NATIONAL COMPETITION POLICY REVIEW OF THE QUEENSLAND LIQUOR ACT 1992

5 AUGUST 1999

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INTRODUCTION

1.1 National Competition Policy

At a meeting of the Council of Australian Governments on 11 April 1995, the Queensland Government, together with other Australian States and Territories, signed an agreement with the Commonwealth to implement the National Competition Policy (NCP) and related reforms.

Underlying the NCP is the recognition that competition is the "engine room" of economic growth, employment and higher living standards. Given the globalisation of markets and the ever increasing competitiveness of the international economy, there is a need for Australia to "break" through domestic barriers to competition if living standards are to be sustained and, indeed, improved. To achieve this, the NCP consists of a number of separate reforms which, in aggregate, seek to deliver a widespread competitive revitalisation of the national economy over the next decade.

The Competition Principles Agreement, which contains the guidelines for reviews, requires all State and Territory Governments to review and, where appropriate, reform all anti-competitive legislation by the year 2000. The guidelines require that the *Liquor Act 1992* (the Act) be reviewed to ensure that the provisions contained therein do not restrict competition unless it can be demonstrated that:

- (i) the benefits of the restriction to the community as a whole outweigh the costs; and
- (ii) the objectives of the legislation can only be achieved by restricting competition.

1.2 Terms of Reference

It is worth noting that it was never the task of the Review Panel to comment on the merit or otherwise of the NCP. More importantly the Panel was chartered with reviewing the legislation as detailed above.

The Terms of Reference approved by Queensland Cabinet on 12 October 1998 directed the Panel to review the legislation in accordance with NCP principles whilst considering the following:

OBJECTIVES OF THE LEGISLATION

The objects of the *Liquor Act 1992* are specified in Section 3 of the Act. They are:

- (a) to facilitate and regulate the optimum development of the tourist, liquor and hospitality industries of the State having regard to the welfare, needs and interests of the community and the economic implications of change; and
- (b) to provide for a Liquor Appeals Tribunal with jurisdiction to hear and decide appeals authorised by the Act; and

- (c) to provide for a flexible, practical system for regulation of the liquor industry of the State with minimal formality, technicality or intervention consistent with the proper and efficient administration of the Act; and
- (d) to regulate the liquor industry in a way compatible with -
 - (i) minimising harm arising from misuse of liquor; and
 - (ii) the aims of the National Health Policy on Alcohol; and
- (e) to provide revenue for the State to enable the attainment of the objects of this Act and for other purposes of Government.

The overall objective that the legislation is therefore seeking to achieve can be summarised as the provision of appropriate licensing arrangements for the sale of liquor balanced against community expectations and interests and taking into consideration issues arising from the misuse of liquor. The legislation seeks to establish an appropriate balance between opposing interests of unfettered economic development and harm minimisation and social issues.

Given the substantial and demonstrable impact that alcohol has on the Australian community (eg. The 1995-97 National Drug Strategy estimates that the financial burden imposed on the Australian community in relation to alcohol abuse and misuse is approximately \$6 billion per annum), some degree of regulation is likely to be necessary. The fundamental question is therefore whether, and to what extent, the regulation of who can sell liquor and in what circumstances this supply is made, is an appropriate or effective means of addressing social impacts caused by the sale of liquor.

REVIEW REQUIREMENTS

- A. Consider, but not be restricted to, the following existing restrictions on competition:
 - i. Restrictions on entry to the industry through the imposition of premiums for General and Special Facility Licences;
 - ii. The restriction of the right to sell take-away liquor to the general public to hotels and some Special Facility Licences;
 - iii. Provisions in the Liquor Regulation restricting the ability of hoteliers to locate "detached bottle shops" to locations within a 5 kilometre radius of the main hotel facility (this restriction is related to ii above);
 - iv. Provisions contained within the responsible hospitality regulations (Regulation 19AB) which restrict the types of promotional activities and prices which can be charged for liquor;
 - v. Different trading privileges provided by various categories of licence under the Act;

- vi. Restrictions on the ability to obtain a licence due to the application of the "public need" test relevant to all licence applications;
- vii. Consequential administrative arrangements which may be required as a result of legislative change; and
- B. Consider whether the existing restrictions, or any form of restriction should be retained by:
 - clarifying the objectives of the legislation;
 - identifying the nature of the restrictions;
 - analysing the likely effect of the existing restriction, or any form of restriction, on competition and on the economy generally;
 - assessing and balancing the costs and benefits of the restrictions; and
 - considering alternative means for achieving the same result, including non-legislative approaches; and
- C. Identify the broader impact of the legislation on business and assess whether the impact is warranted in the public benefit.

In undertaking the review, regard will be had to the existing legislative restrictions on the liquor industry in other Australian States and Territories. The review shall also take into consideration other broad policy considerations of the Queensland Government when determining whether the legislative restrictions on competition are warranted. These considerations include, but are not restricted to:

- Social welfare and equity considerations, including community service obligations;
- Health and harm minimisation issues including the aims of the National Health Policy and the Queensland Drug and Alcohol Strategy;
- The likely economic implications of change on the existing structure of the Queensland Liquor Industry;
- Government legislation and policies relating to occupational health and safety and industrial relations;
- Economic and regional development, including employment and investment growth;
- The interests of consumers generally or a class of consumers;
- The impact of change on local government and amenity issues;

- The competitiveness of Australian businesses; and
- The efficient allocation of resources.

The Review shall also consider and make recommendations on the administrative effectiveness of the Act, particularly taking into consideration the contents of the Liquor Amendment Bill introduced into Parliament in April 1998.

FORMAT OF THE REVIEW

The Review Committee must complete a Competition Impact Statement (CIS). The CIS should contain as a minimum the results of the assessment of costs and benefits, both qualitative and quantitative, of each issue identified as being restrictive. The CIS should include a discussion under the following headings:

- Brief description of the relevant restrictive practice and its legislative basis.
- A description of the nature of the restriction on competition (including a brief description of the structure and operation of the market in question) and who is (or might be) affected.
- A statement of the alternative options for achieving the desired objective, including non-legislative alternatives.
- A summary of the costs and benefits (qualitative and quantitative) associated with the alternative options compared with the existing situation.
- A comparison of the net impacts for the main options for achieving the desired policy objective.
- A list of the affected groups which have been consulted and the outcomes of consultation.
- A date for review or sunsetting of the restrictive provisions or an outline of any transitional arrangements which may be required under the recommended course of action and the rationale for these arrangements.

CONSULTATION

Consultation with key affected groups and individuals must be undertaken by the Review Committee in the conduct of the review. Public notification of the review together with the key issues involved and an invitation to make submissions are also required as part of the review process.

THE DATE OF COMPLETION

The Review Committee shall provide a copy of the completed Review Report in the form of a CIS to the Minister responsible for Liquor Licensing by 30 June 1999.

This was subsequently extended to 30 July 1999 by approval of the Honourable the Minister for Tourism, Sport and Racing.

1.3 Issues to be considered

Whilst the Terms of Reference give a broad outline of a number of restrictive practices within the legislation, a more detailed discussion of these issues is set out below:

Sections 219, 220 - "Premiums"

These sections require the Chief Executive to determine a premium which must be paid before a General or Special Facility Licence can be granted. The original objectives for the imposition of premiums were to raise revenue for Government which was to be used in campaigns aimed at minimising the harms associated with alcohol and also funding a compensation scheme for the "buy back" of hotel licences. The setting of premiums can be seen as imposing a restriction on entry to the industry.

General and Special Facility Licences are the only two licences for which a premium has to be paid and in effect is because these licences can trade in a virtually unrestricted manner including take-away liquor sales to the public. Premiums are calculated on factors including the locality of the proposed licence, the size of the premises and the nature of the business. Premiums can range anywhere from \$10,000 to \$150,000.

Sections 59 and 93 - "Take-away Liquor"

Only two licence types are permitted to sell take-away liquor to the general public and the above sections set out the authority of both the General Licence (Section 59) and Special Facility Licence (Section 93) to do so. The often referred to prohibition on supermarkets selling take-away liquor is thus more implicit in the legislation rather than explicit.

Licensed Clubs are also permitted, by virtue of Section 85, to sell take-away liquor, but only to their members and only in restricted quantities, being a maximum 18 litres per day per member (Section 87). Clubs consider this to be an unnecessary restriction and have in the past lobbied Government for its removal. They believe that they should be able to supply their members' take-away needs without any arbitrary restriction.

Limited Licences (Section 95) are also able to sell liquor for consumption off the premises but these generally relate to speciality sales of take-away liquor which are in association with another business eg "gift baskets".

Liquor Regulation 6C - Detached Bottle Shop Restriction

This Regulation relates to Section 59(1)(d) of the Act which is the section regarding what are commonly referred to as "detached bottle shops" (DBS). Since 1988 hoteliers have been permitted to locate take-away liquor outlets away from their main premises.

This was initially permitted under the 1912 Act by virtue of an interpretation of that Act by the then Licensing Commission (eg the Act did not specify licensed areas had to be contiguous). The interpretation was subsequently entrenched in the legislation in 1992.

The Liquor Regulation contains a number of provisos upon which the Chief Executive can approve DBS. Hoteliers are restricted to locate their DBS outlet to a location within a 5 kilometre radius of the main hotel facility (unless in a "remote" area). Other provisions within this Regulation restrict hoteliers to having no more than $100m^2$ for display and $30m^2$ for storage. This is to avoid big liquor barn type establishments appearing in small suburban shopping centres. The Regulation also restricts the number of DBS per hotel to no more than three. This was introduced in 1994 to decrease the "predatory" practices of some General Licence holders in locating DBS near or adjacent to rival outlets. To a lesser extent it was also to ensure that the facilities were within a defined manageable distance from the main premises.

Consideration of these restrictions must be undertaken in conjunction with the wider issue of who, or which entities, are eligible to sell take-away liquor.

Regulation 19AB - Restrictions on the Promotion and Sale of Liquor

Regulation 19AB was introduced in July 1995 to bolster provisions of the Act which implied that liquor should be served responsibly. The Regulation entitled "Responsible practices in the service, supply and promotion of liquor" made it an offence for holders of licences to engage in a practice or promotion that may encourage rapid or excessive consumption of liquor, eg cheap drinks, irresponsible promotions etc.

As this matter could have been perceived as an issue involving price control, discussions were conducted with the then Trade Practices Commission to ensure the Regulation did not contravene Federal legislation. The matter could again be examined to ensure that the restrictions spelt out in the Regulation should be retained in the public interest. The extent of the Regulation to establish price "control" could also be examined.

Different trading privileges provided by various categories of licences

Part 4 of the Act sets out the authority provided by the various categories of licences. These categories differentiate the trading rights of hotels, clubs, restaurants etc and go to the very centre of market share issues. On-Premises Restaurants for example can only serve liquor with a meal or, if under various other approvals, to 20% of their non-dining patrons, or persons attending functions. Hotels (eg General Licences) on the other hand have fundamentally an unrestricted right to sell liquor to the public. An On-Premises Cabaret however can only sell liquor with a meal prior to 5.00 pm and in association with entertainment after that time. Restaurateurs and others can be granted a somewhat arbitrary 20% concession to supply liquor to diners without the provision of a meal.

These artificial barriers have evolved through time and often provide a restriction on licensees in meeting the public expectations. Of course it can be argued that licensees can always apply for a licence more suitable to their trading focus; however, this cannot always be achieved as the categories of licences available do not always meet the desired trading pattern (for example, there is no provision for a person to merely establish a "bar" under the Act).

Also the requirement for various licence types to provide accommodation or other facilities to the standard required by the Chief Executive imposes substantial capital costs and may act as a barrier to entry.

Section 116 - Public Need Relevant to Applications

Section 116 establishes the need for applicants for licences (other than a Club Licence) and for extended trading hours to establish whether there is a "public need" for that licence or extension. If the need is not established the Chief Executive cannot grant the application. In considering the need the section sets out the types of issues which must be considered (eg population, distribution of existing licences and services, tourist activity etc). The section is clearly one which offends against the "free market" paradigm, but has been legislated to avoid a proliferation of licences and the detrimental effects which would be likely to flow on to the community from such a proliferation.

It could be argued that public need is a difficult concept to establish, particularly in relation to some categories of licence such as restaurants. When is one more restaurant not in the public need? It is noteworthy on this issue that until the 1992 Act was introduced, licensees were able to object to other licences being granted based on economic viability issues. Many still make submissions on the grant of another licence on the basis of public need.

Similarly the Chief Executive must consider if there is a public need for a licensed venue to trade past midnight. This can be an even more difficult issue to quantifiably demonstrate. The public need concept is one which can form an artificial (and difficult to establish) barrier to entry into the market.

1.4 Members of the Review Panel

On 30 November 1998 Queensland Cabinet appointed an independent Panel to carry out the review.

Trevor Clelland, Chair

Trevor has been involved in the liquor industry for over 30 years, operating and/or owning a number of restaurants, hotels and other licensed outlets throughout the Brisbane area. Trevor brings a wealth of knowledge to the committee including details of the obstacles faced by industry participants.

Dr Margaret O'Donnell, Member

Margaret has a 30 year background in the teaching field of Queensland. Amongst other qualifications Margaret holds a degree in Economics and is presently involved in a number of private business interests.

Vernon Wills, Member

Vernon has an extensive and successful history within the Investment and Finance Industry. Clients include international accounting, legal and mining groups and leading management companies. He is currently Managing Director of Enhance Management Pty Ltd a leading Queensland Market Research firm, delivering quality market research, strategic and business planning and marketing strategies to the private and public sectors.

In addition to the Panel, Cabinet directed that Laurie Longland, Executive Director, Liquor Licensing and a Queensland Treasury representative be appointed as ex-officio members to ensure that the Panel was given appropriate assistance.

1.5 Methodology - the approach to the review

Following their appointment, the Panel met for the first time on 9 December 1998. On that same day a letter from the Honourable R J Gibbs MLA, Minister for Tourism, Sport and Racing was forwarded to all liquor licensees advising of the review and enclosing the Terms of Reference for the Panel.

Approval was given for the publication of an Issues Paper detailing the most controversial aspects of the review and the Panel determined that the review would be undertaken in the following manner:

(a) Advertisements were placed in the undermentioned newspapers on 12 & 19 December 1998 and 16 & 23 January 1999 calling for written submissions on the review:

Brisbane Courier Mail
Bundaberg News Mail
Mt Isa North West Star
Mackay Daily Mercury
Sunshine Coast Daily
Gold Coast Bulletin
Emerald Central Queensland News

Townsville Bulletin
Toowoomba Chronicle
Cairns Post
Rockhampton Morning Bulletin
Gladstone Observer
Maryborough Chronicle
Longreach Leader

Whilst the advertised closing date for written submissions was 5 February 1999 the Panel continued to receive written documentation well after that date. Over 140 submissions were received.

(b) Representatives of all Peak Liquor Industry organisations were written to and advised of the review.

(c) The Panel then proceeded to hear verbal submissions throughout the State at the following centres:

Brisbane	1 & 2 March 1999	Toowoomba	4 March 1999
Rockhampton	8 March 1999	Mackay	9 March 1999
Cairns	11 March 1999	Mt Isa	15 March 1999
Townsville	16 March 1999		

(d) On 24 March 1999 the Panel interviewed representatives of KPMG, KSM Economics and Economic Insights with a view to engaging Consultants to assist in carrying out the required Public Benefits Test in respect of the review. Following consideration of the written submissions provided by the above firms the Panel determined to engage KPMG.

As a result of analysis of the written submissions and community consultations, KPMG were also asked to give specific attention to regional issues, particularly the regions outside of south-east Queensland, to assist in determining the social and economic impacts on areas where a change in the balance of services, or indeed the removal of services, may adversely affect the local business services, tourism and the community at large. The report prepared by KPMG was heavily relied upon by the Panel and should be read in conjunction with the Panel's findings.

(e) As part of the Panel's investigation into the packaged liquor markets in other jurisdictions, Vern Wills, Laurie Longland and Chris James (Queensland Treasury) visited New South Wales and Victoria on 30 & 31 March 1999. This group met with representatives of both Liquor Licensing Authorities and visited a number of premises.

THE LIQUOR INDUSTRY

2.1 The Existing Structure in Queensland

(This section has been taken directly from Section 4.3 of the KPMG report)

Licence Numbers

The following table presents numbers of total liquor licences by category for Queensland since 1990-91 to 1997-98.

Licence Category	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98
General	1,164	1,160	1,160	1,167	1,161	1,188	1,194	1,202
DBS*	12	71	108	220	308	349	399	457
On-premises	1,123	1,149	1,239	1,343	1,473	1,617	1,759	1,909
Residential	366	373	394	410	434	432	454	503
Producer/wholesalers	101	89	96	100	100	97	96	108
Club	820	833	899	967	1,011	1,028	1,034	1,030
Special facilities	0	0	46	97	50	65	70	74
Limited	39	40	43	45	55	73	92	108
Wine Industry	9	7	23	43	41	38	44	54
Total	3,634	3,722	4,008	4,392	4,633	4,887	5,142	5,445

The previous analysis reveals the following:

- The number of liquor licences in Queensland have been growing on average approximately 5% per annum over the survey period, significantly in excess of population growth over the same period.
- Licences for detached bottle shops (DBS) and on-premises alcohol consumption have grown at above average rates, while general licences have recorded virtually no growth over the survey period.
- General licences as a proportion of total liquor licences in Queensland has declined from 32% in 1991-92 to 22% in 1997-98.
- While under the current regulations there is provision for a total of 3,606 DBS outlets across the state (3 per general licence) as at 30 June 1998 only 457 DBS outlets had been established.

This analysis is presented on a regional basis for specific licence categories for the period 1994-95 to 1997-98 in the following tables.

General Liquor Licence 1994-95 – 1997-98	es by Statistical Div	vision		
Statistical Division	1994-95	1995-96	1996-97	1997-98
Brisbane	168	169	172	174
Central West	36	37	37	36
Darling Downs	130	132	131	129
Far North	147	148	149	150

Fitzroy	109	112	112	114
Mackay	74	75	76	77
Moreton	173	179	186	191
North West	33	34	34	34
Northern	110	114	112	113
South West	52	53	52	51
Wide Bay-Burnett	130	134	134	134
Total	1,161	1,188	1,194	1,202
Source: QGDTSR, KPMG				<u> </u>

Statistical Division	1994-95	1995-96	1996-97	1997-98
Brisbane	269	270	272	273
Central West	21	21	21	21
Darling Downs	92	94	97	96
Far North	79	82	82	80
Fitzroy	79	82	82	82
Mackay	54	58	57	57
Moreton	202	205	206	207
North West	21	21	21	21
Northern	65	62	63	60
South West	29	29	29	29
Wide Bay-Burnett	101	102	104	104
Total	1,011	1,028	1,034	1,030

Statistical Division	1994-95	1995-96	1996-97	1997-98
Brisbane	432	482	540	595
Central West	1	1	2	3
Darling Downs	50	52	54	68
Far North	197	218	235	248
Fitzroy	83	80	81	79
Mackay	86	90	92	99
Moreton	434	488	534	572
North West	14	14	16	17
Northern	89	95	100	112
South West	7	8	9	9
Wide Bay-Burnett	80	89	94	107
Total	1,473	1,617	1,759	1,909

The above analysis reveals the following points:

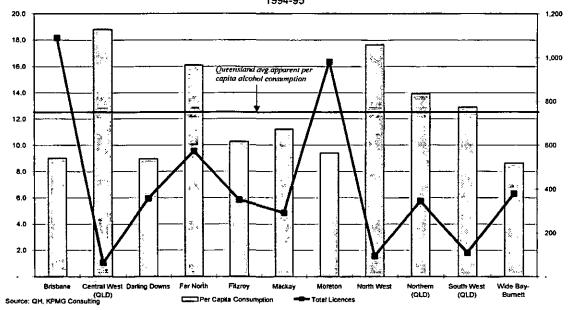
- General licences have remained relatively unchanged in all Statistical Divisions, with the exception of Moreton, which recorded 18 new licences over the four years to 30 June 1998;
- There is no evidence of an overall decline in general licences in rural and regional Queensland in the period 1994-95 to 1997-98;
- Club Licences have remained virtually stable over the survey period; and
- On-Premises licences have grown in all Statistical Divisions in Queensland, with the exception of Fitzroy, which has recorded a slight decline.

Liquor Consumption by Region

The following table presents liquor consumption by statistical division in Queensland for the years 1989-90 to 1994-95.

Statistical Division	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Brisbane	10.0	9.4	9.1	8.7	8.6	9.0
Central West	17.9	18.5	16.9	17.0	17.0	18.8
Darling Downs	9.2	9.2	8.4	8.3	8.6	9.0
Far North	14.8	14.8	14.6	14.4	15.1	16.1
Fitzroy	10.8	11.5	10.8	10.4	10.2	10.3
Mackay	11.7	11.6	11.5	11.1	10.5	11.2
Moreton	9.5	9.3	9.2	8.7	9.0	9.4
North West	19.5	20.9	19.2	18.2	17.7	17.7
Northern	12.8	12.3	13.2	13.0	13.6	13.9
South West	14.7	14.3	12.3	12.4	12.4	12.9
Wide Bay-Burnett	8.9	8.7	8.3	8.0	8.1	8.6
Total	12.8	11.8	11.6	11.1	11.7	12.2

Apparent Per Capita Consumption and Liquor Licences by Region, Queensland 1994-95



The above analysis outlines the relative availability of alcohol and apparent per capita consumption by region for the 1994-95 financial year. As detailed in the graph, there does not appear to be a strong correlation between number of outlets licensed to sell alcohol and per capita consumption of alcohol within a region. For example, the Central West Statistical Division has the lowest number of licensed premises in Queensland, yet it also has the greatest per capita consumption of alcohol.

This analysis confirms previous research that suggests while areas may be relatively underprovided for in terms of access to alcohol outlets, there is limited evidence to suggest that residents of these areas are consuming lower amounts of alcohol as a result of this relatively restrictive access. This analysis also illustrates that there are wide variances in average per capita consumptions between regions of Queensland suggesting that demographic profiles, also influence the level of per capita consumption. This issue is further explored in Chapter 5 of this report.

