

# THE RISK BASED LICENSING FRAMEWORK

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## Introduction

The Risk Based Licensing (RBL) framework is a key recommendation from the 2017 Alcohol Policies and Legislation Review Final Report (the Riley Review).

The RBL model is an incentive model: rewarding those who supply alcohol responsibly and financially penalises those who break the rules.

RBL is not the only compliance and enforcement lever Government has and works alongside fines and closures in an effort to reduce alcohol related harms and achieve desired compliance outcomes.

## Where can I find the relevant provisions in the *Liquor Act 2019*?

Section 69 of the *Liquor Act 2019* provides that a licensee must pay the annual fees prescribed by regulation in respect of the licence and authorities held by the licensee.

The RBL Framework is contained in the Liquor Regulations 2019.

## How can I get an estimate of my fee?

An online tool is available to estimate what your fee might be, please refer to <https://alcoholreform.nt.gov.au/calculator>.

## When are RBL fees payable?

From 1 November every year, the Director will issue each licensee with an invoice for their RBL fee. The invoice is payable by the first business day in February the following year. The anticipated fee may be subject to change if the licensee is found guilty of a breach in the preceding year.

Failure to pay the RBL fee on this date results in the immediate suspension of a licence until the fee is paid.

## The RBL formula

The total annual fee a licensee must pay for the licence is calculated on the following formula:

$$F = [(BF \times V \times H) \times (1-D)] \times Br$$

Where:

F is the annual fee payable for the licence and all authorities held by the licensee

BF is the base fee

Br is the breach multiplier

D is the discount multiplier

H is the hours multiplier

V is the volume multiplier

The formula allows for the following:

- uses a tiered approach based on volume of sales (similar to other jurisdictions)
- Increasing of an annual fee if the venue operates for longer than an authority's average hours, or a reduction in the annual fee if the venue operates for less than average hours for that authority
- Reduction of the annual fee if a venue implements one or more of the discounting measures
- Significant increases in an annual fee if a venue is found to have breached its liquor licence conditions or to have committed an offence against the Liquor Act during the relevant period.

## Calculation of base fee

The base fee for a licence with all authorities held by a licensee is the base fee for the authority with the highest risk classification held the licensee.

In the case of a licence with more than one authority, there is no fee payable for any authority held by the licensee other than the authority with the highest risk classification.

Where a licensee holds two or more authorities with the same risk classification, the fee is based on the authority with the highest 'ranking' within the classification.

The risk classification and base fees are set out in the Liquor Regulations 2019, and are repeated in the table below.

The fees are in 'Revenue Units', the value of which is determined annually under the *Revenue Units Act 2009*. For the period 1 July 2021 to 30 June 2022 the value of a Revenue Unit is \$1.24. This means that RBL fees are subject to CPI (or indexation).

For example, a club with a bottleshop attached will have two authorities on its licence; 'club' authority (with a 'moderate' risk classification and 'takeaway' authority (with a 'very high' risk classification). The base fee applies to the higher risk category. Therefore for this licence the fee is \$2000 per year.

RISK CLASSIFICATION	BASE FEE   REV
Very High Risk	1653
High Risk	827
Moderate Risk	414
Low risk	290
Very Low Risk	83

RISK CLASSIFICATION	RANKING WITHIN CLASSIFICATION	AUTHORITY
Very high risk	1	Takeaway authority
Very high risk	2	Grocery store authority
Very high risk	3	Late night authority: 02:00 – 0:400
Very high risk	4	Late night authority: 00:00 – 02:00
High risk	1	Public bar authority
High risk	2	Major event authority
High risk	3	Casino authority
Moderate risk	1	Restaurant bar authority
Moderate risk	2	Adult entertainment explicit authority
Moderate risk	3	Adult entertainment R-rated authority
Moderate risk	4	Adult entertainment authority
Moderate risk	5	Club authority
Moderate risk	6	Small bar authority
Moderate risk	7	Wayside inn authority
Low risk	1	Producers' authority
Low risk	2	Restaurant authority
Low risk	3	Lodging authority
Low risk	4	Catering authority
Low risk	5	Sporting event authority
Very low risk	1	Special event authority
Very low risk	2	Special venture authority
Very low risk	3	Community club authority
Very low risk	4	Community event authority

### Tier volume multiplier

The tier volume multiplier is determined by the Director of Liquor Licensing and is based on the volume of alcohol (PAC – Pure Alcohol Content) a licensee has purchased from a wholesaler in the previous year. The table below shows PAC levels and their multipliers.

The tiers are classified as follows:

TIER	RANGE	MULTIPLIER
0	Under 500L PAC	0.50
1	Between 501L - 7,500L PAC	0.75
2	Between 7,501L - 25,000L PAC	1.00
3	Between 25,001L - 50,000L PAC	2.00
4	Between 50,001L - 90,000L PAC	3.00
5	Over 90,000L PAC	4.00

In the event of a new licence, the RBL fee for that licence will be set as the base fee (as they will not have any wholesale data until after a year of operation).

### Hours multiplier

The hours multiplier is calculated by the Director of Licensing for each licensee. It is equal to the number of hours the licensed premises were open for operation in an average week during the previous year divided by the average number of hours that all other licensees in the region were open for operation in an average week during the previous year.

Noting that there are substantial variations in trading hours in the Northern Territory's regions and that where there is more than one authority for a licence, an average of similar businesses is used to determine average hours.

Example: store licenses in Darwin and Palmerston can trade up to 73 hours per week, while Katherine is 38 hours per week, Alice Springs is 46 hours per week, Elliott is 42 hours per week and Nhulunbuy is 41 hours per week.

Example: The hours multiplier for a venue with a public bar authority and a late night authority will be determined by calculating the average hours of other public bars with late night authorities.

### Discounts

The discount multiplier is equal to 0.05 multiplied by the number of each of the following activities that the licensee adopts and maintains in relation to the licensed premises:

- Live original local music/entertainment at least once a week in accordance with any guidelines issued by the Commission

- Voluntarily installing and maintaining video surveillance equipment for the licensed premises, keeping the licensed premises under video surveillance during the hours of operation, keeping a record of that surveillance for at least 14 days and making that record available to inspectors and police officers on request
- Voluntarily hiring security personnel or crowd control personnel when not required to do so under the conditions of the licensee's authority
- Voluntarily installing and using a system to scan the identification documents of patrons entering the licensed premises
- Membership to a suitable liquor industry group that has a code of conduct for its members
- Membership to any liquor accords in the licensee's area
- Good compliance record
- Membership of the Good Sports Program for Clubs and Community Clubs

The discount multiplier is limited to a maximum of 0.4 (40%).

### Breach multiplier

The breach multiplier is listed in the following table opposite the number of the licensee's breaches during the previous 2 years.

BREACH NO	% LOADING
First breach	10%
Second breach	25%
Third breach	50%
Fourth breach	200%
Fifth breach	300%

Breach means any of the following:

- finding of guilt for an offence against the Act committed by the licensee;
- A finding of guilt for an offence against the Act committed by an employee of the licensee acting in the course of employment;
- An infringement notice issued under the Act to the licensee if: the notice is paid or the period allowed for an appeal of the notice expires without an appeal being made;
- Any disciplinary action taken against the licensee under the Act.