clubs

The pubs, taverns and clubs category experienced very large decreases in sales during the on-licence restricted hours of trade, averaging a decrease of over 50% in this time. However, total sales across the day increased by 10% post-SSAA, indicating that there may have been some

transferral of spend in these outlets from inside the restricted hours to outside after the SSAA came into force. Decreases during the restricted hours were observed across all centre types, however it was only in Emerging Metropolitan Centres that total sales also fell (-15%).

Overall the number of transactions made by these outlets in the off-licence restricted hours remained about the same as pre-SSAA, and the 10% increase in sales translated into a 1% increase in transactions, equivalent to an increased average transaction size of 8%. Inside the off-licence restricted hours the number of transactions decreased by 86%, equivalent to the average transaction value increasing by over 200% (from \$28 per transaction to \$88 per transaction).

The main driver of this large increase in average transaction values was the pubs, taverns and clubs in the CBD, where the increase was from \$28 in the four years pre-SSAA to \$139 in 2013/14. Over half of the transactions during off-licence restricted hours were made in the CBD, and assuming Marketview data is around a 10% sample of total transactions, there were an estimated 120 of these transactions per day in the CBD in the 2013/14 study period. This is not a significant number of transactions spread across the number of outlets in the CBD and over a four hour period, however is large enough to indicate a noticeable change in behaviour.

The slight decrease (8%) in the CBD's pub/tavern/club sales in the off-licence restricted hours may indicate some patrons leaving the CBD well before the on-licence restricted hours begin, possibly transferring spend to City Fringe and Emergent Metropolitan Centre destinations instead, although this cannot be definitively determined from the data.

As for the liquor stores outlet type, Metropolitan Centre data for sales inside the (on-licence) restricted hours for pubs/taverns/bars are based on very small sample sizes. The small size of the sample dataset indicates there were probably less than 500 total transactions in these centres in the three month period assessed in 2013/14, meaning that the absolute change in transaction numbers for those centres were therefore also small, even if percentage changes were large. Large percentage changes do represent a large change in absolute numbers for the other centre types, where there were an estimated 3,000+ total transactions in pubs/taverns/bars in the three month period assessed in 2013/14.

Cafes and Restaurants

Café and restaurant sales appear to have been the least affected of all outlets by the SSAA. Total sales by the category were up 14% compared to pre-SSAA, while sales in on-licence restricted hours were up by 28%. This lack of a negative sales impact is likely to be due to the fact that most cafes and restaurants were not previously open during the on-licence restricted hours (4am-7:59am), and so were unaffected. Transaction numbers were also well up post-SSAA, with consistent increases in all centre types.

The reasons for this change are unknown, but do point to the fact that we are only assessing a single three month period of post-SSAA data, which may not be representative of longer term trends the SSAA hours might cause.

2.4 Conclusion on Sales Changes Since SSAA

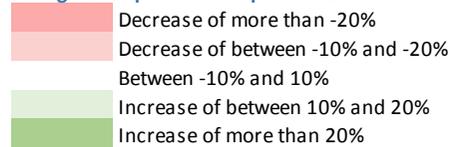
These data indicate that the SSAA has not had any significant adverse effect on sales made by alcohol outlets in Auckland. While licencing hours have been restricted, the data indicate that customers have transferred spend that was previously being made inside the restricted hours to other times, and in some cases possibly to other locations. Overall total sales by outlet types that sell alcohol have increased since the SSAA came into force, indicating that the SSAA has not had anything more than very localised spatial and temporal effects.