Liquor Purchases by Region

The Queensland Liquor Licensing Division required individual licensees to provide details on their liquor purchases in order to determine payment of licensing fees to the State Government. This survey allowed for the analysis of liquor purchases and consumption by type of licence and region. However, as a consequence of the *Ha and Lim v State of New South Wales* High Court decision in August 1997, which placed in question the States' right to collect licence fees on tobacco, liquor and fuel, no States now survey licensees to provide information on annual liquor purchases.

While information was collected for the 1996-97 financial year for Queensland, it has not been prepared in a format for analysis or dissemination. As a result, we have utilised the latest data available for Queensland, which is for the 1995-96 financial year.

Liquor Purchases	by Type of Lie	ence, Queenslar	ıd		
1995-96					
(\$'000)					
Statistical Division	Club	General	On-Premise	Other	Total
Brisbane	46,784	365,472	19,922	8,672	440,850
Central West	1,061	5,773	13	133	6,980
Darling Downs	7,023	54,980	1,401	744	64,148
Far North	9,167	94,451	9,722	7,099	120,439
Fitzroy	9,787	54,973	1,533	1,364	67,657
Mackay	7,961	43,858	2,578	6,361	60,757
Moreton	35,569	257,304	23,824	8,741	325,438
North West	5,436	13,319	482	1,343	20,579
Northern	6,792	69,968	3,419	3,311	83,490
South West	2,178	9,910	49	218	12,354
Wide Bay-Burnett	9,649	53,213	1,208	757	64,826
Total	141,406	1,023,222	64,150	38,741	1,267,519
Source: DTSR, KPMO	G Consulting				

Statistical Division	Club	General	On-Premise	Other	Total
Brisbane	10.6%	82.9%	4.5%	2.0%	100.0%
Central West	15.2%	82.7%	0.2%	1.9%	100.0%
Darling Downs	10.9%	85.7%	2.2%	1.2%	100.0%
Far North	7.6%	78.4%	8.1%	5.9%	100.0%
Fitzroy	14.5%	81.3%	2.3%	2.0%	100.0%
Mackay	13.1%	72.2%	4.2%	10.5%	100.0%
Moreton	10.9%	79.1%	7.3%	2.7%	100.0%
North West	26.4%	64.7%	2.3%	6.5%	100.0%
Northern	8.1%	83.8%	4.1%	4.0%	100.0%
South West	17.6%	80.2%	0.4%	1.8%	100.0%
Wide Bay-Burnett	14.9%	82.1%	1.9%	1.2%	100.0%
Total	11.2%	80.7%	5.1%	3.1%	100.0%

Using liquor purchases by licence type as a proxy for end market share, the above analysis reveals the following information:

- General licences sell the majority of alcohol in Queensland, some 80% of all liquor purchases, while this licence type (including DBSs) represented only 31% of all liquor licences in 1995-96;
- Club licences sold approximately 11% of liquor purchases in Queensland, while they represented 21% of total licences. The North West Statistical Division is influenced by

the Mount Isa Irish Club, which has consistently recorded the highest liquor licence fee within the Club industry in Queensland; and

About one-third of all licences on issue in 1995-96 were on-premise licences, however
this licence type sold only 5% of total liquor purchases in Queensland. The Statistical
Division's (sic) of Far North and Moreton, which incorporate Cairns and the Gold Coast
respectively, recorded above average on-premise liquor sales primarily due to tourism
activities.

2.2 The Australian Liquor Industry

(This section has been taken directly from Section 4.1 of the KPMG report)

There is limited consolidated information on the relative economic performance of the liquor industry across Australia, or at an individual State or Territory level. Accordingly, in preparing this analysis we have utilised information from various sources, including the Australian Bureau of Statistics, Financial Management Research Centre and Liquor Licensing Divisions within all Australian States and Territories. While we have attempted to present as detailed a coverage of the industry as possible, we appreciate that the following analysis does not present a comprehensive picture of the importance of the liquor industry to the Australian economy.

Pubs, Clubs, Taverns and Bars

The following tables present details of the size and structure of the pubs, taverns, bars and clubs industry within Australia for the 1986-87, 1991-92, 1994-95 and 1997-98 financial years.

As at the end of the 1997-98 financial year there were just over 8,500 licensed businesses employing nearly 150,000 people across Australia, and generating gross income of over \$14 billion.

Pubs, Clubs, Key Australia	Sumi	laverns, nary	and	Bars Statistics	
7 NUSCI BILL	1986-87	1991-92	1994-95	1997-98	
Bars, Taverns, Pubs					
Businesses (no)	4,704	4,347	4,325	4,792	
Employment (no)	79,425	73,526	71,437	81,724	
Wages and Salaries (\$m)	769	929	1,035	1,464	
Gross income (\$m)	4,684	5,912	6,390	8,253	
Total expenses (\$m)	4,462	5,814	6,139	7,596	
Operating profit before tax (\$m)	136	98	258	681	
Operating profit margin (\$m)	2.91%	1.66%	4.04%	8.25%	
Clubs					
Businesses (no)	3,601	3,811	3,284	3,749	
Employment (no)	52,336	60,424	62,536	67,272	
Wages and Salaries (\$m)	688	1,012	1,173	1,601	
Gross income (\$m)	2,663	3,811	4,729	6,013	
Total expenses (\$m)	2,438	3,632	4,304	5,460	
Operating profit before tax (\$m)	210	178	429	561	
Operating profit margin (\$m)	7.87%	4.68%	9.07%	9.33%	
Total					
Businesses (no)	8,305	8,158	7,609	8,541	
Employment (no)	131,761	133,950	133,973	148,996	
Wages and Salaries (\$m)	1,456	1,941	2,208	3,065	
Gross income (\$m)	7,347	9,722	11,120	14,266	
Total expenses (\$m)	6,900	9,446	10,444	13,056	
Operating profit before tax (\$m)	346	276	687	1,242	
Operating profit margin (\$m)	4.71%	2.84%	6.18%	8.71%	
Source: ABS, Cat.No.8687.0					

The above analysis reveals over the 11-year timeframe from which the survey has been conducted that the industry has recorded nominal growth of nearly 7.0% per annum. Of interest has been the recent improvement in the profitability of bars, taverns and pubs since 1991-92, where the profit margin for these types of businesses was less than 2.0%. The likely, but not only, explanation for this improvement in profitability would be the introduction of poker machines in these venues in Victoria, South Australia and Oueensland.

The following analysis details the importance of the pubs, clubs, taverns and bars industries at a State level.

1994-95	Businesses	Employment	Wages and	Gross Income
	(no.) *	(no.)	Salaries (\$m)	(\$m)
New South Wales	2,790	62,138	1,143	5,284
Victoria	1,583	23,948	347	1,613
Queensland	1,418	21,872	347	2,085
South Australia	763	11,044	149	815
Western Australia	644	8,918	129	725
Tasmania	268	2,945	44	331
Northern Territory	64	793	14	94
Australian Capital Territory	87	2,134	35	173
Australia	7,609	133,963	2,208	11,120
1997-98				_
New South Wales	3,204	64,586	1,382	6,516
Victoria	1,684	27,388	447	2,013
Queensland	1,910	26,405	488	2,935
South Australia	940	12,747	226	1,311
Western Australia	819	11,173	168	890
Tasmania	380	3,341	48	268
Northern Territory	72	1,094	21	119
Australian Capital Territory	102	2,262	45	216
Australia	9,111	148,996	2,824	14,266

^{* =} Multi State businesses are counted in each State in which they operate. Hence States do not sum to the total for Australia

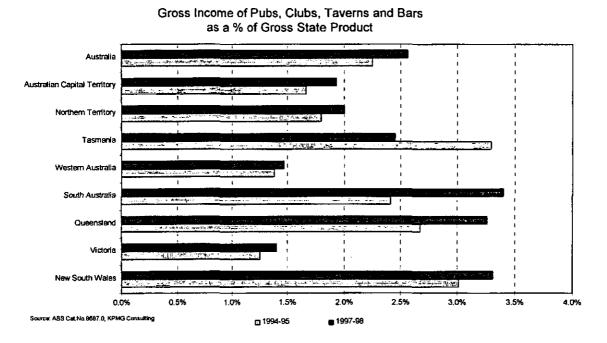
Source: ABS, Cat.No.8687.0

The above analysis reveals the following key points:

- Tasmania (12%) and Queensland (10%) recorded the strongest average annual growth in new businesses over the three years to 1997-98, with Victoria recording the lowest annual growth (2%).
- While the Northern Territory recorded below average annual growth in new businesses, it recorded the strongest average annual employment growth of all Australian States and Territories, suggesting a consolidation of existing businesses.
- Wages and salaries recorded the strongest average annual growth in South Australia (15%), Northern Territory (13%) and Queensland (12%). While the Northern Territory growth relates to growth in new employment, wages and salaries growth in South Australia and Queensland is more related to real wages growth within the sector.
- Growth in gross income was positive in all Australian States and Territories, with the exception of Tasmania, which recorded a \$63 million reduction over the three years to

1997-98. The majority of this reduction was within the pubs, taverns and bars industries (\$84 million), however the clubs industry only captured \$21 million of this reduction as income transfers.

The following graph presents gross income of the pubs, clubs, taverns and bars operations as a proportion of Gross State Product in all Australian States and Territories. As noted at the beginning of this section, not all income associated with the liquor industry is captured within this analysis, notably sale of alcohol from retailers, cafes and restaurants. Given this, the following analysis will understate the relative importance of the liquor industry to the State and Territory economies.



The above analysis would suggest that the pubs, clubs, taverns and bars are a significant contributor to the economic base of the national and state economies. It should be noted that the above analysis excludes liquor sales by retail outlets, which in some states account for a significant proportion of total retail liquor sales (up to 40%) and therefore understate the economic contribution of the liquor industry.

Profitability of public hotels

The Financial Management Research Centre (FMRC) survey a number of public hotels nationally and present information on their relative financial performance. The following table presents a summary of the key findings of the FMRC survey over the past several years, while Appendix A of this report presents the FMRC findings in greater detail.

FMRC Business Benchm Public Hotels All Firms Average	arks				
Financial Year	1989	1991	1992	1993	1995
Total Trading Income	100.00%	100.00%	100.00%	100.00%	100.00%
less Cost of Goods Sold	55.50%	50.60%	51.56%	48.16%	54.31%
Gross Profit	44.50%	49.40%	48.44%	51.84%	45.69%
less Overheads	36.60%	46.41%	42.41%	43.64%	39.49%
Net Trading Profit	7.90%	2.99%	6.03%	8.20%	6.20%
Plus Non Trading Income	N.A	1.82%	0.53%	0.10%	N.A

Net Profit before Tax	7.90%	4.81%	6.56%	8.30%	6.20%
Source: FMRC, KPMG Consulting					

This analysis reveals that public hotels appear to earn a consistent net profit of approximately 6% to 8% of trading income.

The Queensland Hotels Association (QHA) has also recently completed a survey of 24 public hotels in Queensland to analyse the relative profitability of these businesses. This survey found that net profit (as defined as operating profit before interest, depreciation and tax) was approximately 6.80% for hotels with turnover greater than \$1 million, and approximately 11.2% for hotels with turnover of less than \$1 million. The QHA analysis appears consistent to the FMRC survey results.

We have not provided comparative benchmark data for other licensed venues on the basis that they generally derive the majority of their income from sources other than liquor sales.

Licensed Outlets

The following analysis presents a profile of the number, density and access of licensed premises in Australian States. This information has been prepared utilising data gathered from various Liquor Licensing Divisions in all States and Territories for 1998.

Licensed Australia (1998)	Outlets,	ets, Density		and	Access	
State	Persons 18+	Area (Sq.Km)	Licensed Premises (no)	Outlets per 1,000 Adults	Outlets per 1,000 Adults per 1,000 sq.km	
New South Wales	4,459,999	801,200	10,128	2.27	0.0028	
Victoria	3,245,684	227,700	8,967	2.76	0.0121	
Queensland	2,449,603	1,734,000	5,188	2.12	0.0012	
South Australia	1,071,040	985,300	3,765	3.67	0.0036	
Western Australia	1,252,680	2,531,000	3,290	2.63	0.0010	
Tasmania	333,678	67,860	1,033	3.10	0.0456	
Northern Territory	133,265	1,352,000	439	3.29	0.0024	
Australian Capital Territory	215,685	2,352	540	2.50	1.0645	
Australia	13,161,634	7,701,412	33,516	2.55	0.0003	
Source: KPMG Consulting						

The above analysis reveals the following key points:

- South Australia has the greatest number of outlets per 1,000 adults of all Australian States, followed by the Northern Territory and Tasmania, while Queensland has the lowest.
- In order to establish a consistent measure of access to alcohol, consideration of the number of licences and population density (given as population per 1,000 sq.km) should also be taken into account. Therefore, the final column of the above table presents a measure of the number of outlets per 1,000 adults per 1,000 sq.km. This analysis reveals that the Australian Capital Territory and Tasmania have by far the greatest access to alcohol, followed by Victoria and South Australia.
- In contrast to the analysis based on outlets per 1,000 adults, the access analysis suggests
 that residents of Queensland have comparatively greater access to alcohol than do
 residents of Western Australia, however Queensland lags all other States and Territories
 against this benchmark.

The above analysis can also be presented in terms of access to outlets that provide for the sale of take-away liquor. The following table presents number of outlets that have either a primary or significant focus on the sale of take-away liquor. Outlets that are allowed to sell take-away liquor but are primarily focused on other activities, such as clubs and residential licensees, are excluded from this analysis.

State	No. of General/ Hotel Licenses	No. of Detached Bottleshops/ Take-away Licenses	No. of Outlets providing Take-away Liquor	Outlets per 1,000 Adults	Outlets per 1,000 Adults per 1,000 sq.km
New South Wales	2,018	1,406	3,424	0.77	0.0010
Victoria	1,827	1,133	2,960	0.91	0.0040
Queensland	1,185	520	1,705	0.70	0.0004
South Australia	558	174	732	0.68	0.0007
Western Australia	615	444	1,059	0.85	0.0003
Tasmania	299	31	330	0.99	0.0146
Northern Territory	108	84	192	1.44	0.0011
Australian Capital Territory	13	155	168	0.78	0.3312
Australia	6,623	3,947	10.570	0.80	0.0001

The above analysis reveals the following key points:

- Outlets that are allowed to sell take-away liquor, and the sale of take-away liquor is a major business activity, represent nearly one-third of all licensed outlets.
- The Northern Territory has the greatest access to take-away liquor on a per capita basis, followed by Tasmania and Victoria, while in contrast South Australia and Queensland have the least access on a per capita basis.
- Once population density is taken into consideration, the Australian Capital Territory has by far the greatest level of access to take-away liquor, followed by Tasmania and Victoria. As with the analysis of total outlets, Queensland has marginally greater access than Western Australia but is well behind all other States and Territories.

Liquor Consumption

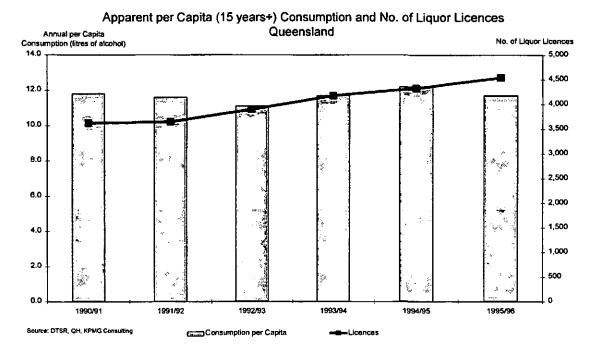
While it is important to understand the relationship between outlets and population, it is also necessary to understand the relationship between access and consumption. The following table presents apparent per capita (aged 15 years and over) consumption across several States and Territories.

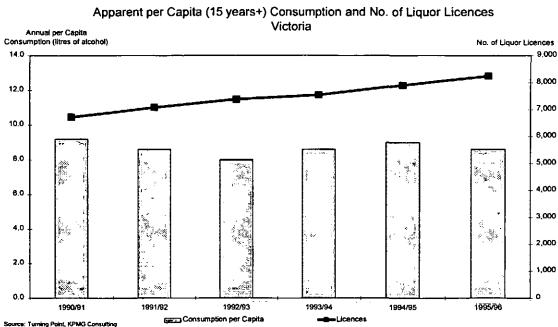
Liquor Consumption Litres of Pure Alcohol		ged 15 years	+			_
State	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
Victoria	9.2	8.6	8.0	8.6	9.0	8.6
Queensland	11.8	11.6	11.1	11.7	12.2	11.7
Western Australia	10.5	10.1	10.1	10.0	10.2	10.1
Northern Territory	18.7	17.8	15.1	15.4	15.1	14.6
Australia (1)	8.2	7.8	7.6	7.8	7.7	7.6

[State based consumption data is collected by State Health authorities for persons over the age of 15 years whilst national data is collected by the Australian Bureau of Statistics for persons over the age of 18 years. We have been unable to identify any reliable source for consumption data which is on a consistent basis (15+ or 18+ years of age) at the State or national levels]

The above analysis indicates that per capita (15 years +) consumption in Western Australia, Victoria and the Northern Territory, and at the Australian level (18 years +) has trended downwards over the period 1990/91 to 1995/96. In comparison, consumption of alcohol in Queensland has fluctuated over the same time period. Of note however is that while Queensland has one of the lowest access to alcohol measures, it has one of the highest per capita consumption measures, indicating Queensland residents do not appear to be disadvantaged by comparatively less availability.

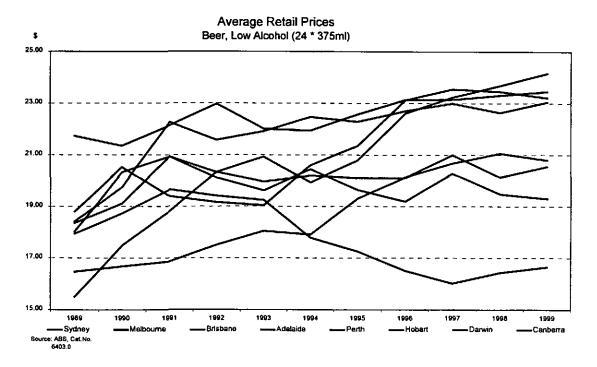
The following graphs present the relationship between per capita consumption and the number of licensed premises in Queensland and Victoria. In both States it appears that while the number of licences and outlets have increased steadily over the survey period, per capita consumption has remained relatively unchanged, or actually declined as in the case of Victoria. This analysis would suggest that there is no direct correlation between average per capita consumption of alcohol and availability.

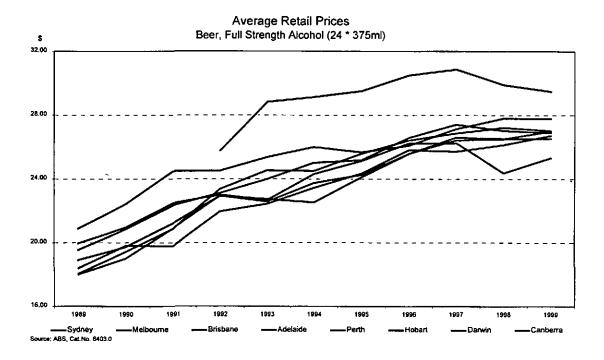




Price of Alcohol

The Australian Bureau of Statistics incorporate the price of selected alcohol items within their survey of average retail prices of selected items included in the Consumer Price Index for each of the six State Capitals, Canberra and Darwin. The following graphs present average retail prices for a carton of low alcohol beer and full strength beer since 1989. The survey collects price information for draught beer - low alcohol and full strength - and a nip of scotch supplied in a public bar. For the purposes of this analysis we have only presented alcohol available for take-away consumption.





The above analysis reveals:

- Melbourne has the lowest cost per carton of packaged low alcohol beer, followed by Canberra and Sydney. In contrast, Perth, Darwin and Brisbane recorded the highest cost per carton of packaged low alcohol beer.
- The Victorian and New South Wales Government's (sic) had adopted a harm minimisation policy of promoting low alcohol beer consumption through rebating licence fees associated with low alcohol beer, which is likely to explain the price differentials noted above.

• Canberra has the lowest cost per carton of packaged full strength beer, followed by Perth and Brisbane. In real terms there is relatively little difference between the cost per carton of packaged full strength beer in all Capital Cities, with the exception of Perth (lower) and Darwin (higher).

This analysis provides an interesting basis from which to compare the implication of access to alcohol and price of alcohol. Basic economic theory suggests that the greater the supply of a product, for a given level of demand, the lower the equilibrium price level. Therefore, if market forces were to hold for the liquor industry, those States / Regions that have a relatively high level of outlets should correspondingly have a lower price for alcohol, discounting for transport costs.

The following table presents a price index for carton packaged full strength beer (March 1999) and an access to liquor measure (outlets per 1,000 adults per 1,000 sq.km).

State	Price Index of Carton Packaged Full Strength Beer	Price Index Rank	Take-away outlets per 1,000 Adults per 1,000 Sq.km	Access Measure Rank
New South Wales	99.28	3	0.0010	5
Victoria	99.62	4	0.0040	3
Queensland	98.62	3	0.0004	7
South Australia	99.73	5	0.0007	6
Western Australia	97.86	2	0.0003	8
Tasmania	102.53	6	0.0146	2
Northern Territory	108.84	7	0.0011	4
Australian Capital Territory	93.42	1	0.3312	1
Australia	100.00		N/A	

The above analysis suggests that while the theory holds for the Australian Capital Territory and the Northern Territory, it appears not to hold for other States. For example, Queensland has comparatively one of the lowest access measures, but also has one of the lowest price indices, as with Western Australia. In contrast, Tasmania has one of the greatest access measures, but also has the second highest price index.

THE QUEENSLAND LIQUOR ACT

3.1 History of Regulation in Queensland

The fundamental reason for the need for liquor regulation is that alcohol is a legal form of drug and has the potential, through its misuse, to cause great short and long-term harm to the community and considerable financial impact on the provision of Government services.

Queensland's Liquor Act was originally introduced in 1912. The administration was under the control of the Magistrates Courts for the relevant areas of the State. The Licensing Commission was established in 1935 as a result of amendments to the 1912 Act. The Commission's objectives were to ensure a better distribution of licences throughout the State and to raise standards of accommodation. These changes achieved a centralisation of all decision making, collation of records and collection of licence fees.

Further amendments saw the introduction of the Licensing Court in February 1974. The Court was charged with responsibility for determining applications for new licences, removals, surrenders and show cause for cancellation matters, previously considered by the Commission. In addition, the Court also heard appeals against the Commission's decisions.

In all, the Act was amended 31 times since 1912, until a full review was approved by State Cabinet on 8 November 1988. The new 1992 legislation saw significant deregulation of the industry including the abolition of the Licensing Court and Licensing Commission and the creation of the Liquor Licensing Division to administer the Act and Regulations.

The Act also underwent further amendments in 1994 and the development of further amendments in 1997/98 which had been introduced to Parliament and were awaiting debate when the State Election was called in May 1998. These amendments have now lapsed in favour of undertaking the more holistic review of the legislation as required under the NCP.

3.2 Role of the Liquor Licensing Division

The role of the Division is to promote the development of the liquor and hospitality industries within a socially responsible framework through:

- Policy development
- Education and advice to liquor industry licensees, licensees staff and consumers
- Issuing of liquor and wine licences and permits and maintenance of a register of licensed premises
- Complaint investigation and resolution including the management of the liquor subsidy scheme.

FRAMEWORK FOR ANALYSIS

4.1 Research into the Availability of Liquor and Social Harm

(This section has been taken directly from Section 5 of the KPMG report)

On the advice of the Committee, KPMG retained Dr Ann Roche to conduct national and international research and provide expert advice as to social and harm issues associated with alcohol consumption. Dr Roche is the Director of Queensland Alcohol and Drug Research and Education Centre, Department of Social and Preventative Medicine, The University of Queensland. Dr Roche is a recognised expert in the areas of alcohol and drug research.

The following chapter provides a summary of the key issues highlighted by Dr Roche's research.

Alcohol: The Availability vs Control Conundrum

Throughout recorded history various controls have been placed over the availability and use of alcohol in an effort to minimise its potentially negative consequences, while simultaneously allowing the enjoyment of this beverage. Finding the balance between control and availability has always been fraught with difficulty.

Reconciling the competing interests, largely economic and health/ social, is a complex task.

Most developed countries have in place a series of policies and controls designed to minimise harms associated with alcohol. Most of these control mechanisms have been predicated on the basis that greater access to alcohol resulted in higher levels of consumption, and that higher levels of consumption resulted in more harms and alcohol-related problems. Policy changes and loosening of restrictions on availability in several countries and regions have not supported this traditional public health position.

National and International Competition and Market Forces

In recent years, the controversy surrounding the control-availability debate has widened to include other factors such as those entailed in the national competition policy. In this context, there is growing pressure to see alcohol as merely another commercial product which should not be given special or particular consideration. The contrary view is that alcohol is indeed special and different from other commercial products, such as bread or milk, in that it possesses substantial demonstrable capacity to contribute to significant harms at the individual and community level.

Alcohol Related Harms

Alcohol is estimated to cost Australians approximately 6 billion dollars per annum (in 1996 terms). This figure is determined through calculations of hospital, health and social costs of both a tangible and intangible nature (See Collins and Lapsley, 1996).

Other harms associated with alcohol use include those of an acute and chronic nature. Traditionally, it has been argued that the principal harms associated with the use of alcohol were those incurred by the few alcohol dependent individuals. More recent epidemiological work indicates that is not the case. Most harms are indeed incurred by the wider community, most of whom would normally consume alcohol in a low risk or modest manner, but who also regularly drink in a hazardous manner. This is a major shift in our perception of the

nature of alcohol problems and has important implications for the development of alcohol related social policy.

Minimising Harms

Very recent efforts to minimise harms associated with alcohol have increasingly focussed on several key factors. These include the patterns of use and the context of use.

Patterns of use, and not availability and consumption per se, are increasingly seen as the key areas which warrant attention to reduce social harms from alcohol. Responsible social policies now address the issues relating to the manner and context in which alcohol is consumed.

The concept of patterns of consumption refers to not only what quantity of alcohol is consumed over what time period, but it also incorporates a range of contextual factors such as the drinking environment, the drinking confederates and the associated behaviours and social norms surrounding the consumption of alcohol.

In terms of context, the consumption of alcohol in socially congenial settings has been empirically demonstrated to reduce a wide range of problems including episodes of intoxication and problems of violence, aggression and injury. At a community level, settings in which alcohol is regularly consumed often serves an important role in terms of facilitating social cohesion. Social settings for the consumption of alcohol can also provide strong social mores about drinking behaviours. Drinking in isolation often is associated with elevated harms

In addition, the provision of food has been shown in a number of studies to also significantly reduce alcohol-related problems. There is good data to support the continuation of regulations that require food to be served with alcoholic beverages. This is especially the case where the beverages commonly consumed are spirits and beer (beverage types more frequently associated with problems).

Youth access to alcohol

It has only been in recent years that attention has been directed to the question of where and how young people obtain their liquor. Studies indicate that young people also perceive access to alcohol through commercial sources to be relatively easy (Goldsmith, 1988: Wagenaar et al., 1993). Further studies have indicated that among under age drinkers, propensity to obtain alcohol from commercial outlets increases with age.

Recent Australian data suggest that concerns over availability of alcohol to under age drinkers are warranted. In a Western Australian study on 16-17 year olds, (Farringdon et al, 1999) found that the most common method of obtaining alcohol for this group was purchasing it at liquor stores themselves.

There is some evidence that convenience stores may be an important commercial source of alcohol for youth, although it is noted that most of the research in this area is derived from studies in North America or New Zealand. In these studies convenience stores and grocery stores have been found to sell alcohol to under age persons more frequently than liquor stores, and that on-sale outlets that derive a larger proportion of their revenues from alcohol sales showed a lower propensity to sell to underage people. Conversely, these studies have found that those outlets that do not primarily depend on alcohol sales such as convenience

stores may be less likely to have adopted practices which may reduce the probability of selling to under age people.

Alcohol-related Problems and Beverage Types

The data consistently highlight elevated problems associated with the consumption of spirits and beers, rather than wine. It is not clear whether this is a result of factors associated with characteristics of the drinker, or the beverage itself. Nonetheless, particular attention is needed to be directed to issues of safety and public health and well being where full strength beer and spirits are served.

Youth and Drinking

Although overall mean consumption levels in Australia are decreasing, the pattern of consumption for young and very young people is the reverse.

There is increasing concern over the doubling of hazardous drinking patterns of young people reported over the past decade. Young people also prefer certain types of alcoholic beverages, namely spirits and full strength beer. Many young people report drinking intentionally to get drunk.

In geographic regions where there are high concentrations of young people, and especially where this is coupled with social disadvantage in the form of high unemployment levels or economic or social deprivation then particular care is needed in relation to the availability of alcohol.

Ease of access to alcohol is associated with increased consumption by youth and increased hazardous consumption.

Rurality and Remoteness

Geographical remoteness is often associated with greater levels of alcohol-related problems. For a variety of reasons there is evidence of the need to apply particular care to any loosening of alcohol outlets in rural and remote areas in Queensland. Current alcohol use data highlight important regional variations in this state. High problem areas are often co-located with rural and remote communities.

It is noted that Queensland has 2 to 3 times the national average for positive RBT readings, suggesting higher levels of drink driving in this state. Increased access to alcohol through a greater number of outlets may further contribute to this pattern.

It is also noted that the traditional social location of licensed premises, such as pubs, clubs and hotels, can play an important part in the social and communal life of rural people. Many smaller towns for instance have only a limited number of centres for social congregation. It is considered important to minimise disruption to these elements of social cohesion in a town.

Alcohol and Indigenous Australians

Recent survey data illustrate several important facts about alcohol and indigenous Australians. Firstly, more indigenous Australians are alcohol abstainers than the general community, however of those that do drink it is more common for that consumption to be at a hazardous level. Alcohol-related problems manifest themselves in a variety of ways ranging from health problems to major social disruption.

Indigenous Australians in rural and remote areas are particularly vulnerable to changes to alcohol control policies. Already existing problems can be readily exacerbated by even slight changes in relation to access to alcohol.

Alcohol-related Problems and Socio-Economic Status

Greater problems are found with alcohol among those individuals and in those geographical areas with lower socio-economic status. Such individuals and locations are seen to be particularly vulnerable to changes in access and availability to alcohol. Provision of alcohol at lower costs is known to increase consumption among various groups, especially those on limited incomes. In areas where there is evidence of economic fragility, for instance high levels of youth unemployment, particular care is warranted.

Strategies to Appropriately Manage Access to Alcohol

Access to alcohol per se is not consistently shown to be of concern from a social issues perspective, rather it is the manner in which it is accessed and consumed.

Server training has proved to be an acceptable (to all parties) strategy to minimise many of the key concern areas such as underage drinking and intoxication. Problems arise in terms of how to best manage the process of server training in settings other than formal licensed premises. Greater attention is needed to be directed to this issue.

An Overview of Patterns of use and prevalence of problems

Overall, alcohol is widely consumed in Australia. Most adult drinkers drink in moderation most of the time, and most also drink immoderately some of the time. Drinking, and in particular excessive drinking among young people, is an area of growing concern with binge drinking becoming more common. In general, those who are younger, with less education, those unemployed and/or with a lower expendable income are more likely to be more hazardous drinkers or more prone to alcohol-related problems.

The following are summary data from Australia's National Household Survey (1996):

- 76% of Australians aged over 14 years are current drinkers. Among 14 19 year olds, 63% (males) and 61% (females) were drinkers. Of these 14 19 year old drinkers 48% (males) and 69% (females) reported that they usually drank at a hazardous or harmful levels. Hazardous and harmful consumption was more common in the underage group than in any other age group.
- Among drinkers who consumed alcohol at very harmful levels (ie more than 8 standard drinks for females and 12 for males), 57% had intended to get drunk. Those aged 14 19 had the highest rates of intention to get drunk at 72%, followed by 20 24 year olds at 68%. Males were no more likely to get deliberately drunk than females.
- Type of alcohol consumed varied by age and sex of the drinker. Spirits were the preferred beverage of 70% of the 14 19 year olds followed by a preference for beer by 47%. Wine was the most preferred beverage among older (>35 year old) females.

- Drinking venues: Most (79%) over 35 year olds preferred to drink at home. While the most preferred venue for 20 24 year olds was pubs, clubs and winebars (65%). Pubs and clubs were preferred by more males than females. Younger drinkers (14 19 year olds) most preferred to drink at parties (77%) or friends' homes (57%).
- Nearly half (49%) of all drinkers reported attempts to reduce their alcohol consumption over the past 12 months. This was attempted either by reducing the amount of alcohol consumed on any one occasion (attempted by 27% of all current drinkers), reducing the number of occasions when alcohol is consumed (25%), and switching to more low alcohol drinks (16%).
- More than one third of the population aged 14 or more reported that they had been verbally abused in the last 12 months by someone affected by alcohol, more than a quarter had been put in fear by someone so affected, while 9% had been physically abused. With respect to property crime, 13% had property damaged by someone affected by alcohol, and 5% had property stolen. Males and regular drinkers were more likely to have experienced alcohol-related crimes than females.

4.2 Public Consultation and Submissions

(This section has been taken directly from Section 7 of the KPMG report)

Introduction

A crucial component of the conduct of a Public Benefit Test (PBT) is the consultation with all parties that have an interest in the legislation under review. This is required so that the views of all stakeholders are taken into consideration when assessing whether or not any restrictive provisions contained within the legislation or alternative options provide a net public benefit.

The NCP Liquor Act Review Panel undertook consultation during the first quarter of 1999, while KPMG subsequently completed a second phase of consultation during June 1999 that focused on rural and regional Queensland. Target consultation was undertaken with key stakeholders, while the broader community was provided the opportunity to have input into the review process through public hearings and submissions. In turn, these submissions were analysed, specifically noting quantitative and qualitative factors.

Detailed submissions, including those provided by the Queensland Hotels Association (QHA), the Australasian Association of Convenience Stores Incorporated (AACSI), Retailers Association of Queensland (RAQ) and Clubs Queensland, incorporated substantial qualitative and quantitative research and analysis. For this reason they have been detailed in a-more substantiative form in this chapter.

Key Stakeholders

- The key stakeholder groups identified as being affected by the Act include:
- The public, both consumers and non-consumers;
- Licensees, and by association their representative bodies including the:
 - Queensland Hotels Association;

- Clubs Queensland;
- Restaurant and Caterer's Association of Queensland; (sic)
- Hotel, Motel and Accommodation Association of Queensland;
- Queensland Cabaret Association;
- Royal Queensland Golf Union;
- RSL and Services Clubs Association;
- Royal Queensland Bowls Association;
- Supermarkets, and other possible retailers of take-away liquor;
- Local Authorities;
- Unions representing the liquor industry employee interests;
- The Australian Medical Association (AMA) and other health care providers;
- Social welfare groups; and
- State Government agencies.

The main stakeholders affected by the Act are licensees, retailers, at risk persons and the general public. However, it is appreciated that the possible identified changes to the Act may also impact across other industries and communities not identified above.

Clearly, the interests of a number of these groups could be directly or indirectly affected by changes to the existing legislation. This report details the likely impacts on specified stakeholders and provides comments in respect to groups of stakeholders that might be affected by changes to the existing legislation.

Consultation Program

The consultation program included three elements details of which are as follows:

Review Panel Consultation

The review panel conducted a number of open public hearings throughout the state, in order to obtain initial opinion and feedback on the questions to be addressed within the NCP review. Hearings were conducted in the following locations:

Townsville;

Mt. Isa;

Cairns;

Mackay;

Rockhampton;

Toowoomba; and

Brisbane

KPMG Consultation

The focus of the targeted KPMG consultations aimed to address economic and commercial issues associated with liquor licensing regulations in Queensland at the rural and regional level.

The key questions asked during the consultation process were:

- What do you see as local employment consequences as a result of changing the current way liquor is sold in your community?
- What do you see as consequences in business and money flows in and out of the region / community as a consequence of change?
- Have there been declines in the provision of services within your region / community recently, eg: banking services, education services, health services, etc? How has this impacted your region / community?

The consultation, while concentrating on these specific areas, also invited discussion regarding any other issues that stakeholders wished to make comment on, including social consequences of change, ie: consumption patterns, under-age drinking, etc.

Key stakeholders and groups interviewed within this round of consultation included Mayors of City and Shire Councils, Business Groups, Health Authorities, Social Interest Groups, Police and other significant bodies. These interviews were undertaken at the following locations:

•	Emerald;		•	Mt.Isa;

Barcaldine;	 Cairns:
-------------------------------	-----------------------------

•	Longreach;	•	Bowen;
-	Dongroudi,		2011011,

Proserpine

Review of Written Submissions

In response to advertisements placed in newspapers throughout the State written submissions were received from 142 respondents. These submissions were read and summarised to clarify the major points raised by each individual stakeholder.

Key Issues Raised in the Consultation Process

Written Submissions

A summary of the key issues raised in the submissions from each of the peak industry bodies is outlined in the following paragraphs.

Queensland Hoteliers Association (sic)

The QHA submission highlighted the broad size and range of businesses currently operating in the liquor industry in Queensland. Operators within the industry indicated that since the introduction of Random Breathe (sic) Testing (RBT), profitability has declined, particularly in regional areas. Further, the introduction of detached bottleshops has resulted in competition increasing dramatically.

This diversity and increased competition, has provided the industry with a mechanism whereby professionalism and competition is required to remain profitable.

Business professionalism has been improved through the introduction of responsible service regulations. Hoteliers and community groups have voiced concern that they believe the introduction of retailers to the industry will result in a decline in the responsible service of alcohol.

The QHA contend there can be no argument mounted that Queensland is under serviced with regard to take-away liquor outlets and that the social harm costs of extra alcohol availability in the environment of a supermarket or convenience store clearly outweigh the benefits. Further, the QHA contend that the three States that have completed NCP review of their liquor legislation have all maintained the status quo as further availability creates more harm to society than benefit.

The QHA also quotes a Newspoll survey conducted on their behalf that indicates 86% of respondents were not in favour of increasing the availability of alcohol in the community. Further, the majority of respondents indicated concern if alcohol were to be sold in supermarkets.

Other key issues and opinions raised by the Queensland Hoteliers Association in their submission to the NCP Liquor Act Review Panel include:

- The status quo should remain;
- Premiums paid for General and Special Facility Licences be increased;
- No new licence category be created to enable retail sales from supermarkets, convenience stores or other retail outlets;
- Restrictions in respect to licensed clubs sales of take-away liquor to members are no longer applicable;
- Responsible service restrictions should remain and be tightened even further;
- Detached bottleshop restrictions should remain;
- Under the PBT guidelines the liquor market has special characteristics that allow for a restriction of competition;
- Retail industries have very little affiliation with the tourism and hospitality industries whereas the hotel industry provides extensive opportunities;

- Other state NCP reviews have kept the status quo and in no other state are sales freely permitted within supermarkets;
- Supermarkets currently have large market power that would not be tolerated in other countries, and they are likely to use this market power to push competitors from the market, using alcohol as a "loss leader";
- The industry frameworks provided in New South Wales and Victoria show little evidence for price differentials occurring;
- Supermarkets have an unfair advantage in sales tax levels. i.e. lower levels apply;
- Choice will decline with the introduction of "home" brands;
- Supermarkets are unlikely to have a patron care program that will meet the standards provided by the current industry;
- Restaurants should not be given any further liberties they are places primarily for food consumption;
- Queensland has only a slightly lower density of licensed premises compared to southern States;
- With respect to trading hours, the QHA contends no differentiation should exist as currently present;
- There will be a proliferation of outlets upon deregulation that will result in a number of negative social impacts;
- The Public need test is essential and should be strengthened;
- QHA does not reject the freeing up of sales of take-away liquor to club members in certain circumstances, citing as an example members of yacht clubs who may wish to purchase more than 18 litres of liquor at any one time;
- The QHA provided results of an Economic Impact Study undertaken to forecast the potential impacts from opening the market for take-away liquor to large retailers. The results of this study estimate that current restrictions on take-away liquor sales prevent:
 - A net loss of \$70 million in value added;
 - A net loss of 7,900 jobs;
 - A net loss of \$105 million in wages and salaries paid in Queensland; and
 - A net loss of \$8 m in indirect tax revenue to Queensland.
- In summary, the QHA value having the following provisions in place as a means to achieve the objectives of the Act and to meet social harm minimisation outcomes:
 - Premiums:
 - Detached bottleshop restrictions;

- Public needs test requirements; and
- Responsible service provisions.

Retailers Association of Queensland

- The Retailers Association of Queensland (RAQ) purported to present the unified position of over 90% of Queensland's grocery sector, both small and large with respect to the proposed reforms to the Liquor Act 1992.
- The parties to this submission include:

Australian United Retailers	IGA Express
Big Fresh	IGA Supermarkets
• Bi-Lo	Nightowl
Buy-Rite Foodmarket	Pick'n Pay
• Coles	Progressive Supermarkets
Cut Price Supermarkets	Retailers Association of Qld
Family Fair	Spar Australia
• Foodlink	• 7-Eleven
• Foodstore	• 7-2-7 Stores
• Foodtown	Super C
Four Square	Thrifty T
• Franklins	United Star
Franklins Fresh	Welcome Mart
IGA Everday	Woolworths
Source: Retailers Association of 0	Queensland

- The RAQ contends that the current legislation denies Queensland consumers access to an
 improved quality of service, better outlets, lower liquor prices and more conveniently
 located outlets. They believe that the community as a whole will experience a net social
 gain from regulatory reform that would allow additional entrants into the liquor markets.
- The RAQ submission provides analysis that suggests the present controls over retail
 packaged liquor outlets have depressed the number of these outlets by approximately 367
 establishments, which could have expected to employ 1,762 person. This assessment
 suggests a total loss of demand for retail space of 78,538 square meters. Further, if this
 lost demand was converted, approximately \$63 million could be expected to be fed into

the Queensland construction industry in addition to investment of capital in construction and store 'fit-out' of existing retail stores.

- Other key issues and opinions raised by the RAQ include:
- The current licence framework does not allow effective competition (supply monopoly);
- Restrictions deny consumers access to an improved quality of service, better outlets, lower liquor prices and more conveniently located outlets;
- Recommend a separate Retail Bottle Shop Licence;
- Removal of current restrictions would introduce both price and non-price competition;
- There needs to be a clearer focus on the social dimension of harm minimisation;
- Queensland is the only state where packaged liquor must be sold at premises owned by a hotel or club;
- Employees of retailers and hotels are equal in terms of competency to enforce liquor regulations. There should be accredited staff training for those working in such bottle shops;
- Location of premise and type of premise selling alcohol does not give rise to alcohol abuse;
- Competitive market conditions should enable the establishment of bottle shops in any area. This bottle shop could either be stand alone or situated within another retail outlet;
- There should be no restriction on the size of facilities;
- The only restriction to entry should be that the applicant is fit and proper and that the facility does not detract from the amenity of the surrounding area; and
- The benefits of reform will be:
 - Improvements in the quality of facilities;
 - Employment benefits;
 - Lower prices;
 - Increased investment; and
 - Increase in state revenue.

Australasian Association of Convenience Stores Incorporated (AACSI)

The AACSI represent small retailers and particularly convenience stores which place primary emphasis on providing the public with a convenient location to readily purchase their requirements from a wide range of consumable products. They uniquely meet consumer needs by trading 24 hours, 7 days a week. They differ from large retailers or supermarkets primarily in terms of size.

Generally consumers do not make major purchases at a convenience store. The AACSI contend purchases of liquor would be limited to take home, picnic, or party type purchases, rather than large purchases.