Figure 2.1: Change in Auckland Region Sales and Transactions post-SSAA

	Supermarkets and dairies			Liquor stores			Pubs, taverns and clubs			Cafes and restaurants			Total All Four Outlet Types		
	Off-Licence Restricted Hours	On-Licence Restricted Hours	Total All Hours	Off-Licence Restricted Hours	On-Licence Restricted Hours	Total All Hours	Off-Licence Restricted Hours	On-Licence Restricted Hours	Total All Hours	Off-Licence Restricted Hours	On-Licence Restricted Hours	Total All Hours	Off-Licence Restricted Hours	On-Licence Restricted Hours	Total All Hours
Sales															
CBD	-7%	-4%	0%	-92%	-99%	27%	-8%	-56%	6%	7%	24%	16%	-3%	-5%	10%
City Fringe	20%	23%	10%	22%	105%	3%	24%	-64%	18%	-7%	20%	7%	8%	16%	9%
Metropolitan Centres Existing	37%	42%	8%	-26%	-73%	14%	-8%	-17%	18%	-1%	23%	9%	-4%	28%	10%
Metropolitan Centres Emerging	-74%	16%	0%	-96%	n/a	n/a	16%	-79%	-15%	-51%	22%	2%	-35%	18%	0%
Other	47%	21%	8%	-78%	47%	3%	1%	-76%	16%	25%	35%	20%	15%	25%	10%
Total	5%	16%	5%	-77%	41%	5%	-1%	-56%	10%	6%	28%	14%	1%	15%	8%
Transactions															
CBD	-5%	-4%	-5%	-97%	-99%	-9%	-12%	-91%	-6%	7%	25%	11%	-8%	2%	3%
City Fringe	14%	21%	9%	-42%	700%	0%	21%	-62%	18%	-3%	22%	8%	12%	19%	9%
Metropolitan Centres Existing	21%	14%	14%	10%	-92%	11%	-12%	-44%	9%	-4%	26%	11%	-7%	22%	11%
Metropolitan Centres Emerging	-59%	4%	6%	-97%	n/a	n/a	8%	23%	-26%	-53%	24%	7%	-36%	16%	4%
Other	19%	7%	8%	-91%	25%	2%	-1%	-24%	9%	31%	32%	18%	15%	18%	10%
Total	-1%	4%	6%	-95%	-46%	1%	-5%	-86%	1%	8%	28%	13%	-2%	13%	8%
Average Transaction Size															
CBD	-2%	0%	5%	140%	78%	40%	5%	393%	13%	1%	-1%	4%	6%	-6%	7%
City Fringe	5%	2%	1%	110%	-74%	3%	3%	-4%	0%	-4%	-2%	-2%	-4%	-2%	0%
Metropolitan Centres Existing	13%	25%	-5%	-33%	226%	3%	4%	48%	8%	2%	-2%	-2%	3%	4%	-1%
Metropolitan Centres Emerging	-38%	12%	-5%	21%	n/a	n/a	7%	-83%	14%	4%	-2%	-4%	1%	2%	-4%
Other	24%	14%	0%	146%	17%	1%	2%	-68%	6%	-5%	2%	1%	1%	6%	0%
Total	5%	11%	-1%	316%	159%	4%	4%	211%	8%	-2%	0%	1%	3%	2%	0%

Columns greyed out are the restricted hours that do not directly relate to that outlet type. That is, supermarkets are off-licence outlets, so the on-licence column is greyed out
Data show change from the average for the four pre-SSAA (three month) periods to the single post-SSAA period

Key: Sales Change from pre-SSAA to post-SSAA



Appendix 1: Bunched and 'All Other' Centre Definitions

Bunched Centre Name	Description	Included Centres
Bunch 28	Remaining Major Urban Centres	Eden Valley, St Lukes, Royal Oak, Panmure/Mt Wellington LFR, Orewa, Otahuhu, Manurewa, Greenlane, Remuera, Whangaparaoa, Mt Albert, Milford, Glenfield, Mangere, Glen Innes, Otara, Pakuranga, Northcote, Howick and Auckland Airport
Bunch 29	Remaining Minor Urban Centres	Balmoral, Ellerslie, St Heliers, Pt Chevalier, Mairangi Bay, Lynfield, Meadowlands, Mt Roskill, Te Atatu South, Sandringham, Kelston, Avondale, Te Atatu, Glen Eden, Mangere Bridge, Hauraki Corner, Torbay, Takanini, Mangere East Village, Papatoetoe, Blockhouse Bay, Mokoia Road Shops, Royal Heights, Three Kings, Meadowbank, Stoddard Road, Grey Lynn, Clendon, Dawson Road, Eastridge, Green Bay and Sunnynook
Bunch 30	Remaining Rural/Satellite Centres	Clevedon, Helensville, Kumeu/Huapai, Matakana, Silverdale LFR, Silverdale Village, Waimauku, Waiuku, Warkworth and Wellsford
All Other Centres		Birkenhead, Botany, Browns Bay, Devonport, Eden Terrace, Henderson, Highland Park, Hunters Corner, Kingsland, Lincoln Rd, Manukau, Mission Bay, Mt Eden Village, Mt Wellington, Onehunga, Papakura, Parnell, Takapuna, Titirangi, Wairau Park, Westgate.