The AACSI believe that the current objectives of the Act are no longer relevant to the liquor industry, rather the industry should be left to market forces such as consumer demand. In particular, the AACSI contends that the current regulations:

- Restrict consumer choice;
- Restrict competition; and
- Restrict entry to new entrants.
- The AACSI recommend a total deregulation in terms of retailing alcoholic beverages up to the point-of-sale. At this point they believe more policing activity after the point of sale of liquor should be implemented.
- Key issues and opinions raised by small retailers and the AACSI submission include:
- Recommend a total deregulation in terms of retaining (sic) alcoholic beverages up to the point-of-sale;
- Recommend that requirements (sic) for the sale of both on premises and off premises consumption be substantially increased;
- Alcoholic beverages fall in the same category as other products stocked and sold by retailers;
- Free market principles should determine consumers needs;
- There is a worldwide expectance (sic) of the availability of alcohol in convenience stores;
- Current regulation (sic) do not meet the aims of the Act, and stifle diversity and investment;
- The public need test is anti competitive and should be removed;
- Convenience stores would only sell small volumes based on convenience;
- There is no convincing relationship between alcoholic beverage availability and drink driving (two US studies were incorporated within their submission quoting this);
- The issue of underage drinkers can be easily dealt with as convenience stores are very adaptable; and
- On premises consumption of liquor should be as of right in terms of town planning requirement, and it can be shown that it is the point of consumption that effects the community amenity, not the point of sale.

Clubs Queensland

The primary role of clubs is to provide recreational, sporting, cultural and social outlets for their members through the delivery of facilities and services and to support the broader Queensland Community.

Key issues and opinions raised by clubs and their industry association, Clubs Queensland, include:

- Support for premiums under the current framework;
- Generally oppose deregulation of take-away liquor sales;
- The 18 litre restrictions on the sale of liquor to club members should be removed;
- Support restrictions on detached bottleshops;
- Support the retention of responsible service regulations;
- Support prohibition of the sale of liquor to certain persons. They also contend there should be clarification in relation to licensed premises duty of care provisions;
- The 40km visitor restriction should be lowered to 15km as this represents a more realistic community boundary.
- Clubs contend the word "Club" should not be used in relation to any other licence type and should be reserved for licensed club facilities only; and
- Support retention for the public needs test.

Community Organisations

Submissions received from community organisations include church groups, community support groups, co-operative societies, the Australian Medical Association and other health program groups, and the police association.

The vast majority of community organisations concentrated their submissions in the areas of social harm, job losses, and expected strains on the social welfare system under a deregulated environment.

Key issues and opinions raised by community organisations include:

- Overall, there is a concern within the general community regarding the potential deregulation of take-away liquor sales;
- Several studies and surveys have been quoted in various submissions, including:
 - A report by the Australian Institute of Health and Welfare which notes the 'harmful effects' presently afflicted upon society by those abused by alcoholic beverages; and
 - A survey by Roy Morgan, Australians attitude to alcohol consumption, found there is recognition of the dangers of alcohol being sold through premises such as convenience stores and service stations;

- Deregulation of take-away liquor is likely to add to the social and financial costs on society. Due to this reason alone, this reform should be dismissed;
- Concerns of alcohol becoming and considered a "household item";
- A policy should be initiated which penalises all parties associated with the sale of alcohol
 to minors and intoxicated persons for a lack of duty of care;
- Deregulation will result in easier access to alcohol for under age drinkers;
- Lower prices are likely to lead to higher consumption of alcohol, creating further problems in many households;
- Hotels offer specialists in the area and closer supervision;
- Deregulation is likely to result in job losses, which will in turn create a heavier burden on welfare system;
- Age restrictions on those selling liquor must remain;
- The proposed reform option will shift problems around the community, ie. from hotels to retail areas, which is unacceptable;
- Increased access to alcohol will detract from the understanding that alcohol is a toxic and addictive substance:
- There are specific concerns for the Aboriginal and Torres Straight Islander (ATSI) community (refer Chapter 5);
- Increased access will lead to:
 - Increased community tension;
 - Increased occurrences of harassment/assault/robbery by alcohol dependent people;
 - Increased incidence of self-harm and community suffering;
 - Increase in youth buying or stealing of alcohol;
 - Increased workloads for community agencies; and
 - Increased perception that alcohol is an accepted part of society; and
- In summary, the current restrictions on take-away liquor are necessary for the health and well being of society.

Other Stakeholder Input

A summary of the key issues identified and their recurrence in the written submissions is presented in the following table. In interpreting the information provided in the summary table the following points have been noted:

- The number of submissions includes the results of written submissions received from 382 individuals in response to an open letter invitation by a major retail organisation;
- Submissions from peak bodies, such as the QHA, RAQ, etc have been included as a single submission; and
- Only those key issues raised in written submissions have been included in the summary table.

Written Submissions Summary					
Issues Raised Number of Responses			nses	<u> </u>	
			Retail		-
Regulatory Regime	Hotels	Retailers	Customers*	Other	All
Support Current Takeaway Liquor Regime	87	2	257	25	371
Support Deregulation of Retail Liquor Sales in supermarkets,]		
convenience stores etc		3	104	4	264
Current structure restricts competition		1		5	6
Bottleshop restrictions remain	5	1	<u></u>	7	13
Bottleshop restrictions be removed/changed		2			2
Recommended Changes to Specific Regulations					~~~
Gaming Machine Regulations Restrictive				2	22
Recommend changes to Reapplication rules for extended					
ours				5	5
Equal application of security regulations				1	1
Premiums should be retained	3	1		3	7
Premiums should be removed				2	2
Thange 20% seating Requirement				3	3
Change size requirements	1	1]	2
8ltr restriction removed/altered	1	NO HEADON		5	6
Okm restriction removed/altered		į	1	5	5
km DBS restriction be removed	3	†	 	1	4
flects of current regime		İ	 		<u>-</u>
Denied access	· · · · · · · · · · · · · · · · · · ·		 	····	1
Competition is currently high	27	1	i	5	33
Competition is currently low	<u> </u>	2		3	5
To barriers currently in place that restrict commpetition in	INTERNAL PROPERTY OF THE PROPE				
SBS	1				1
	16		 	6	22
Market is adequately suppied and meets community needs Don't meet interstate and international benchmarks	10	2	-	3	5
		2			2
ocation of liquor outlets does not induce alcohol abuse		2	 		
flects of deregulation			 		
Public Need Test Remain	1	1	<u> </u>	5	7
Public Need Test be Abolished	11	1		1	3
Significant loss of turnover to hotels	,	1	ļ		1
ncreased sales to underage/at risk persons due to inability of	•		:	_	
upermarkets to control	24	2		8	34
Sales to underage uneffected under deregulation		2			2
A proliferation of liquor outlets	1	ļ	<u> </u>	3	4
Reduced Prices	······································	1	<u> </u>	1 !	2
ncreased Prices	4			1 !	5
Vo change in prices	5	1			6
loteliers placed in an uncompetitive position	13	11	<u> </u>	1	15
Closure or devaluation of Hotels	28			1	29
Vegative Social Impacts	37	1		10	48
Positive Social Impacts					0
Vegative employment impacts	56		1	8	64
Positive employment impacts		1			1
Vo change in employment levels	2			3	5
oss of takeaway (a high proportion of business)	6		i i	<u> </u>	6
oss of community support	15	-	<u> </u>	3	18
mprovement in quality of facilities		1	 		1
ncreased Investment		1			1
ncreased investment	5	<u> </u>	 		5
		1	 		· 3 -
ncrease in State Revenue	3	1	-		3
Decrease in State Revenue			<u> </u>		5
Deregulation would endorse alcohol as a Household Item and	^			_	• •
ncrease impulse buys	9	ļ <u>-</u>	1	5	14
Decrease competition	6	1	<u> </u>	2	9
Decrease competition in retail		1			1
Abuse of market power by supermarkets	21	 		3	24
increase in consumption and adverse effects	5	1		3	8
		1	11	·T	4
Decrease in product range	4	<u>L </u>	<u> </u>		

Review Committee Consultation

The key issues raised by participants in the regional workshops convened by the Review Committee were generally similar to those raised in the written submissions. However, a number of parties highlighted the broader social and economic importance of hotels to smaller regional communities, citing the following key contributions:

- Provision of local employment;
- Provision of a range of social and community facilities including restaurants, entertainment, meeting rooms and commercial accommodation; and
- Provision of financial sponsorship and in-kind support of local community organisations including sporting and charitable groups.

Accordingly, many workshop participants raised concerns as to the broader social and community impacts on regional communities of the potential closure of hotels as a result of increased competition through deregulation of the sale of take-away liquor.

Unlike the majority of other Australian States and Territories, Queensland's resident population is broadly dispersed throughout the state, whereby regional communities are an important part of the overall economic and social fabric of the State. The following table provides a summary comparison of the distribution of resident populations in each Australian State and Territory.

Proportion of Austr Capital Cities, by State/Terri	•	Living in	the State/Territory
State/Territory	Total Population	Population Capital City	in Proportion of Population Residing in Capital City
	,000	'000	%
New South Wales	6,039	3,741	62.0
Victoria	4,374	3,138	71.8
Queensland	3,369	1,489	44.2
South Australia	1,428	1,046	73.2
Western Australia	1,726	1,244	72.1
Tasmania	460	190	41.3
Northern Territory	195	86	43.9
Australian Capital Territory	299	299	99.9
Source: ABS (1998e, IRDB)			

KPMG Regional Consultation Program

KPMG were specifically requested by the Review Committee to conduct a targeted regional consultation program to further explore the matters highlighted in the workshops convened by the Committee (as noted above). Accordingly, KPMG conducted a regional consultation program targeting regional business and community leaders as well as regional health, social welfare and police department representatives. Details of this program are provided in 7.3.2.

The results of our independent regional consultation overwhelmingly confirmed the views highlighted in the Review Committee's consultation process. In addition, many regional community group representatives were at pains to point out that many "country pubs" were

already struggling to stay open and that the threat of increased competition may see many cease operations which would also see a further withdrawal of facilities and services from many rural communities. Further, many "country pubs" occupy prime centre of town locations and are often housed in historic and significant buildings. Numerous regional community representatives raised concerns as to the potential impact on "street scapes" of country towns if hotels were forced to close, leaving significant "holes" in the centre of their town, thereby creating a "ghost town" appearance.

Summary

As might be expected there are very polarised views amongst key stakeholder groups as to the need for and benefit of changes to the existing market restrictions of the Liquor Act 1992. In summary:

- Retail organisations are calling for greater freedom for the sale of take-away liquor on the basis of improved consumer choice and convenience, and the economic benefit of the expansion of the industry;
- Hoteliers argue the case for maintaining current restrictions on the basis of potential increased social costs associated with increased access to alcohol and the likely significant economic loss to the State through de-regulation;
- Many regional communities are concerned as to the broader social and economic impacts that closure of "country pubs" (due to increased competition) may have on their communities; and

On balance the majority of health and other social welfare groups support maintaining the current restrictions citing the likely increase in social and health issues associated with an increase in alcohol availability.

Panel Viewpoint

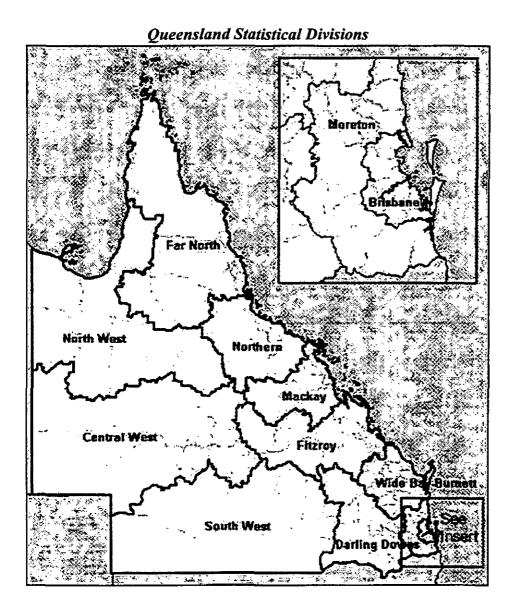
The most significant issue regarding the opening up of competition in the liquor industry relates to the deregulation of packaged liquor sales, currently allowed largely from hotels only. The Panel has therefore considered carefully the likely effect of deregulation on the viability of hotels and the consequences that might ensue if numbers of hotels were to become unprofitable.

The Panel recognises that hotels, especially in rural and regional areas provide much more to the local community than simply a place to drink. They provide a meeting place, entertainment, meals, support for local activities and sometimes accommodation and a tourist facility. Given their current levels of profitability (v.Tables pp 16,18) and the important contribution of take-away sales to hotel revenues, it seems likely that deregulation would have a significant impact on hotels' profitability.

4.3 Economic and Social Issues in Regional Queensland

Queensland is split into ten statistical divisions. With the exception of the Brisbane and Moreton Statistical Division all divisions are considered regional. A number of the local government areas (LGAs) in the Brisbane and Moreton Statistical Division are also regional, for example, Gatton and Esk. The map hereunder presents the statistical divisions for

Queensland. It should be noted that the statistics vary within each division dependent on specific factors effecting each of the LGAs.



Population Distribution in Queensland

The table hereunder presents the population distribution and the growth rates between June 1997 and June 1998 across the statistical divisions. Queensland's population at 30 June 1998 was estimated to be 3,456,345. The growth rate for the State as a whole, over the period for the period June 1997 and June 1998, was 1.7 percent which compares to an average annual growth rate of 2.6 percent between June 1993 and June 1998. From the table it is apparent that the Western divisions have small reducing populations, while the more populated divisions on the whole have shown population growth. This growth is not consistent across all locations within the divisions where there is a general trend of population shifts away from the smaller centres.

Population of Statistical Divisions					
Statistical Division	Estimated Resident Population at 30 June 1998	Percentage of State Population	Annual Population Growth Rate 1997-1998	Annual Population Growth Rate 1993-1998	
Brisbane and Moreton	2,231,879	64.6%	2.2%	2.6%	
Central West	12,347	0.4%	-0.6%	-1.2%	
Darling Downs	200,758	5.8%	0.3%	0.3%	
Far North	219,277	6.3%	1.9%	2.7%	
Fitzroy	180,474	5.2%	0.7%	0.9%	
Mackay	124,309	3.6%	1.5%	1.8%	
Northern	194,958	5.6%	0.8%	0.9%	
North West	35,782	1.0%	-0.2%	-0.9%	
South West	25,919	0.7%	-0.8%	-1.7%	
Wide Bay-Burnett	230,642	6.7%	1.3%	2.2%	

Temporary Mobility¹

Many parts of Queensland have been recording increasing numbers of temporary mobile populations. Although they are not part of the de jure (or formal) estimates of resident populations published by the Australian Bureau of Statistics, temporary movers contribute significantly to the economies of their destinations, most prominently in tourist centres, but also in other areas in which they congregate, or through which they pass from time to time (for example, itinerant workers such as fruit pickers and shearers).

The emergence of fly-in/fly-out operations in mining, oil and gas sectors, involving cyclic rotation of staff, is a more recent and a growing phenomenon. It has added significantly to the temporary populations of destination areas.

Temporary populations place considerable demands on infrastructure (water, sewerage, electricity, electronic communication, roads, etc) and services (health, police, emergency services, recreation, retail, etc) with significant implications for local communities.

Regional Details

Brisbane and Moreton

- Kilcoy (-0.3 percent) was the only shire to have negative growth in resident population in the year June 1997 to 1998.
- Residential and non-residential building approvals were strong and made up 75.1 percent and 72.9 percent of the States building approvals respectively.
- At 30 September 1997, 57 percent of businesses in Queensland (193,533) were located in the division.
- The SEQ region had 51.7 percent of Queensland's hotel, motel, resort, guest house and serviced apartment rooms in the December quarter of 1998. Takings from tourist accommodation for the SEQ region accounted for 52.1 percent of the Queensland's takings in 1998.

¹ Further information is available from the Office of the Government Statistician's publication *Temporary Movers in Queensland: Scale, Composition, Impacts, and Implications*, Brisbane (currently in Press).

- Total gross value of agriculture production in SEQ for the year ended March 1997 was \$757.0 million, representing 13.3 percent of the Queensland total.
- Black coal and rutile concentrate are the two principal minerals mined in SEQ. The value and percentage of Queensland's production of these minerals is \$136.5 million (2.9 percent) and \$114.0 million (100 percent) respectively.
- SEQ contributes 64.0 percent or \$19,388.2 million of Queensland total manufacturing turnover in 1996-97 (\$30,154.7 million).

Central West

- Barcoo (0.6), Boulia (1.9), and Diamantina (0.9) were the only shires to have positive growth in resident population in the year June 1997 to 1998. These shires do not have significant population centres and make up only 10.9 percent of the division population.
- Residential and non-residential building approvals were limited and made up 0.1 percent of the States building approvals. These were concentrated in Longreach and Barcaldine shires.
- At 30 September 1997, 0.8 percent of businesses in Queensland (193,533) were located in the division, compared with 0.4 percent of the State's population.
- The region had 2.5 percent of Queensland's hotel, motel, resort, guesthouse and serviced apartment rooms in the December quarter of 1998. Takings from tourist accommodation for the region accounted for 1.5 percent of the Queensland's takings in 1998. The average occupancy rate of guestrooms was 51.6 percent, which was 9 percentage points below the State average.
- Total gross value of agriculture production in the Central West for the year ended March 1997 was \$180.7 million, representing 3.2 percent of the Queensland total. Livestock disposals and products accounted for 99.7 percent of the regions agricultural production.
- Mineral production in the region was minimal. The region produces 100 percent of Queensland's granite and 53.5 percent of the value of the State's gypsum.
- No significant manufacturing occurs in the Central West region.

Darling Downs

- Negative growth in resident population in the year June 1997 to 1998 was recorded in the majority of the smaller towns and shires in the division. Crows Nest and Cambooya shires where the exceptions to this negative over the period 1993-1998.
- Residential and non-residential building approvals made up 3.5 percent and 3.5 percent of the States building approvals respectively. Toowoomba City accounts for approximately half of all approvals.
- At 30 September 1997, 8.6 percent of businesses in Queensland (193,533) were located in the division, compared with 5.8 percent of the population.
- The region had 3.0 percent of Queensland's hotel, motel, resort, guesthouse and serviced apartment rooms in the December quarter of 1998. Takings from tourist accommodation for the region accounted for 1.8 percent of the Queensland's takings in 1998. The average occupancy rate of guestrooms was 52.9 percent, which was 7.7 percentage points below the State average.
- Total gross value of agriculture production in the Darling Downs Region for the year ended March 1997 was \$1,371.7 million, representing 24.2 percent of the Queensland total. Agricultural crops accounted for approximately two-thirds of agricultural production, with the remainder taking the form of livestock disposal and products.
- The most valuable product mined in the region in 1997-98 was bentonite clay valued at \$14.3 million (95.8 percent of the States production). Small black coal and natural gas

- operations exist in the region. The total value of mineral production in 1997-98 was \$26.7 million.
- The Darling Downs region contributes 6.4 percent or \$1,923.9 million of Queensland total manufacturing turnover in 1996-97 (\$30,154.7 million).

Far North

- Etheridge was the only shire to have negative growth in resident population in the year June 1993 to 1998.
- Residential and non-residential building approvals made up 5.4 percent and 5.3 percent of the States building approvals respectively. The majority of these were in Cairns City.
- At 30 September 1997, 7.4 percent of businesses in Queensland (193,533) were located in the division, compared with 6.3 percent of the State's population.
- The region had 19.9 percent of Queensland's hotel, motel, resort, guesthouse and serviced apartment rooms in the December quarter of 1998. Approximately two-thirds of these were located in Cairns City and Douglas Shire. Takings from tourist accommodation for the region accounted for 23.7 percent of Queensland's takings in 1998. The average occupancy rate of guestrooms was 61.8 percent, which was 1.2 percentage points above the State average.
- Total gross value of agriculture production in the region for the year ended March 1997
 was \$593.6 million, representing 10.5 percent of the Queensland total. Just over fourfifths comprised of agricultural crops, with the remainder being livestock disposals or
 products.
- Bauxite (\$213.8M), gold bullion (\$121.0M), silica (\$28.7M), and copper concentrate (\$20.6M) are the principal minerals mined in the Far North region. The percentage of Queensland's production of these minerals is 100 percent, 26.3 percent, 84.3 percent, and 3.3 percent respectively.
- The region contributes 3.4 percent or \$1,024.3 million of Queensland total manufacturing turnover in 1996-97 (\$30,154.7 million).

Fitzroy

- All shires with populations under 10,000 had negative growth in resident population in the year June 1997 to 1998 and with the exception Fitzroy negative growth extended over the period 1993-98. Rockhampton City, the largest population centre in the region, had a relatively constant population over the 1993-98 period.
- Residential and non-residential building approvals made up 2.9 percent and 3.0 percent of the States building approvals respectively.
- At 30 September 1997, 5.8 percent of businesses in Queensland (193,533) were located in the division, compared with 5.3 percent of the State's population.
- The Fitzroy region had 5.8 percent of Queensland's hotel, motel, resort, guest house and serviced apartment rooms in the December quarter of 1998. Takings from tourist accommodation for the region accounted for 4.6 percent of the Queensland's takings in 1998. The average occupancy rate of guest rooms was 60.3 percent, which was marginally below the State average.
- Total gross value of agriculture production in the region for the year ended March 1997 was \$473.3 million, representing 8.3 percent of the Queensland total. This was evenly split between agricultural crops and livestock.
- Coal was the principal mineral mined in the Fitzroy region. The value and percentage of Queensland's production of coal was \$1,952.8 million and 41.2 percent. Magnesite (\$10.5M and 100%), Limestone (\$10.2M and 41.9%), and Salt (\$8.2M and 100%) are also mined in the region.

• The region contributes 8.2 percent or \$2,478.9 million of Queensland total manufacturing turnover in 1996-97 (\$30,154.7 million)

Mackay

- Nebo (-2.5%) and Broadsound (-1.8%) were the only shires to have negative growth in resident population in the year June 1997 to 1998. Other shires in the region showed strong growth in resident population over the period 1993-98.
- Residential and non-residential building approvals made up 3.3 percent and 3.4 percent of the States building approvals respectively.
- At 30 September 1997, 4.1 percent of businesses in Queensland (193,533) were located in the division, compared with 3.6 percent of the State's population.
- The Mackay region had 7.9 percent of Queensland's hotel, motel, resort, guest house and serviced apartment rooms in the December quarter of 1998. Takings from tourist accommodation for the region accounted for 9.6 percent of Queensland's takings in 1998. Whitsunday's tourism region contributed three-quarters of the Mackay region's takings, well above its share of the region's rooms. The average occupancy rate of guestrooms was 67.4 percent, which was 6.8 percentage points above the State average.
- Total gross value of agriculture production in the region for the year ended March 1997 was \$487.7 million, representing 8.6 percent of the Queensland total. Over three-quarters (78.6 percent) comprised of agricultural crops.
- Black coal was the principal mineral mined in the Mackay region. The value and percentage of Queensland's production of black coal was \$2,268.4 million and 47.9 percent.
- The region contributes 4.1 percent or \$1,237.4 million of Queensland total manufacturing turnover in 1996-97 (\$30,154.7 million).

Northern

- Bowen shire was the only shire to have significant negative growth (1997-98 -1.3% and 1993-98 -0.8%) in resident population in the period June 1993 to 1998. Thuringowa City was the only shire to have significant positive growth (1997-98 3.1% and 1993-98 3.8%) in resident population in the period June 1993 to 1998.
- Residential and non-residential building approvals made up 4.4 percent and 6.6 percent of the States building approvals respectively.
- At 30 September 1997, 5.5 percent of businesses in Queensland (193,533) were located in the division, compared with 5.7 percent of the State's population.
- The Northern region had 4.8 percent of Queensland's hotel, motel, resort, guest house and serviced apartment rooms in the December quarter of 1998. Takings from tourist accommodation for the region accounted for 4.0 percent of Queensland's takings in 1998. The average occupancy rate of guest rooms was 62.0 percent, which was 1.4 percentage points above the State average.
- Total gross value of agriculture production in the Northern region for the year ended March 1997 was \$627.3 million, representing 11.1 percent of the Queensland total. Agricultural crops accounted for 89.7 percent of the agricultural production in this period.
- Gold bullion, black coal, and zinc concentrate are the three principal minerals mined in the region. The value and percentage of Queensland's production of these minerals is \$309.8 million (67.3 percent), \$246.0 million (5.2 percent), and \$29.1 million (20.8 percent) respectively.
- The Northern region contributes 5.9 percent or \$1,792.0 million of Queensland total manufacturing turnover in 1996-97 (\$30,154.7 million).

North West

- Five of the eight LGAs in the region had negative growth in resident population in the year June 1997 to 1998 and the period 1993-98. Mount Isa City, as the largest population centre in the region, was included in this group with an annual average change in resident population over the period of 1993-98 of -1.5 percent.
- Residential and non-residential building approvals were strong and made up 0.3 percent and 0.7 percent of the States building approvals respectively.
- At 30 September 1997, 1.1 percent of businesses in Queensland (193,533) were located in the division, the same portion as the region's share of the State's population.
- The region had 2.5 percent of Queensland's hotel, motel, resort, guest house and serviced apartment rooms in the December quarter of 1998. Nearly one-third of these were located in Mount Isa City. Takings from tourist accommodation for the North West region accounted for 1.5 percent of the Queensland's takings in 1998. The average occupancy rate of guest rooms was 51.6 percent, which was 9.0 percentage points below the State average.
- Total gross value of agriculture production in the region for the year ended March 1997 was \$154.8 million, representing 2.7 percent of the Queensland total. Nearly all (99.7 percent) comprised of livestock disposals and products.
- Copper concentrate, lead concentrate, zinc concentrate, and other forms of copper are the principal minerals mined in the North West region. The value and percentage of Queensland's production of these minerals is \$591.8 million (95.7 percent), \$306.9 million (98.5 percent), \$110.7 million (79.2 percent), and \$38.3 million (100 percent) respectively.
- No significant manufacturing occurs in the North West region.

South West

- All LGAs in the region had negative annual growth in resident population in the period June 1993-98.
- Residential and non-residential building approvals made up 0.3 percent and 0.4 percent of the States building approvals respectively.
- At 30 September 1997, 1.7 percent of businesses in Queensland (193,533) were located in the division, compared with 0.7 percent of the State's population.
- The South West region had 2.5 percent of Queensland's hotel, motel, resort, guest house and serviced apartment rooms in the December quarter of 1998. Takings from tourist accommodation for the region accounted for 1.5 percent of the Queensland's takings in 1998. The average occupancy rate of guest rooms was 51.6 percent, which was 9.0 percentage points below the State average.
- Total gross value of agriculture production in South West region for the year ended March 1997 was \$414.5 million, representing 7.3 percent of the Queensland total. Just over half (54.8 percent) comprised of livestock disposals or products.
- Natural gas, crude oil, natural gas condensate, and liquid petroleum gas products are the principal products mined in the South West region. The value and percentage of Queensland's production of these minerals is \$186.4 million (96.8 percent), \$62.3 million (100 percent), \$27.9 million (98.4 percent) and \$30.1 million (97.2 percent) respectively.
- No significant manufacturing occurs in the South West region.

Wide Bay-Burnett

• A number of the smaller LGAs had negative growth in resident population in the year June 1997 to 1998. The growth in resident population (1997-98 1.3 percent) for the whole statistical division is reflected across the majority of the LGAs.

- Residential and non-residential building approvals made up 4.5 percent and 4.2 percent of the States building approvals respectively.
- At 30 September 1997, 7.8 percent of businesses in Queensland (193,533) were located in the region, compared with 6.7 percent of the State's population.
- The Wide Bay-Burnett region had 4.2 percent of Queensland's hotel, motel, resort, guest house and serviced apartment rooms in the December quarter of 1998. Nearly three-quarters (74.3 percent) of these were located in the Harvey Bay/Maryborough tourism region. Takings from tourist accommodation for the region accounted for 2.8 percent of Queensland's takings in 1998. The average occupancy rate of guestrooms was 60.1 percent slightly below the State average.
- Total gross value of agriculture production in the Wide Bay-Burnett region for the year ended March 1997 was \$616.6 million, representing 10.9 percent of the Queensland total. Agriculture crops accounted for 61.4 percent of the agriculture production for the region.
- Black coal and gold bullion are the two principal minerals mined in the region. The value and percentage of Queensland's production of these minerals is \$123.3 million (2.6 percent) and \$24.8 million (5.4 percent) respectively. The region also produces 100 percent of the magnetite (\$2.8M) mined in the State.
- The Wide Bay-Burnett region contributes 4.9 percent or \$1,470.4 million of Queensland total manufacturing turnover in 1996-97 (\$30,154.7 million).

Unemployment

Unemployment across the State or the statistical divisions is not consistent. Youth unemployment is a major concern across all the LGAs. A broad indication of the level of unemployment across the State is presented in the table hereunder.

Employment and Unemployment Across Regions				
REGION			yed Persons	
	Year ended Dec 1992	Year ended Dec 1998	Year ended Dec 1992	Year ended Dec 1998
Brisbane	603 500	752 300	52 500	66 000
Darling Downs and South West	90 800	116 700	5 600	7 200
Far North	74 000	93 600	6 700	7 200
Gold Coast City	-	174 800	-	20 500
Mackay, Fitzroy, and Central West	140 100	158 900	10 000	14 700
North and West Moreton	99 600	138 600	11 400	15 500
Northern and North West	103 000	101 600	7 500	10 100
South and East Moreton	126 100	170 100	12 100	18 700
Wide Bay-Burnett	78 800	86 200	8 800	14 200

No detailed analysis has been conducted of the effects on unemployment of any proposed change in the Liquor Act as a result of the NCP review of the Act.

Impact of Recent Changes in Regional Queensland

Much of the information needed to give a comprehensive and accurate picture of the impact of recent changes on Regional Queensland is fragmented and anecdotal. Nevertheless it is clear that individuals, local government authorities and businesses operating in many areas of the State have been placed under a great deal of pressure from a complex interaction of many factors.

Global economic conditions have led to a decline in commodity prices, with agricultural and mining products trading at or near the bottom of their economic cycle for a number of years.

The difficulties have been compounded in some areas by prolonged adverse weather conditions and by structural adjustments occurring in particular industries. In these circumstances many farms are no longer viable and their demise has exacerbated the problems of population decline and the resultant reduction in opportunities for tradesmen and small businesses in rural communities.

Unemployment is both a cause and an effect of the withdrawal of services from rural Queensland. Downsizing by banks and other institutions, rationalisation of government services and the closure of small businesses have meant fewer job opportunities, as well as empty buildings in many town centres. A number of studies by the National Farmers' Federation and the Human Rights and Equal Opportunity Commission have highlighted the social dislocation stemming from a lack of banking and health services, the costs and inconvenience of what has become essential travel, and significant barriers faced by young people in fully realising the benefits of education under present circumstances.

It is important to realise that the above forces have not affected all regions equally and that there are some signs of improvement in Asia and in commodity prices. However, these have yet to flow through to local industries and areas which are still feeling the impact of the conditions of the last few years.

RECOMMENDATIONS

5.1 Premiums

Objective of Regulation

General Licences and Special Facility Licences currently attract the payment of a premium prior to a successful application being activated. Sections 219 and 220 of the Liquor Act relate to these and give some guidance as to the calculation of the premium. The Liquor Licensing Division augments these provisions with guidelines in relation to such calculations and these are appended.

The original objective behind premiums was to collect funds to be credited to the Liquor Act Trust Fund, which has since been removed from the provisions of the Liquor Act. The Liquor Act Trust Fund was established to provide funding for programs of intemperance specifically through the three Departments of Health, Education and Transport. Funds from the Trust Fund were also set aside for the payment of a General Licence Compensation Scheme which was established to rationalise the number of General Licences throughout the State. That Scheme has since ceased and the provisions pertaining thereto have been withdrawn from the Liquor Act.

The Liquor Act Trust Fund has now ceased and does not have a balance. Any premiums that are now raised are remitted to Consolidated Revenue. In the past 12 months there has been an amount of only \$1.14 million collected as premiums for General and Special Facility Licences.

Analysis

The Liquor Licensing Division is funded from Consolidated Revenue as are most mainstream Departments. It no longer remits funds to any other Department to assist with programs of intemperance and no longer does it administer a rationalisation scheme requiring the payment of compensation for General Licences who wish to depart from the marketplace.

Premiums are generally set anywhere from between \$60,000 and \$130,000 and this is seen as a cost of business to those wishing to establish General or Special Facility Licences. It has been argued by groups such as the Queensland Hotels Association that the premium is a disincentive for non-genuine players in the field and that for someone to pay a premium they are obviously going to consider the value of their General Licence very highly. It can also be argued that the opposite may be indeed the case and that the operator wanting to enter the business will skimp and save on the standard of the facility being built and could even act irresponsibly in the short-term to try and recover funds which have merely been seen as Government revenue.

The Panel views as questionable the payment of premiums and believes that if operators do not have to pay such a premium, they may very well put the amount budgeted into further facilities within their properties. The removal of the premium could also see a general opening of the marketplace and those who have been not in favour of paying a Government levy could be encouraged to enter the market dependent upon, of course, all of the reasonable requirements that the Liquor Act provides.

Recommendation

The Panel, therefore, recommends that premiums for General and Special Facility Licences should be abolished. In so recommending, the Panel believes that sovereign risk should be examined in the first instance and should such risk arise, premiums be abolished on a sunsetted basis.

5.2 <u>Take-Away Liquor</u>

Objective of Regulation

The current Liquor Act provides for take-away liquor to be sold to the general public through hotel premises only. It provides for liquor to be sold at the main hotel premises, but in Section 59(1)(d) also makes provision for the sale of packaged liquor to the general public on premises "approved by the chief executive for sale of liquor under authority of the general licence" (commonly referred to as detached bottle shops). The only other public sales of packaged liquor are authorised by Sections 95 and 96. Take-away liquor may be sold in a restricted fashion under the provision of the Limited Licence but generally in amounts of only two litres or other specified by the chief executive. Generally, these sections are used for the licensing of businesses in relation to gift baskets and the like.

Liquor may also be sold for consumption off the premises under the authority of a Club Licence but this only allows sales to club members and this matter is raised in Section 5.3.

Analysis

The use of detached bottle shops in Queensland [provided in Section 59(1)(d)] has been commonplace since 1992 and as at 31 July 1999 there were 533 detached bottle shops throughout the State. As each general licensee has the availability of three detached bottle shops, this would allow approximately 3,600 such shops in total to be developed under the existing Act.

The advent of detached bottle shops with the size and geographic positioning restrictions was, in part, to encourage the general licensee to personally keep a close eye on the distribution of liquor from these outlets. The restriction of three shops per licence was also seen as being a reasonable number of possible sites throughout the State, and as an adequate number of outlets, including the main premises and possible bottle barn, to ensure hands-on, personal management by the licensee as a harm minimisation measure.

The Panel believes that detached bottle shops have fulfilled a market need for a more intimate and personal setting, conveniently located, for the purchase of take-away liquor by consumers who do not wish to go to a hotel or its attached bottle barn. There has been wide community acceptance of these facilities that now provide a ready alternative to the traditional sources of packaged liquor supplies.

Notwithstanding the success of detached bottle shops, the Panel accepts that restrictions on who is able to sell take-away liquor are anti-competitive and has considered whether there is justification for retaining such restrictions in whole or in part.

The Panel considered the total removal of restrictions, allowing the sale of packaged liquor in retail establishments generally, including supermarkets and convenience stores. Considering

the research findings as outlined in Dr Roche's report, it is obvious that the social costs of inappropriate patterns of alcohol use are extremely well documented and that several "risk" factors are of particular relevance to Queensland. These include rurality and remoteness, concentrations of young people in geographical areas with high levels of unemployment and the vulnerability of indigenous Australians in rural and remote communities to changes in alcohol control policies. Consequently the Panel has agreed that alcohol is a specialist product and, as such, requires a specialist provider model. Access to take-away packaged liquor should therefore be limited to discrete liquor outlets who have a primary focus on the sale of alcohol.

The Panel has also considered the arrangements that should then pertain to specialist providers of packaged liquor - in effect whether the Retail Bottle Shop Licence proposed by the Retailers Association should be recommended.

Some submissions to the Panel have made comment about the harmful effect to the community and to the liquor industry that deregulation of retail packaged liquor would have. In the public consultations the Panel continually heard of the dilemmas which would beset communities, particularly regional communities, if packaged liquor were to be sold in other than General Licences and clubs and as a consequence, many hotels were no longer viable.

It has been estimated that most Queensland hotels now rely upon packaged liquor for approximately 50-70 per cent of their sales. Given current levels of profitability, to have a shift in those sales could be seen to dramatically and adversely affect the viability of a number of Queensland hotels and the services they provide to the community.

Research undertaken on behalf of the Panel by KPMG Consulting and using the input/output model showed that there would be considerable short-term dislocation in the economy of Queensland, but particularly in regional Queensland. The modelling undertaken does state, however, that it is difficult to get precise results in any modelling taken prior to an event which seeks to predict economic change. However, taking this into consideration, the figures provided to the Panel, which are included in the attached report by KPMG, do show initial short-term impacts. These impacts are based upon an assumed and conservative regional retail market share in relation to liquor of some 25 per cent across the State. It should be noted that this assumption was made after looking at the liquor sales market share in New South Wales which showed that retail outlets in 1996/97 accounted for 46 per cent of total sales in New South Wales on a State basis, with regional retail market shares varying from 24 to 48 per cent.

The modelling undertaken on behalf of the Panel shows that in almost every region there is negative short-term regional dislocation. Dislocations are felt primarily in the employment area with additional major losses across the board in value added. Professor Mangan's report contradicts the argument advanced in support of the deregulation of packaged liquor sales that it would create investment and jobs. Even in the short term, surplus capacity and existing resources may well be able to accommodate the sale of packaged liquor and any economic gain would be outweighed by the negative regional dislocation. This, along with comments from many regional business persons and local authority representatives about the possible closure of hotels, indicates to the Panel that to deregulate the sales of packaged liquor could see major dislocation economically across the State. Other issues not captured in the economic analysis are the losses to community funds which could occur if major dislocation takes place. For example, currently many hotels support various community activities such as junior and senior sporting teams and other local and regional facilities, events and projects. A downturn in the hotel industry could in fact see further dislocations

being pushed throughout the community including, as mentioned above, a downturn in employment.

The Panel recognises that there is a need for liquor to be sold in a convenience fashion to persons across the State, but believes that in the present circumstances this is most appropriately handled by the existing arrangements of hotels and detached bottle shops to minimise further dislocation in rural and regional areas. The Panel acknowledges that there is no restriction on persons other than hoteliers purchasing a General Licence and entering the market through this channel and feels that the removal of Premiums and adjustments to bottle shop and club regulations provide a substantial freeing up of the market for packaged liquor.

Recommendation

The Panel has taken into consideration both the Economic Analysis undertaken by the consultants to the Panel and also the anecdotal advices from the public consultations. The Panel has also noted all of the submissions made in this regard.

On balance, the Panel finds that to open the retail liquor market to any further licence types would have a detrimental effect on the economic balance of this State and on the social and economic fabric of rural and regional areas in particular and, therefore, does not recommend the extension of the retail packaged liquor market to entities other than general licensees and, in the case of those who are members, to clubs and the current restricted availability under Limited Licences.

5.3 Club Licences - Take-Away Liquor Sales and Visitor Restrictions

Objective of Regulation

Division 6 of the Liquor Act 1992 prescribes the authority of Club Licences.

The philosophy of clubs is that they are to be non-profit organisations and should be there with the interests of members in mind. It should be noted that clubs are subject to certain privileges in the taxation regime and, also recognising their mutual support philosophy, they are privileged in terms of numbers and taxation relating to gaming machines.

The Liquor Act restricts clubs principally in two ways:-

- 1. They may sell packaged liquor only to members and reciprocal members up to a maximum of 18 litres per day; and
- Access to clubs is restricted to members, guests of members and those non-members whose ordinary place of residence is in the State at least 40 kilometres from the club's premises.

This restriction has obviously been placed in order to preserve the philosophy that clubs should be consisting of members; and the 40 kilometre rule, although somewhat arbitrary, has been set to ensure that those living closest to a club are either using the facility as a member or a bona fide guest of a member.

Analysis

The restriction relating to the sale of packaged liquor to non-members obviously seeks to reinforce the primary purpose of the club, i.e. that it is there for the benefit of its members. Access to take-away liquor is considered one of the privileges of membership and, in particular, if it is at a better price than from a commercial licensee. Those who are non-members and wish to purchase take-away liquor from clubs do have the choice of qualifying for membership.

The rule that only 18 litres of liquor can be sold to a member per day, however, seems to lack any justification and would appear to be a hangover of the protectionist attitudes of the past and, as such, the Panel is unable to support the continuation of such a restriction.

The Panel has noted the philosophy and definition of a club. It accepts that those living nearby a club should not expect to use the privileges of that club unless they are a member or a genuine guest of a member and in that member's company.

The 40 kilometres set within the Liquor Act would, therefore, seem somewhat restrictive given the size of some of the larger provincial areas and cities throughout Queensland. The Panel accordingly believes that this distance should be reduced. In agreeing with the philosophy of promoting a "members and their guests" approach, therefore encouraging the club concept not to be a "general licence", the Panel believes the same membership incentive is maintained by reducing the visitation right distance.

Recommendation

The Panel, therefore, considers that the 18 litre limit placed upon members and reciprocal members of a club in terms of take-away privileges a day should be removed, allowing such members to purchase unlimited amounts of liquor from the club of which they choose to be a member.

The Panel also considers that the visitation restriction of 40 kilometres should be reduced to 15 kilometres in recognition of the size of some of the cities in some of the provincial areas of Queensland but at the same time maintaining the philosophy of the existence of clubs.

5.4 Detached Bottle Shops

Objective of Regulation

Since 1992, the Liquor Act has recognised within Section 59(1)(d) a provision for general licensees to apply to have other premises from which they may sell liquor for consumption off the premises. These premises are commonly known as detached bottle shops and they are further regulated by the Liquor Regulation 1992 at Section 6. Restrictions with respect to such shops are that a licensee can have no more than three detached bottle shops; they can be no further than 5 kilometres by road from the main General Licence; and they may not be any larger than 100m^2 for display and retail sales and no more than 30m^2 for storage.

Other restrictions relate to the free-standing status of the shop and there is some relief in relation to the five kilometre rule if the proposed detached premises are in a remote area.

The policy background to these shops has been to restrict the numbers (3 per General Licence which would give a possible approximate total of 3,600 across the State at this time) taking into consideration the Liquor Act's objectives of harm minimisation and the State agreement to the National Health Policy. The size, location and number of stores have also been put in place to ensure that the general licensee keeps a "hands on" management approach and that he or she is directly responsible for the sales through each of his or her premises. The size restrictions also have implied that these shops are to be an adjunct to the General Licence and that stocking directly from the General Licence would further encourage direct participation of the licensee.

Analysis

The Panel agrees that harm minimisation must be a central tenet of the liquor law, but that there is a need to continue to improve the level of convenience for the public who wish to buy take-away liquor, at the same time maintaining those restrictions which are felt to contribute to the responsible serving of alcohol and the limitation of harms that arise from its consumption.

The Panel notes that there are still in excess of 3,000 detached bottle shops which have not been taken up and agrees that in many cases this has been because of the remoteness of the General Licence and the non-availability of secondary premises. The Panel does, however, believe that there are areas deprived of convenience sales of liquor because the suitable locations in those areas are not within five kilometres of a General Licence.

The Panel commissioned research by KPMG to look at the effects of increasing the radius for detached bottle shops. Currently for General Licences in which up to five General Licences exist within a five kilometre radius, there are 708 trade overlaps within a ten kilometre radius. Should the detached bottle shop be permitted to be ten kilometres from the main licensed premises, a further 340 trade overlaps would occur.

In relation to other licensed premises with more than five General Licences within a five kilometre radius, there are currently 16,664 trade overlaps, and increasing the distance to ten kilometres would see a further 2,667 trade overlaps occur.

It would appear that by increasing the distance to ten kilometres, there would be further services made available to the public. It would also afford an opportunity to make a proper and informed assessment of any community dislocations which are likely to occur from the progressive relaxation of the restrictions on location of detached bottle shops.

The restriction to three bottle shops has merit, in the Panel's view, and allows enough expansion should other factors such as distance be considered. It also, in the Panel's opinion, succeeds in the policy direction of ensuring proper management by the general licensee.

In relation to the size restriction, it is the Panel's view that it would be potentially detrimental in regional Queensland to allow volume marketing by large liquor barns which might well result from the removal of a size restraint. We are concerned to minimise possible social and economic dislocation, particularly in areas suffering the impact of structural adjustment. The Panel believes that a modest increase in size could be made available and that the restriction in relation to retail space and storage space should not be a consideration for regulation.

During its deliberations, the Panel also had representatives visit Sydney and Melbourne and was somewhat concerned at reports made from those visits in that there tends to be a move

towards the retailing of liquor as a general retail item and that there also appears to be a loosening of controls in relation to the sale through the various cash register outlets.

The Panel was also advised that most outlets in Queensland compare favourably with the stock range and geographic placement as seen in Sydney and Melbourne and that representatives were of the opinion that Queensland consumers are not disadvantaged by the current placement of detached bottle shops.

Recommendation

The Panel, therefore, recommends:

- that the number of detached bottle shops for each General Licence remain at three;
- that the size restriction be increased to 150m² and that no regulatory provision be made for the ratio of retail to storage room;
- that the distance from each General Licence be increased to ten kilometres by road;
- that the detached bottle shop does not have direct access from any other business premises;
- that the detached bottle shop has direct access from a public place;
- that the detached bottle shop does not have a facility for drive-in service of liquor; and
- that the Regulation relating to the placement of detached bottle shops in remote locations be retained.

The Panel further recommends that a minimum of a three year sunset clause be placed on this ten kilometre rule and that the Government examine the effects of the increased distance at that time. The Panel also recommends that during this time the Government prepare a process to look at the possible damage to regional communities caused by the removal of any services due to the recommendations contained herein.

5.5 Regulation 19AB - Restrictions on the Promotion and Sale of Liquor

Objective of Regulation

Regulation 19AB was introduced in July 1995 to bolster provisions of the Act which implied that liquor should be served responsibly. The Regulation, entitled "Responsible practices in the service, supply and promotion of liquor", made it an offence for holders of licences to engage in practices or promotions that may encourage rapid or excessive consumption of liquor through practices of promoting cheap drinks or other promotions which by their conduct and aftermath could be deemed irresponsible.

As the matter could have been perceived as an issue relating to price and advertising control, discussions were conducted with the then Trade Practices Commission to ensure that the Regulation did not contravene any Federal legislation. At the time of formulating the Regulation, it was agreed with the Trade Practices Commission that as long as the Regulation was only used to ensure that issues of binge drinking did not occur and that it was used after

the Liquor Licensing Division had seen poor practices occur, there would be no objection to its use.

Indeed, since its inception the Regulation has been used by placing official orders on various premises which have commenced various promotions or pricing policies and in particular where there have been public complaints about the trading practices of the premises and these have been substantiated by Liquor Licensing Investigators. Premises have also been targeted by their advertising promotions and where substantiated evidence as to the propensity of those promotions to create problems in terms of intoxication and public amenity issues, orders have also been issued. In a small number of cases where orders have not been regarded by the licensee, further action through show cause provision or prosecution has taken place. In general, however, orders prohibiting certain practices in the larger percentage of cases lead to their cessation.

Analysis

Research indicates that alcohol-related harms are a significant burden on the Queensland economy taking account of hospital, health and social costs. Patterns of use, especially binge drinking, which may be encouraged by promotions and decreased prices, are shown in reputable research as being areas most warranting attention in the fight to minimise the harmful effects of alcohol consumption.

Recommendation

Taking into consideration the results of the Panel's investigations which found that associated harms relating to patterns of use of liquor are extraordinarily high, the Panel therefore recommends that there be no change to the current Regulation in relation to the responsible service of alcohol.

5.6 On-Premise Licences

Objective of Regulation

Division 4 of the Liquor Act outlines the provisions relating to On-Premise Licences. The Act outlines the following types of On-Premise Licence which are related to primary purpose provisions; that is, that liquor is to be served ancillary to a main purpose set aside for that licence type -

functions;

cabaret;

eating meals prepared and served to be eaten on the premises;

carrying passengers commercially;

sporting, cultural, theatrical or cinematographic presentations;

an area developed as a tourist attraction by provision of entertainment or visual instruction to tourists on the premises;

training or educational programs relating to preparation and service of food and beverage; or

any other activity or purpose approved by the chief executive.

The provision allows for the service of liquor on the premises and, under certain circumstances, off the premises to allow for catered functions and the like.

Each category of licence is issued subject to certain conditions, those most relevant to this review being;

- The 20% rule for casual diners in restaurants
- The special provisions relating to cabarets.

Analysis

It has been indicated that perhaps one category of On-Premise Licence should exist and that this be dictated by primary purpose. In some respects the Act now contemplates this in that the On-Premise Licence can be approved under various circumstances but that it is generally titled with that circumstance. The legislation could be simplified by having one form of On-Premise Licence but sub-categorised under various parts of the Act which would describe the primary purposes for which an application could be approved. On-Premise (Cabarets) could have as part of its primary purpose its prescribed hours through to 3.00 am, being the category of licence which has always been accepted as the late night specialists in the trade.

Other issues such as the 20 per cent provision seem to be restrictive over and above the primary purpose of what is already there. On-Premise (Meals) Licence states that the primary purpose is for the provision of meals. Should not that primary purpose be revisited to indicate that its use is for the provision of meals and that primarily its function is as a restaurant and that those operations should reflect that, i.e. ensuring that food is always available and that the premises are ready on notice to cook meals upon request? Should this primary purpose be therefore described as such, the question must be asked as to whether it should therefore matter whether there are restrictions about casual drinking whether it be the 20 per cent provision or the provision of providing liquor to clients an hour before the meal, with the meal and an hour after the meal.

In society as it is today, the consumer requires choice and, strictly speaking, to have the choice of drinking in an unrestricted way, one must therefore drink at a General Licence. This currently is restrictive to the consumer as certainly there are attractive premises which are not General Licences and which are positioned at places where the consumer would like to enjoy a drink. The Panel takes the view that it is very restrictive to both the consumer and to the operator for restrictions concerning casual drinking to remain.

It would, therefore, appear that in relation to On-Premise Licences, restrictions on the supply of liquor to some boundary, such as 20 per cent or times before and after, should be removed. Therefore, Cabaret Licences, for example, as long as they are operating as a restaurant or a full-on cabaret during the day, should be able to serve liquor casually. On river boats, as long as the boat is cruising and is about to depart or has returned, is it not a fair assumption that consumers should not be restricted to an hour or half an hour before or after the cruise?

Should liquor be available in this way, the enforcement provisions would certainly be much easier in that simply if a licensee is not performing his primary purpose, that is cruising the boat or cooking meals, then quite clearly they are acting outside the terms of their licence and could well face enforcement action.

Recommendation

The Panel recommends that:

- In respect of restaurants and cabarets, restrictions be removed in favour of allowing casual drinking.
- On-Premise Licences be governed only by their primary purpose and that the categorisation of same be simplified within the legislation.

The Panel also recommends that there be a three year sunset clause to allow the examination of the effects that this recommendation may have on the industry and community such as the proliferation of bars not meeting the primary purpose of food service whenever alcohol is being served.

5.7 Public Needs Test

Objective of Regulation

The current application process for all licences and extensions of trading hours includes what is known as the public needs test (Section 116 of the *Liquor Act 1992*). The only time the public needs test is not used is with respect to an application for a Club Licence with standard trading hours. This has been done in recognition of the fact that clubs with standard trading hours are not presumably entering the commercial market. However, should they require further trading hours, it can be reasonably argued that they do so not only for the benefit of their members but for the possible inclusion of commercial activities such as functions and the like.

Mainly, public need includes an assessment of the current environment including requiring information about the number and type of premises already existing along with population and demographic trends and the likely health and social impact that granting an application might have on the locality.

The public needs test is in keeping with the objects of the current Liquor Act and in particular references in those objects to the National Health Policy on Alcohol.

Analysis

Although not necessarily an entirely new concept, the Liquor Act of 1992 brought public need into an identifiable concept and method of operation. It indeed relates to the objects of the current Liquor Act and, in particular, to the National Health Policy on Alcohol which was adopted by the Ministerial Council on Drug Strategy on 23 March 1989. This Council comprises Ministers from the Commonwealth and every State and Territory of Australia and, therefore, Queensland is a signatory to it.

The public need provisions do not necessarily look at economic considerations but analyse the information required in such a way as to consider proliferation of licences and the effects on the community that such proliferation may have. Liquor licences in general permit the sale of alcohol which is a product which has more far reaching consequences than the supply of other household items.

The public needs test does not restrict anyone from making an application for a liquor licence and indeed the provisions of the legislation concerning appeal entitlements enable applicants to appeal decisions where they believe they have been unnecessarily restricted.

The National Health Policy on Alcohol outlines a two-pronged process in that it looks at the availability of liquor whether that be an increase or a reduction.

One of the concepts contained within that Policy is Control Policies with a sub-section of it relating to the availability of liquor. In that section it states that -

"Even though there is no single invariable relationship between alcohol availability and alcohol problems, in every situation where it is proposed to increase availability, the real possibility of increasing problems should be considered."

The current public need provisions within the Liquor Act are therefore set up to contemplate this very issue. The Policy goes on to say -

"Similarly the possibility of decreasing problems by reducing availability should also be given serious consideration."

The Liquor Licensing Division's enforcement strategies indeed are pointed towards this aspect in varying degrees.

The Liquor Act therefore is obviously balanced between considered approvals which obviously affect availability and effective enforcement which in certain circumstances limits availability.

It has also been suggested in the KPMG report at Page 6 that the Liquor Act in its objects should not contain any reference to the economic development of the industry and that such views should be left to other legislation such as planning legislation. If we accept the fact that the distribution of licences and their orderly development can affect the community as contemplated in the National Health Policy on Alcohol, then the Panel believes that there is a place in the objects of the Act for both economic development and harm minimisation.

Recommendation

The Panel, therefore, recommends that the objects of the Liquor Act 1992 continue to contain economic considerations as well as harm minimisation issues.

The Panel further recommends that the public need provisions in the Act remain and that enforcement action of the Liquor Licensing Division also remain a vital part of its operations if not in a strengthened role.

5.8 Training for Licensees

Objective of Regulation

The Liquor Act does not currently prescribe mandatory training for liquor licensees per se. However, at Section 107 of the Liquor Act 1992 it is stated that the chief executive may only grant a licensee where the applicant demonstrates a knowledge and understanding of the obligations of a licensee as prescribed in the Act. Generally this is tested by a short

questionnaire when applicants are applying for a licence or for status of a nominee whether for a new licence or for a transfer of a licence.

Analysis

Queensland's Liquor Licensing Division has been a national forerunner in the establishment of training programs with respect to the responsible service of alcohol. A self-paced training kit is available for purchase from the Division and this is extremely convenient for licensees in remote and regional areas. The Division also employs a trainer who is used to giving face-to-face training in particular areas of need or when the Division considers that a licensee's performance could be enhanced by such training.

Recommendation

The Panel encourages the use of the Division's self-paced Responsible Service of Alcohol Training Kit and also recommends that it be mandatory by order or condition of licence for errant licensees and their staff to undertake the use of that training kit or face-to-face training as determined by the Division.

5.9 <u>Administrative Effectiveness of the Liquor Act 1992 and Liquor Amendment Bill 1998</u>

Objective of Regulation

In 1998, amendments to the Liquor Act were tabled but due to a change of Government did not proceed.

The review requirements provide for comment from this Panel with respect to consequential administrative arrangements flowing on from this review and comment about the Amendment Bill of 1998.

Analysis

The Panel notes the Amendment Bill of 1998 and also notes the following:-

- Issues relating to the unlicensed sale of liquor have recently been tabled in the Parliament by the current Government.
- Issues in that Bill relating to the financial aspects of the Liquor Act 1992 because of the discontinuance of State licensing fees are administrative in nature and should continue.
- The matter of premiums for General and Special Facility Licences has already been covered by this review.
- Public need has been considered by this review.
- Other matters are mainly administrative in nature and this Panel expresses no view on them.

Recommendation

The Panel, therefore, recommends that any further administrative flow-ons from this review and those considered necessary with respect to the Liquor Amendment Bill of 1998 be followed up by the Liquor Licensing Division in the process of amending the Liquor Act 1992 as a consequence of this review.

5.10 Bed and Breakfast and Host Farm Accommodation

Objective of Regulation

The current Liquor Act and Regulation do not provide for any special provision with respect to bed and breakfast and host farm accommodation. Should operators wish to be licensed in order to provide liquor to their clients, they currently apply for either a Limited Licence or a Residential Licence.

Analysis

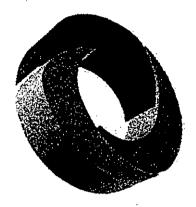
The Panel notes that should the Liquor Amendment Bill of 1998 have been passed, there were proposed amendments to the Liquor Regulation to be put in place exempting host farm and bed and breakfast accommodation in certain circumstances. It was proposed that accommodation catering for up to six persons be exempted from the need to hold a liquor licence as long as the various Local Authority regulations were being met and the business was being run in a bona fide way.

Recommendation

The Panel, therefore, recommends that the Liquor Licensing Division continue to pursue, as part of amendments flowing from this review, regulations to appropriately exempt bed and breakfast and host farm accommodation which are catering for up to six persons.



ATTACHMENT 1



Department of Tourism, Sport and Racing

National Competition Policy Liquor Review Committee

Queensland Liquor Act, 1992 Public Benefit Test July 1999



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Appendix A Issues Paper National Competition Policy Review Queensland Liquor Act 1992

Appendix B Alcohol Consumption and Associated Harm Issues Dr Ann Roche

Appendix C Australian State & Territory Liquor Regulation Summary of Key Findings

Appendix D Economic Modelling Re-Allocation Co-effecients



1 Executive Summary

1.1 Purpose

KPMG Consulting(KPMG) in association with Professor John Mangan and Dr Ann Roche were retained by the National Competition Policy Review Committee (the Committee) to undertake a Public Benefit Test (PBT) of the Queensland Liquor Act, 1992 (the Act), in accordance with Queensland Treasury Public Benefit Guidelines and in the spirit of the Competition Policies Agreement (CPA) between the Commonwealth and State Governments.

The aim of structural reform (eg removing anti-competitive legislative restrictions) is to encourage rivalry and competition between parties that could lead to lower prices and improved services for the public as a whole.

Generally, competitive industry structures are considered to maximise the public interest and there is generally a presumption in favour of competition underpinning all national competition reviews of anti-competitive legislation. That is, the guiding principle of the CPA is that legislation should not restrict competition unless it can be demonstrated that the benefits of the restrictions to the community as a whole outweigh the costs and the objectives of the legislation can only be achieved by restricted competition. However, it is recognised that there are some market structures where competition is not in the best public interest. These primarily relate to health and social welfare issues and in the context of this review relate to the improper use of alcohol and the associated social and harm issues.

1.2 Scope of the review

The PBT plan for this review identifies five anti-competitive provisions of the Act which are the subject of this review. The PBT plan also prescribes the reform options to be considered for each of the five identified anti-competitive regulations, details of which are as follows:

- Reform Option 1: General and special licence premiums remove or reduce premiums which are levied on general and special facility licenses.
- Reform Option 2: Take away liquor sales remove or amend restrictions relating to the sale of take away liquor.
- Reform Option 3: Promotional activities remove or amend restrictions relating to limiting promotional activities and pricing strategies charged for alcohol under certain circumstances.
- Reform Option 4: On premises licences establish uniform trading rules for all categories of on-premises licenses.
- Reform Option 5: Public needs test remove or amend public need test requirements in respect of liquor licence application and assessment process.

The relevance and contribution of each of these anti-competitive regulations has been assessed in terms of its contribution to the objectives of the Act, whether it provides a net public benefit to the community as a whole and whether the outcomes sought could be achieved through an alternative approach.



1.3 Approach adopted

The PBT assessment has been conducted in accordance with Queensland Treasury Guidelines and has incorporated the following key steps:

- The preparation and distribution of an Issues Paper calling for submissions from interested parties (refer Appendix A);
- The conduct of a comprehensive consultation program with all key stakeholder groups. The consultation program included the calling for, and receipt of public submissions (142 received) and the conduct of consultation workshops throughout the state:
- Completing an overview of the financial and economic profile of the liquor industry from a national, state and regional perspective;
- Researching (nationally and internationally) as to the social and harm issues associated with alcohol consumption;
- Reviewing alternative regulatory models adopted by other Australian states and territories;
- Completing an economic and social impact assessment to identify and quantify the
 potential economic and social dislocation impacts on regional communities of
 Queensland if the sale of take away liquor was significantly deregulated;
- Completed a comprehensive cost/benefit assessment from key stakeholder's and the overall community's perspective for each of the reform options being considered; and
- Based on the above, formed conclusions as to the net public benefit of retaining or amending each of the anti-competitive regulations which are the subject of this review.

1.4 Key findings

Overview of the Liquor Industry

The liquor industry is a significant industry in both a national and state context. Key factors in support of this assessment include:

- As at 30 June 1998, approximately 150,000 Australians, including 27,000 Queenslanders were directly employed in businesses whose primary purpose is the sale of liquor; and
- In gross income terms, hotels, clubs, taverns and bars represented 2.6% and 3.3% of national and Queensland state product respectively for the year ended 30 June 1998;

Other relevant industry characteristics noted include:

■ In comparison to the majority of other Australian states and territories, Queensland has fewer licensed take away liquor outlets per density of population (number of outlets per 1,000 adult residents and per 1,000 sq kms), however this comparative



limited access does not appear to have restricted alcohol consumption, as Queensland has one of the highest levels of average per capita consumption of alcohol of any Australian state or territory;

- Although there are restrictions on the size, number and location of Detached Bottleshop outlets (DBS) in Queensland, only 14% of the permitted number of DBS outlets (520 out of 3,606) are established in Queensland, suggesting that there is still significant capacity for growth in the number of outlets. Fewer than 5% of general licensees have availed themselves of the maximum opportunity to establish three DBS outlets.
- There does not appear to be any direct correlation between the number of liquor licence outlets and the average level of per capita consumption. An analysis of trends in the number of licensed outlets and per capita consumption patterns has shown that in a number of states that average levels of per capita consumption have declined while the number of licensed outlets has increased;
- On the basis of the limited information available there is no compelling evidence to suggest that liquor prices are lower in those states and territories that have a more deregulated liquor market;
- The number of liquor licences issued in Queensland has grown at an average annual rate of 5% in the period 1990-91 to 1997-98, being a rate significantly in excess of population growth over the same period. In addition, in recent times (1990's) the number of general liquor licences has increased marginally, both at a state and national level:
- In those states and territories where liquor sales are permitted by a range of retail and other off-licence establishments, their share of total take away liquor sales is significant. In New South Wales, the retail sector accounts for 45% of all liquor sales in the state while in terms of number of outlets, retail outlets represent only 15% of the licences on issue. This compares to Queensland where 80% of liquor sales are through general licenses.

Alcohol consumption and associated social issues

Our research of social and harm issues associated with alcohol consumption has identified the following key factors:

- While there is no evidence of direct correlation between alcohol availability and per capita consumption per se, research findings suggest that the types of alcohol outlets can influence the patterns of consumption by certain "at risk" groups of the community;
- Those groups in the community who have been identified as being "at risk" due to their patterns of alcohol consumption include:
 - Youth;
 - Rural and remote communities;
 - Indigenous Australians; and



- Those groups who earn lower levels of income and have fewer education qualifications.
- The cost to the Australian community of harms attributed to alcohol are estimated at approximately \$6billion annually. Research has shown that alcohol consumption is a contributing factor (aetiological fraction) to many harm incidents as shown in the following table.

Harm	Aetiological Fraction (%)	
Road injuries	37% (males) 18% (females)	
Fall injuries	34% (males) 34% (females)	
Fire injuries	44% (males) 4% (females)	
Drowning	34% (males) 34% (females)	
Suicide	12% (males) 8% (females)	
Assault	47% (males) 47% (females)	
Child abuse	16% (males) 16% (females)	
Source: Dr Ann Roche		

In addition to injuries, alcohol consumption also is a contributing factor to a range of legal, social and medical problems.

Legal, Social and Medical Problems of Intoxication			
Legal Problems	Social Problems	Medical Problems	
Drunkeness	Parental disputes	Hangover	
Vandalism and criminal damage	Arguments with friends	Nausea	
Car theft	Aggression to self or others	Gastritis	
Assault	High risk sexual activity	Head injury	
Drinking and driving	Absenteeism from work or school	Spontaneous abortion	
Manslaughter	Social isolation	Sexual disease transmission	
Homicide	Poor academic performance	Self-poisoning (overdose)	

In summary, due to the broad ranging and significant negative social and community impacts associated with the harmful consumption of alcohol, there needs to be an effective system for regulating the distribution and access to alcohol by "at risk" groups of the community. Further, such regulations may involve anti-competitive restrictions where there is considered to be a net public benefit to the community.

Public consultation and submissions

An extensive consultation process was undertaken as a key part of this review process. All key stakeholder groups were afforded the opportunity to make written or verbal submissions to the Committee, details of which are summarised in Chapter 7.

As might be expected there are very polarised views amongst key stakeholder groups as to the need for and benefit of changes to the existing market restrictions of the Liquor Act 1992. In summary:



- Retail organisations are calling for greater freedom for the sale of take-away liquor on the basis of improved consumer choice and convenience, and the economic benefit of the expansion of the industry;
- Hoteliers argue the case for maintaining current restrictions on the basis of potential increased social costs associated with increased access to alcohol and the likely significant economic loss to the State through de-regulation;
- Many regional communities are concerned as to the broader social and economic impacts that closure of "country pubs" (due to increased competition) may have on their communities; and
- On balance the majority of health and other social welfare groups support maintaining the current restrictions citing the likely increase in social and health issues associated with an increase in alcohol availability.

Economic analysis

One of the key reform options assessed in this review relates to the potential to broaden the number and types of liquor licences which are permitted to sell take away liquor. Of key consideration was the opportunity to allow the retail sector to participate directly in the sale of liquor. In order to assess the potential social and economic impacts of this option, a detailed economic impact study was completed for each of the nine statistical regions of Queensland. Details of the methodology adopted and the findings are outlined in Chapter 8 of this report.

The key results of this analysis are summarised in the following table.

Pure-Re-allocation Impact							
(assuming a net 25 % re-allocation in total liquor related sales)							
Region	Output (\$ million)	Income* (\$ million)	Value added** (\$ million)	Employment (no.)			
Brisbane-Moreton	-26.9	-1.6	-10.68	-357			
Central West	-0.4	0.11	-0.10	-4			
Darling Downs	-1.6	1.6	-0.2	-42			
Fitzroy	-1.7	1.7	-0.3	-42			
Far North	-8.4	-4.6	-8.3	-76			
Northern	-7.4	0.01	-2.4	-8			
North-West	-0.6	0.2	-0.3	-4			
South-West	-0.7	0.8	-0.2	-13			
Wide-Bay	-3.4	0.1	-1.4	-91			

^{*} assuming a 30 per cent income component from additional sales to final demand

Source: Prof. John Mangan

As shown in the above table a shift in liquor sales from the hotel and clubs sector to the retail sector (25% shift) is likely to result in reduced levels of value added and employment in all regions of the state. In addition, this impact is considered conservative for the following reasons:

^{**} assuming a 55 per cent value added component from additional sales to final demand



- We have assumed that there will be a 25% shift in liquor sales from the hotel and club sector to the retail sector. The experience in New South Wales suggests that this shift could be as high as 50% in some regions; and
- The economic analysis fails to take account of the impact of market failures (closures of hotels and clubs) due to the shift in liquor sales as a key assumption of the economic modelling approach adopted is that all businesses will continue to trade at the margin, albeit with reduced turnover. In reality a significant loss of sales (25%+) is likely to lead to the closure of a number of general licence outlets, particularly those that are currently struggling to remain viable.

1.5 Conclusions and recommendations

A rigorous analysis of the costs and benefits (qualitative and quantitative) of each reform option has been undertaken, from the perspective of each key stakeholder group. As a result of this analysis conclusions were reached as to whether there was a net pubic benefit of retaining or amending each of the reform options subject to this review. Chapter 9 of this report details this analysis, the results of which are summarised in the following table.

	Reform Option Recommendations Queensland Liquor Act 1992
Restrictions	Recommendation
Premiums	Remove
Take-Away Liquor	Maintain restrictions on sale of take-away liquor within general licence, clulicence, special facility licences and on-premise residential licenses. Remove restrictions on size of DBS per general licenses. Maintain restrictions on number of licences to 3 per general licence. Extend the boundary on the location of DBSs to 10km, with such restrictions being subject to further review within 3 years. Retain restrictions limiting take-away liquor sales to club members only.
	Remove restrictions on volume of take-away liquor sales by club licenses. Retain restrictions on the visitor access to clubs.
Promotion and Advertising	Maintain current provisions of Act.
Uniform Trading Rules for All Categories of On- Premises	Accommodate the development and economic objectives of the Liquor Act alternative and more appropriate legislation such as planning and developme legislation. This should assist in streamlining the licence application process ar focus the primary objective of the Act being that of harm minimisation. The introduction of a single on-premise licence, with conditioning by primar purpose.
·	Remove provisions requiring cabarets to serve meals prior to 5.00pm. Remove provisions relating to serving of non-diners at restaurants and cabare (prior to 5.00pm) and replace with appropriate criteria-to-determine the business trading in accordance with its primary purpose ie, minimum operating hours for restaurant, kitchens etc. Suggest compliance with provisions of the Act should focus on determining the businesses are operating in accordance with their primary purpose.
Public Needs Test	Explore the opportunity to strengthen the powers of Liquor Licensing to policompliance with the Act and modify the provisions of the public needs to (Section 116) to remove anti-competitive provisions in relation to trade impacts.



2 Introduction

KPMG Consulting (KPMG), in association with Professor John Mangan and Dr. Ann Roche, have been retained by the National Competition Policy Liquor Review Committee (the Committee) to undertake a Public Benefit Test (PBT) of the Queensland *Liquor Act*, 1992 (the Act). This report details the results of this PBT review.

The PBT review has been undertaken in accordance with the Queensland Treasury Public Benefit Guidelines and in the spirit of the Competition Principles Agreement between the Commonwealth Government and State Governments.

The content of this report includes:

Chapter 3 – Public Benefit Test Methodology
 Presents the Public Benefit Test methodology which was utilised in this review.

Chapter 4 – Overview of the Liquor Industry

Overviews the Australian and Queensland liquor industry, highlighting the relative importance of this industry on a national, state and regional basis. Further, a comparative analysis of the liquor industry in other Australian States and Territories is also presented.

Chapter 5 – Alcohol Consumption and Associated Social Issues
 Presents key issues associated with the consumption of alcohol in social harm terms.

Chapter 6 – Review of Liquor Legislation in Australia

Reviews the objectives of the Act, including an analysis of how the Act restricts competition and imposes anti-competitive behaviour within the industry. In addition this chapter provides a summary of comparative legislation in other Australian states and territories.

■ Chapter 7 – Public Consultation and Submissions

Details the consultation process and identifies key issues relating to major stakeholders which were highlighted during public consultation, and in the written submissions process.

■ Chapter 8 – Economic Analysis

Presents discussion on the methodology used to complete the economic analysis of the Queensland liquor industry and to assess the potential economic and social impacts of deregulation of the industry.

■ Chapter 9 – Analysis of Regulatory Change Options

Presents an analysis of the regulatory "with change" options identified by the Committee, including reviewing the 'without change' scenario.

Various supporting appendices present detailed summaries of the consultation phase, public submissions received and a copy of the Issues Paper.



3 Public Benefit Test Methodology

3.1 Competition Principles Agreement

The Competition Principles Agreement ('the Agreement'), endorsed by members of the Council of Australian Governments (COAG) in April 1995, commits the Queensland Government to undertake a review and reform by the year 2000 all State legislation that restricts competition.

The Agreement requires that legislation should not restrict competition unless it can be demonstrated that the benefits to the community as a whole outweigh the costs of such restriction(s), and that the objectives of the legislation can only be achieved by restricting competition.

In endorsing the Agreement, Governments agreed that:

- The objectives of legislation will be clarified;
- The nature of the restriction will be identified;
- The likely effects of the restriction on competition and the economy generally will be analysed;
- The costs and benefits of the restriction will be assessed and balanced;
- Alternative means for achieving the same result will be considered;
- Any new anti-competitive legislation must conform to the net public benefit principle;
 and
- Retained anti-competitive legislation must be reviewed at least once every ten years to determine if it is still required.

In assessing the costs and benefits of particular legislation, COAG agreed that the following matters, where relevant, be taken into account:

- Government legislation and policies relating to ecologically sustainable development;
- Social welfare and equity considerations, including community service obligations;
- Government legislation and policies relating to matters such as occupational health and safety, industrial relations and access and equity;
- Economic and regional development, including employment and investment growth;
- Interests of consumers generally, or of a class of consumers;
- The competitiveness of Australian business; and
- The efficient allocation of resources.



To fulfil its commitments under the Agreement, and to promote regulatory reform, the Queensland Government is undertaking a review of the Queensland Liquor Act 1992.

To comply with the Agreement, the review must determine whether the competitive restrictions provided for within the Act create a net public benefit and whether the objectives of the legislation are being achieved in the manner that least restricts competition.

3.2 Queensland Treasury Public Benefit Test Guidelines

Queensland Treasury has prepared Guidelines to assist Queensland State Government Departments to undertake Public Benefit Tests of legislation within their jurisdiction. Specifically, the Queensland Treasury Public Benefit Test Guidelines (the Guidelines) outline the steps associated with conducting a Public Benefit Test and how to present the results in a consistent and appropriate manner for consideration by Cabinet.

The steps required to undertake a Public Benefit Test, as outlined in the Guideline, include:

Step 1 Identification and description of a realistic 'without change	' ог	'base'	state.
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Step 2	Identification and description of a realistic	'with change'	or 'alternative'
	etate		

Step 3	Identification of all major impacts of moving from the 'without change' to
	the 'with change' state.

Ca 4	Valuation of imposts
Step 4	Valuation of impacts

Step 1

Key issues and requirements associated with each of the Public Benefit steps include:

	•	Identification of nature and relevance of the restrictions on competition.		
	•	Description of the market structures which operate under the existing regulatory arrangements.		
Step 2	=	Describing the proposed change to the existing regulatory arrangements.		

Clarification of objectives of the legislation.

=	Identification of the future situation and its impact on market structures.

Step 3	Compare the 'without change' and the 'with change' States to assess the
	impact of moving from one state to another.

Step 4	Quantify the market structures and economic / financial status of
	impacted groups in the 'without change' and 'with change' States, and
	identify the size and direction of change.



Step 5 Qualitatively identify and outline those impacts that have not been able to be valued in monetary terms, noting, where possible, magnitude and timing issues of potential impacts.

Step 6 Define the time profile of each impact.

Determine the present value of total impacts on a global and group basis, incorporating sensitivity analysis.

In summary, the Public Benefit Test completed for the Act, has incorporated all of the above steps and has considered each of the key issues as identified by Queensland Treasury.

3.3 Scope of Work Completed

The Minister for the Tourism, Sport and Racing established the Committee to review the Queensland Liquor Act, 1992.

The commencement of the review of the Act was advertised in a number of Queensland papers. The advertisement highlighted that interested parties could seek a copy of an Issues Paper, entitled National Competition Policy Review of the Queensland Liquor Act 1992, which is contained in Appendix A, and make a written submission. The Issues Paper outlined the background to the review, detailed the restrictive provisions of the legislation, provided a range of examples of some alternatives to the existing regulatory framework and invited submissions from interested parties to the Committee.

The Committee also conducted a series of public meetings at Townsville, Mt.Isa, Cairns, Mackay, Rockhampton, Toowoomba, and Brisbane. The consultation process was comprehensive and stakeholders and interested parties were afforded the opportunity to submit their views with respect to the operations of the Act.

In completing this PBT, KPMG:

Reviewed the legislation to identify the anti-competitive provisions;

Reviewed all written submissions received;

Completed additional consultation in the following rural and regional communities:

- Emerald; - Mt.Isa;

- Barcaldine: - Cairns;

- Longreach; - Bowen;

- Warwick; - Ipswich; and

- Murgon; - Brisbane

Discussed options for reform with the Committee;



- Completed financial and economic modelling to determine quantitative economic costs and benefits of each reform option;
- Identified non-valued impacts for each reform option;
- Recommended which reform option(s) should be adopted based on quantitative and qualitative impacts.

3.4 Vote of Thanks

KPMG would like to take this opportunity to thank individuals and organisations for their assistance in the review process, especially:

- Members of the NCP Liquor Act Review Committee;
- Staff from the Queensland Department of Tourism, Sport and Racing, Queensland Treasury, and other interstate Liquor Licensing Divisions; and
- Individuals and organisations who contributed during the consultation process.

3.5 Warranties and Disclaimer

The statements and opinions contained in this report are given in good faith but rely upon information from the sources identified in this report and discussions with relevant stakeholders and industry experts. The report also draws upon the resources of KPMG. The report prepared by KPMG relies on information presented in the Issues Paper. KPMG disclaim any liability for information presented within the Issues Paper.

KPMG, Professor John Mangan, or Dr Ann Roche do not have any pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion in relation to the matter. KPMG and its associates will receive a professional fee for the preparation of this report.



4 The Liquor Industry

4.1 Introduction

There is limited consolidated information on the relative economic performance of the liquor industry across Australia, or at an individual State or Territory level. Accordingly, in preparing this analysis we have utilised information from various sources, including the Australian Bureau of Statistics, Financial Management Research Centre and Liquor Licensing Divisions within all Australian States and Territories. While we have attempted to present as detailed a coverage of the industry as possible, we appreciate that the following analysis does not present a comprehensive picture of the importance of the liquor industry to the Australian economy.

4.2 The Australian Industry

4.2.1 Pubs, Clubs, Taverns and Bars

The following tables present details of the size and structure of the pubs, taverns, bars and clubs industry within Australia for the 1986-87, 1991-92, 1994-95 and 1997-98 financial years.

As at the end of the 1997-98 financial year there were just over 8,500 licensed businesses employing nearly 150,000 people across Australia, and generating gross income of over \$14 billion.

Pubs, Clubs, Taverns, and Bars Key Summary Statistics					
	1986-87	1991-92	1994-95	1997-98	
Bars, Taverns, Pubs	1				
Businesses (no)	4,704	4 ,347	4,325	4,792	
Employment (no)	79,425	73,526	71,437	81,724	
Wages and Salaries (\$m)	769	929	1,035	1,464	
Gross income (\$m)	4,684	5,912	6,390	8,253	
Total expenses (\$m)	4.462	5,814	6,139	7,596	
Operating profit before tax (\$m)	136	98	258	681	
Operating profit margin (\$m)	2.91%	1.66%	4.04%	8.25%	
Clubs					
Businesses (no)	3,601	3,811	3,284	3,749	
Employment (no)	52,336	60,424	62,536	67,272	
Wages and Salaries (\$m)	688	1,012	1,173	1,601	
Gross income (\$m)	2,663	3,811	4,729	6,013	
Total expenses (\$m)	2,438	3.632	4,304	5,460	
Operating profit before tax (\$m)	210	178	429	561	
Operating profit margin (\$m)	7.87%	4.68%	9.07%	9.33%	
Total					
Businesses (no)	8,305	8,158	7,609	8,541	
Employment (no)	131,761	133,950	133,973	148,996	
Wages and Salaries (\$m)	1,456	1,941	2,208	3,065	
Gross income (\$m)	7,347	9,722	11,120	14,266	
Total expenses (\$m)	6,900	9,446	10,444	13,056	
Operating profit before tax (\$m)	346	276	687	1,242	
Operating profit margin (\$m)	4.71%	2.84%	6.18%	8.71%	
Source: ABS, Cat.No.8687.0					

The above analysis reveals over the 11-year timeframe from which the survey has been conducted that the industry has recorded nominal growth in gross income of 6.7% per annum. Of interest has been the recent improvement in the profitability of bars, taverns and



pubs since 1991-92, where the profit margin for these types of businesses was less than 2.0%. The likely, but not only, explanation for this improvement in profitability would be the introduction of poker machines in these venues in Victoria, South Australia and Queensland.

The following analysis details the importance of the pubs, clubs, taverns and bars industries at a State level.

Pubs, Clubs, Taverns and Bars Selected Statistics by State						
1994-95	Businesses (no.) *	Employment (no.)	Wages and Salaries (\$m)	Gross Income (\$m)		
New South Wales	2,790	62,138	1.143	5.284		
Victoria	1,583	23,948	347	1.613		
Queensland	1,418	21,872	347	2,085		
South Australia	763	11,044	149	815		
Western Australia	644	8.918	129	725		
Tasmania	268	2,945	44	331		
Northern Territory	64	793	14	94		
Australian Capital Territory	87	2,134	35	173		
Australia	7,609	133,963	2,208	11,120		
1997-98						
New South Wales	3,204	64,586	1,382	6,516		
Victoria	1,684	27,388	447	2,013		
Queensland	1,910	26,405	488	2,935		
South Australia	940	12,747	226	1,311		
Western Australia	819	11,173	168	890		
Tasmania	380	3.341	48	268		
Northern Territory	72	1,094	21	119		
Australian Capital Territory	102	2,262	45	216		
Australia	9,111	148,996	2.824	14.266		

^{* =} Multi State businesses are counted in each State in which they operate. Hence States do not sum to the total for Australia

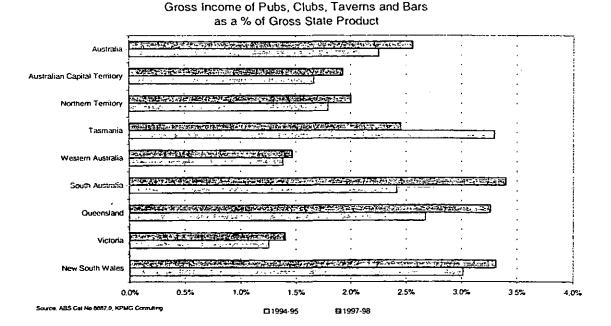
Source: ABS, Cat.No.8687.0



The above analysis reveals the following key points:

- Tasmania (12%) and Queensland (10%) recorded the strongest average annual growth in new businesses over the three years to 1997-98, with Victoria recording the lowest annual growth (2%).
- While the Northern Territory recorded below average annual growth in new businesses, it recorded the strongest average annual employment growth of all Australian States and Territories, suggesting a consolidation of existing businesses.
- Wages and salaries recorded the strongest average annual growth in South Australia (15%), Northern Territory (13%) and Queensland (12%). While the Northern Territory growth relates to growth in new employment, wages and salaries growth in South Australia and Queensland is more related to real wages growth within the sector.
- Growth in gross income was positive in all Australian States and Territories, with the exception of Tasmania, which recorded a \$63 million reduction over the three years to 1997-98. The majority of this reduction was within the pubs, taverns and bars industries (\$84 million), however the clubs industry only captured \$21 million of this reduction as income transfers.

The following graph presents gross income of the pubs, clubs, taverns and bars operations as a proportion of Gross State Product in all Australian States and Territories. As noted at the beginning of this section, not all income associated with the liquor industry is captured within this analysis, notably sale of alcohol from retailers, cafes and restaurants. Given this, the following analysis will understate the relative importance of the liquor industry to the State and Territory economies.



The above analysis would suggest that the pubs, clubs, taverns and bars are a significant contributor to the economic base of the national and state economies. It should be noted that the above analysis excludes liquor sales by retail outlets, which in some states account for a



significant proportion of total retail liquor sales (up to 40%) and therefore understate the economic contribution of the liquor industry.

4.2.2 Profitability of public hotels

The Financial Management Research Centre (FMRC) survey a number of public hotels nationally and present information on their relative financial performance. The following table presents a summary of the key findings of the FMRC survey over the past several years.

FMRC Business Benchmarks Public Hotels All Firms Average										
Financial Year	1989	1991	1992	1993	1995					
Total Trading Income	100.00%	100.00%	100.00%	100.00%	100.00%					
less Cost of Goods Sold	55.50%	50.60%	51.56%	48.16%	54.31%					
Gross Profit	44.50%	49.40%	48.44%	51.84%	45.69%					
less Overheads	36.60%	46.41%	42.41%	43.64%	39.49%					
Net Trading Profit	7.90%	2.99%	6.03%	8.20%	6.20%					
Plus Non Trading Income	N.A	1.82%	0.53%	0.10%	N.A					
Net Profit before Tax	7.90%	4.81%	6.56%	8.30%	6.20%					

This analysis reveals that public hotels appear to earn a consistent net profit of approximately 6% to 8% of trading income.

The Queensland Hotels Association (QHA) has also recently completed a survey of 24 public hotels in Queensland to analyse the relative profitability of these businesses. This survey found that net profit (as defined as operating profit before interest, depreciation and tax) was approximately 6.80% for hotels with turnover greater than \$1 million, and approximately 11.2% for hotels with turnover of less than \$1 million. The QHA analysis appears consistent to the FMRC survey results.

We have not provided comparative benchmark data for other licensed venues on the basis that they generally derive the majority of their income from sources other than liquor sales.

4.2.3 Licensed Outlets

The following analysis presents a profile of the number, density and access of licensed premises in Australian States. This information has been prepared utilising data gathered from various Liquor Licensing Divisions in all States and Territories for 1998.



Licensed Outlets, Density and Access Australia (1998)									
State	Persons 18+	Area (Sq.Km)	Licensed Premises (no)	Outlets per 1,000 Adults	Outlets per 1,000 Adults per 1,000 sq.km				
New South Wales	4,459,999	801,200	10,128	2.27	0.0028				
Victoria	3,245,684	227,700	8,967	2.76	0.0121				
Qucensland	2,449,603	1,734,000	5,188	2.12	0.0012				
South Australia	1,071.040	985,300	3,765	3.67	0.0036				
Western Australia	1,252,680	2,531.000	3,290	2.63	0.0010				
Tasmania	333,678	67,860	1,033	3.10	0.0456				
Northern Territory	133,265	1,352,000	439	3.29	0.0024				
Australian Capital Territory	215,685	2,352	540	2.50	1.0645				
Australia	13,161,634	7.701,412	33,516	2.55	0.0003				

The above analysis reveals the following key points:

- South Australia has the greatest number of outlets per 1,000 adults of all Australian States, followed by the Northern Territory and Tasmania, while Queensland has the lowest.
- In order to establish a consistent measure of access to alcohol, consideration of the number of licences and population density (given as population per 1,000 sq.km) should also be taken into account. Therefore, the final column of the above table presents a measure of the number of outlets per 1,000 adults per 1,000 sq.km. This analysis reveals that the Australian Capital Territory and Tasmania have by far the greatest access to alcohol, followed by Victoria and South Australia.
- In contrast to the analysis based on outlets per 1.000 adults, the access analysis suggests that residents of Queensland have comparatively greater access to alcohol than do residents of Western Australia, however Queensland lags all other States and Territories against this benchmark.

The above analysis can also be presented in terms of access to outlets that provide for the sale of take-away liquor. The following table presents number of outlets that have either a primary or significant focus on the sale of take-away liquor. Outlets that are allowed to sell take-away liquor but are primarily focused on other activities, such as clubs and residential licensees, are excluded from this analysis.



Licensed Take-away Liquor Outlets, Density and Access Australia									
State	No. of General/Hot el Licenses	No. of Detached Bottleshops/ Take-away Licenses	No. of Outlets providing Take-away Liquor	Outlets per 1,000 Adults	Outlets per 1,000 Adults per 1,000 sq.km				
New South Wales	2,018	1,406	3,424	0.77	0.0010				
Victoria	1,827	1,133	2,960	0.91	0.0040				
Queensland	1,185	520	1,705	0.70	0.0004				
South Australia	558	174	732	0.68	0.0007				
Western Australia	615	444	1,059	0.85	0.0003				
Tasmania	299	31	330	0.99	0.0146				
Northern Territory	108	84	192	1.44	0.0011				
Australian Capital Territory	13	155	168	0.78	0.3312				
Australia	6,623	3.947	10,570	0.80	0.0001				

The above analysis reveals the following key points:

- Outlets that are allowed to sell take-away liquor, and the sale of take-away liquor is a major business activity, represent nearly one-third of all licensed outlets.
- The Northern Territory has the greatest access to take-away liquor on a per capita basis, followed by Tasmania and Victoria, while in contrast South Australia and Queensland have the least access on a per capita basis.
- Once population density is taken into consideration, the Australian Capital Territory has by far the greatest level of access to take-away liquor, followed by Tasmania and Victoria. As with the analysis of total outlets, Queensland has marginally greater access than Western Australia but is well behind all other States and Territories.

4.2.4 Liquor Consumption

While it is important to understand the relationship between outlets and population, it is also necessary to understand the relationship between access and consumption. The following table presents apparent per capita (aged 15 years and over) consumption across several States and Territories.

Liquor Consumption Litres of Pure Alcohol per Person Aged 15 years +									
State	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96			
Victoria	9.2	8.6	8.0	8.6	9.0	8.6			
Queensland	13.8	11.6	11.1	11.7	12.2	11.7			
Western Australia	10.5	10.1	10.1	10.0	10.2	10.1			
Northern Territory	18.7	17.8	15.1	15.4	15.1	14.6			
Australia (1)	8.2	7.8	7.6	7.8	7.7	7.6			

(1) Litres of pure alcohol per person aged 18 years +

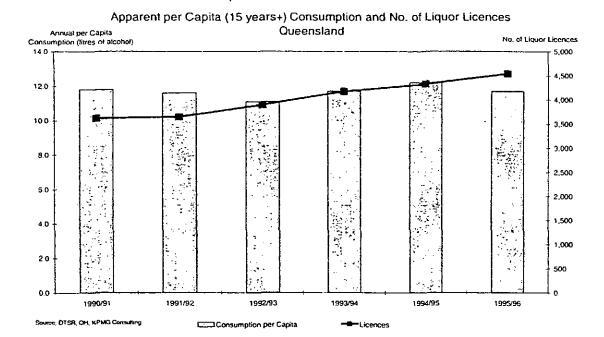
Source: KPMG Consulting



State based consumption data is collected by the state health authorities for persons over the age of 15, while national data is collected by the Australian Bureau of Statistics for persons over the age of 18. We have been unable to identify any reliable sources of consumption statistics which is on a consistent basis (15+ or 18+ years of age) at the state and national levels.

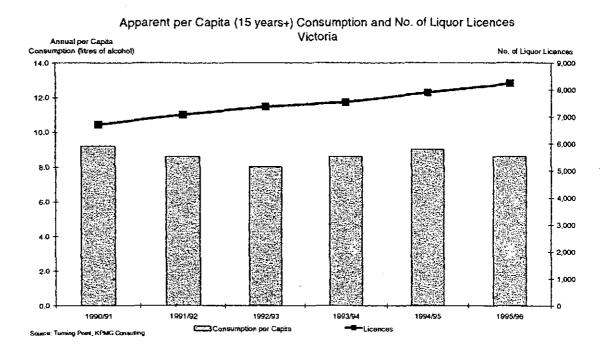
The above analysis indicates that per capita (15 years +) consumption in Western Australia, Victoria and the Northern Territory, and at the Australian level (18 years+) has trended downwards over the period 1990/91 to 1995/96. In comparison, consumption of alcohol in Queensland has fluctuated over the same time period. Of note however is that while Queensland has one of the lowest access to alcohol measures, it has one of the highest per capita consumption measures, indicating Queensland residents do not appear to be disadvantaged by comparatively less availability.

The following graphs present the relationship between per capita consumption and the number of licensed premises in Queensland and Victoria. In both States it appears that while the number of licences and outlets have increased steadily over the survey period, per capita consumption has remained relatively unchanged, or actually declined as in the case of Victoria. This analysis would suggest that there is no direct correlation between average per capita consumption of alcohol and availability.



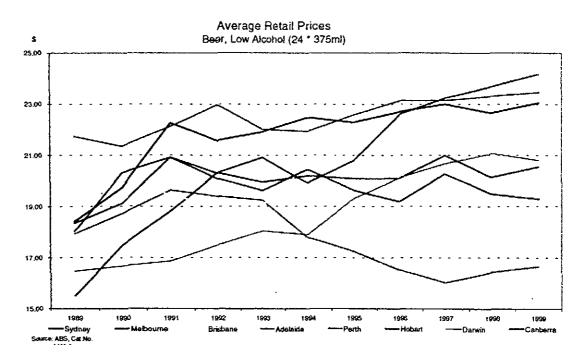
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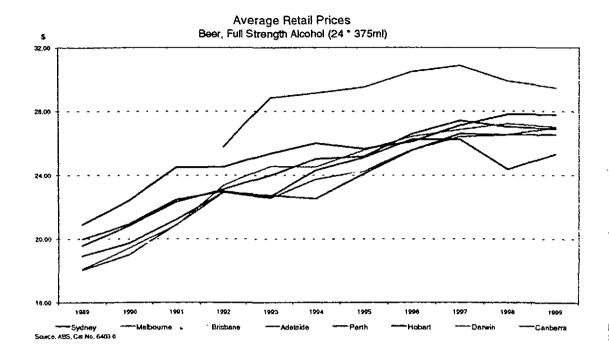


4.2.5 Price of Alcohol

The Australian Bureau of Statistics incorporates the price of selected alcohol items within its survey of average retail prices of selected items included in the Consumer Price Index for each of the six State Capitals, Canberra and Darwin. The following graphs present average retail prices for a carton of low alcohol beer and full strength beer since 1989. The survey collects price information for draught beer - low alcohol and full strength - and a nip of scotch supplied in a public bar. For the purposes of this analysis we have only presented alcohol available for take-away consumption.







The above analysis reveals:

- Melbourne has the lowest cost per carton of packaged low alcohol beer, followed by Canberra and Sydney. In contrast, Perth, Darwin and Brisbane recorded the highest cost per carton of packaged low alcohol beer.
- The Victorian and New South Wales Government's had adopted a harm minimisation policy of promoting low alcohol beer consumption through rebating licence fees associated with low alcohol beer, which is likely to explain the price differentials noted above.
- Canberra has the lowest cost per carton of packaged full strength beer, followed by Perth and Brisbane. In real terms there is relatively little difference between the cost per carton of packaged full strength beer in all Capital Cities, with the exception of Perth (lower) and Darwin (higher).

This analysis provides an interesting basis from which to compare the implication of access to alcohol and price of alcohol. Basic economic theory suggests that the greater the supply of a product, for a given level of demand, the lower the equilibrium price level. Therefore, if market forces were to hold for the liquor industry, those States / Regions that have a relatively high level of outlets should correspondingly have a lower price for alcohol, adjusting for transport costs.

The following table presents a price index for carton packaged full strength beer (March 1999) and an access to liquor measure (outlets per 1,000 adults per 1,000 sq.km).



Price and Access Analysis Australia									
State	te Price Index of Carton Packaged Full Strength Beer		Take-away outlets per 1,000 Adults per 1,000 Sq.km	Access Measure Rank					
New South Wales	99.28	3	0.0010	5					
Victoria	99.62	4	0.0040	3					
Queensland	98.62	3	0.0004	7					
South Australia	99.73	5	0.0007	6					
Western Australia	97.86	2	0.0003	8					
Tasmania	102.53	6	0.0146	2					
Northern Territory	108.84	7	0.0011	4					
Australian Capital Territory	93.42	1	0.3312	1					
Australia	100.00		N/A						

The above analysis suggests that while the theory holds for the Australian Capital Territory and the Northern Territory, it appears not to hold for other States. For example, Queensland has comparatively one of the lowest access measures, but also has one of the lowest price indices, as with Western Australia. In contrast, Tasmania has one of the greatest access measures, but also has the second highest price index.

4.3 The Queensland Industry

4.3.1 Licence Numbers

The following table presents numbers of total liquor licences by category for Queensland since 1990-91 to 1997-98.

Liquor L	icences b	y Categor	y of Licen	ce, Queer	sland				
1990-91 – 1997-98									
1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98		
1,164	1,160	1,160	1,167	1,161	1,188	1,194	1,202		
12	71	108	220	308	349	399	457		
1,123	1,149	1,239	1,343	1,473	1,617	1,759	1,909		
366	373	394	410	434	432	454	503		
101	89	96	001	100	97	96	108		
820	833	899	967	1,011	1,028	1,034	1,030		
0	0	46	97	50	65	70	74		
39	40	43	45	55	73	92	108		
9	7	23	43	41	38	44	54		
3,634	3,722	4,008	4,392	4,633	4,887	5,142	5,445		
	1990-91 1,164 12 1,123 366 101 820 0 39	1990-91 1991-92 1,164 1,160 12 71 1,123 1,149 366 373 101 89 820 833 0 0 39 40 9 7	1990-91 1991-92 1992-93 1,164 1,160 1,160 1,123 1,149 1,239 366 373 394 101 89 96 820 833 899 0 0 46 39 40 43 9 7 23	1990-91 — 1997-98 1990-91 1991-92 1992-93 1993-94 1,164 1,160 1,160 1,167 12 71 108 220 1,123 1,149 1,239 1,343 366 373 394 410 101 89 96 100 820 833 899 967 0 0 46 97 39 40 43 45 9 7 23 43	1990-91 - 1997-98 1990-91 1991-92 1992-93 1993-94 1994-95 1,164 1,160 1,160 1,167 1,161 12 71 108 220 308 1,123 1,149 1,239 1,343 1,473 366 373 394 410 434 101 89 96 100 100 820 833 899 967 1,011 0 0 46 97 50 39 40 43 45 55 9 7 23 43 41	1990-91 1991-92 1992-93 1993-94 1994-95 1995-96 1,164 1,160 1,160 1,167 1,161 1,188 12 71 108 220 308 349 1,123 1,149 1,239 1,343 1,473 1,617 366 373 394 410 434 432 101 89 96 100 100 97 820 833 899 967 1,011 1,028 0 0 46 97 50 65 39 40 43 45 55 73 9 7 23 43 41 38	1990-91 - 1997-98 1990-91 1991-92 1992-93 1993-94 1994-95 1995-96 1996-97 1,164 1,160 1,160 1,167 1,161 1,188 1,194 12 71 108 220 308 349 399 1,123 1,149 1,239 1,343 1,473 1,617 1,759 366 373 394 410 434 432 454 101 89 96 100 100 97 96 820 833 899 967 1,011 1,028 1,034 0 0 46 97 50 65 70 39 40 43 45 55 73 92 9 7 23 43 41 38 44		

Source: DTSR, KPMG Consulting



The previous analysis reveals the following:

- The number of liquor licences in Queensland have been growing on average approximately 5% per annum over the survey period, significantly in excess of population growth over the same period.
- Licences for detached bottle shops (DBS) and on-premises alcohol consumption have grown at above average rates, while general licences have recorded virtually no growth over the survey period.
- General licences as a proportion of total liquor licences in Queensland has declined from 32% in 1991-92 to 22% in 1997-98.
- While under the current regulations there is provision for a total of 3,606 DBS outlets across the state (3 per general licence) as at 30 June 1998 only 457 DBS outlets had been established.

This analysis is presented on a regional basis for specific licence categories for the period 1994-95 to 1997-98 in the following tables.

General Liquor Licences by Statistical Division 1994-95 – 1997-98									
Statistical Division	1994-95	1995-96	1996-97	1997-98					
Brisbane	168	169	172	174					
Central West	36	37	37	36					
Darling Downs	130	132	131	129					
Far North	147	148	149	150					
Fitzroy	109	112	112	114					
Mackay	74	75	76	. 77					
Moreton	173	179	186	191					
North West	33	34	34	34					
Northern	110	114	112	113					
South West	52	53	52	51					
Wide Bay-Burnett	130 \	134	134	134					
Total	1,161	1,188	1.194	1,202					
Source: QGDTSR, KPMG									

Club Liquor Licences by Statistical Division 1994-95 - 1997-98									
Statistical Division	1994-95	1995-96	1996-97	1997-98					
Brisbane	269	270	272	273					
Central West	21	21	21	21					
Darling Downs	92]	94	97	96					
Ear North	79.	82	82.	80					
Fitzroy	79	82	82	82					
Mackay '	54 (58	57	57					
Moreton	202	205	206	207					
North West	21	21	21	21					
Northern	65	62	63	60					
South West	29	29	29	29					
Wide Bay-Burnett	101	102	104	104					
Total	1,011	1,028	1,034	1.030					
Source: QGDTSR, KPMG	1,011	1,028	1,034 [



On-Premises Liquor Licences by Statistical Division 1994-95 – 1997-98									
Statistical Division	1994-95	1995-96	1996-97	1997-98					
Brisbane	432	482	540	595					
Central West	3	1	2	3					
Darling Downs	50	52	54	68					
Far North	197	218	235	248					
Fitzroy	83	80	81	79					
Mackay	86	90	92	99					
Moreton	434	488	534	572					
North West	14	14	16	17					
Northern	89	95	100	112					
South West	7	8	9	9					
Wide Bay-Burnett	80	89	94	107					
Total	1,473	1.617	1,759	1.909					

The above analysis reveals the following points:

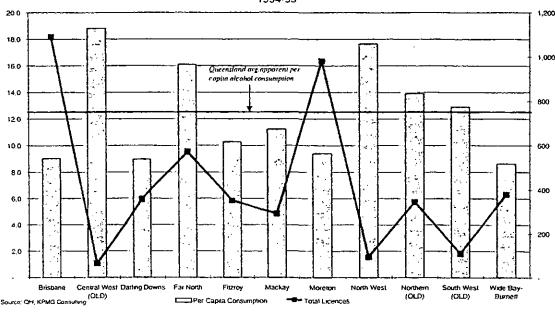
- General licences have remained relatively unchanged in all Statistical Divisions, with the exception of Moreton, which recorded 18 new licences over the four years to 30 June 1998;
- There is no evidence of an overall decline in general licences in rural and regional Queensland in the period 1994-95 to 1997-98;
- Club Licences have remained virtually stable over the survey period; and
- On-Premises licences have grown in all Statistical Divisions in Queensland, with the exception of Fitzroy, which has recorded a slight decline.

4.3.2 Liquor Consumption by Region

The following table presents liquor consumption by statistical division in Queensland for the years 1989-90 to 1994-95.

Apparent Per Capita Consumption of Alcohol by Statistical Division, Queensland									
Litres									
		1989-90	- 1994-95	_					
Statistical Division	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95			
Brisbane ·	10.0	9.4	9.1	8.7	8.6	9.0			
Central West	17.9	18.5	16.9	17.0	17.0	18.8			
Darling Downs	9.2	9.2	8.4	8.3	8.6	9.0			
Far North	14.8	14.8	14.6	14.4	15.1	16.1			
Fitzroy	10.8	11.5	10.8	10.4	10.2	10.3			
Mackay	11.7	11.6	11.5	11.1	10.5	11.2			
Moreton	9.5	9.3	9.2	8.7	9.0	9.4			
North West	19.5	20.9	19.2	18.2	17.7	17.7			
Northern	12.8	12.3	13.2	13.0	13.6	13.9			
South West	14.7	14.3	12.3	12.4	12.4	12.9			
Wide Bay-Burnett	8.9	8.7	8.3	8.0	1.8	8.6			
Total	12.8	11.8	11.6	11.1	11.7	12.2			
Source: Queensland Hea	Ith, KPMG Cons	sulting							





Apparent Per Capita Consumption and Liquor Licenses by Region, Queensland 1994-95

The above analysis outlines the relative availability of alcohol and apparent per capita consumption by region for the 1994-95 financial year. As detailed in the graph, there does not appear to be a strong correlation between number of outlets licensed to sell alcohol and per capita consumption of alcohol within a region. For example, the Central West Statistical Division has the lowest number of licensed premises in Queensland, yet it also has the greatest per capita consumption of alcohol.

This analysis confirms previous research that suggests while areas may be relatively underprovided for in terms of access to alcohol outlets, there is limited evidence to suggest that residents of these areas are consuming lower amounts of alcohol as a result of this relatively restrictive access. This analysis also illustrates that there are wide variances in average per capita consumptions between regions of Queensland suggesting that demographic profiles, also influence the level of per capita consumption. This issue is further explored in Chapter 5 of this report.

4.3.3 Liquor Purchases by Region

The Queensland Liquor Licensing Division required individual licensee's to provide details on their liquor purchases in order to determine payment of licensing fees to the State Government. This survey allowed for the analysis of liquor purchases and consumption by type of licence and region. However, as a consequence of the *Ha and Lim v State of New South Wales* High Court decision in August 1997, which placed in question the States' right to collect licence fees on tobacco, liquor and fuel, no States now survey licensee's to provide information on annual liquor purchases.

While information was collected for the 1996-97 financial year for Queensland, it has not been prepared in a format for analysis or dissemination. As a result, we have utilised the latest data available for Queensland, which is for the 1995-96 financial year.



Liquor Purchases by Type of Licence, Queensland 1995-96 (\$'000)									
Statistical Division	Club	General	On-Premise	Other	Total				
Brisbane	46,784	365,472	19,922	8,672	440,850				
Central West	1,061	5,773	13	133	6,980				
Darling Downs	7,023	54,980	1,401	744	64,148				
Far North	9,167	94,451	9,722	7,099	120,439				
Fitzroy	9,787	54,973	1,533	1,364	67,657				
Mackay	7.961	43,858	2,578	6,361	60,757				
Moreton	35,569	257,304	23,824	8,741	325,438				
North West	5,436	13,319	482	1,343	20,579				
Northern	6,792	69,968	3,419	3,311	83,490				
South West	2,178	9.910	49	218	12,354				
Wide Bay-Burnett	9,649	53.213	1.208	7 57	64,826				
Total	141,406	1,023,222	64,150	38,741	1,267,519				

Market Share by Type of Licence, Queensland 1995-96									
Statistical Division	Club	General	On-Premise	Other	Total				
Brisbane	10.6%	82.9%	4.5%	2.0%	100.0%				
Central West	15.2%	82.7%	0.2%	1.9%	100.0%				
Darling Downs	10.9%	85.7%	2.2%	1.2%	100.0%				
Far North	7.6%	78.4%	8.1%	5.9%	100.0%				
Fitzroy	14.5%	81.3%	2.3%	2.0%	100.0%				
Mackay	13.1%	72.2%	4.2%	10.5%	100.0%				
Moreton	10.9%	79.1%	7.3%	2.7%	100.0%				
North West	26.4%	64.7%	2.3%	6.5%	100.0%				
Northern	8.1%	83.8%	4.1%	4.0%	100.0%				
South West	17.6%	80.2%	0.4%	1.8%	100.0%				
Wide Bay-Burnett	14.9%	82.1%	1.9%	1.2%	100.0%				
Total	11.2%	80.7%	5.1%	3.1%	100.0%				
Source: DTSR, KPMG	Consulting								

Using liquor purchases by licence type as a proxy for end market share, the above analysis reveals the following information:

- General licences sell the majority of alcohol in Queensland, some 80% of all liquor purchases, while this licence type (including DBSs) represented only 31% of all liquor licences in 1995-96;
- Club licences sold approximately 11% of liquor purchases in Queensland, while they represented 21% of total licenses. The North West Statistical Division is influenced by the Mount Isa Irish Club, which has consistently recorded the highest liquor licence fee within the Club industry in Queensland; and
- About one-third of all licences on issue in 1995-96 were on-premise licenses, however this licence type sold only 5% of total liquor purchases in Queensland. The Statistical Division's of Far North and Moreton, which incorporate Cairns and the Gold Coast



respectively, recorded above average on-premise liquor sales primarily due to tourism activities.

4.4 The New South Wales Industry

4.4.1 Background

The New South Wales liquor industry has been deregulated in terms of sale of alcohol from specific retail 'take-away' outlets since 1966. While New South Wales has been relatively more open in terms of take-away liquor sales, it can be argued that Queensland has been less restrictive in terms of alcohol sales in on-premise licenses.

This analysis of New South Wales liquor market provides a theoretical basis from which to predict a potential 'end-state' for Queensland if it were to adopt similar licensing provisions, especially those associated with take-away liquor.

4.4.2 Liquor Purchases by Type of Licence

The following tables present licence numbers, liquor purchases and market share by type of licence over the period 1993-94 to 1996-97.

Licence Numbers and Liquor Purchases by Type of Licence New South Wales 1993-94 – 1996-97								
	1993-94		1994-95		1995-96		1996-97	
	No.	Purchases (\$'000)	No.	Purchases (\$'000)	No.	Purchases (\$`000)	No.	Purchases (\$'000)
Hotels	2,014	692,809	2,019	712,703	2.019	716,291	2,018	757,276
Registered Clubs	1,539	349,885	1,535	355,923	1,525	355,115	1,513	375,822
Retail	1,364	881,993	1,377	933.122	1.395	1,003,960	1,406	1.093,726
Other	5,001	119,032	5.026	124.277	5,006	135,790	5,191	136,048
Total	9,918	2.043,719	9,957	2,126.025	9,945	2,211,156	10,128	2.362.872
Source: NSWDG&R. KPMG Consulting								

r	Market Sha	ere Anaiysi	New So	uth Wales <u> </u>	s and Liqi	ior Purcha		
	1993-94		1994-95		1995-96		1996-97	
•	No.	Purchase s	No.	Purchase s	No.	Purchase s	No.	Purchase s
Hotels	20.31%	33.90%	20.28%	33.52%	20.30%	32.39%	19.92%	32.05%
Registered Clubs	15.52%	17.12%	15.42%	16.74%	15.33%	16.06%	14.94%	15.91%
Retail	13.75%	43.16%	13.83%	43.89%	14.03%	45.40%	13.88%	46.29%
Other	50.42%	5.82%	50.48%	5.85%	50.34%	6.14%	51.25%	5.76%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%



The previous analysis indicates that hotel licences represent about 20% of total licences in New South Wales, and represents approximately 32% of liquor purchases in New South Wales. In comparison, retail licences represent nearly 14% of total licenses, however they capture just over 46% of liquor purchases in the State. These purchases represent solely take-away liquor sales, while hotel liquor sales incorporate both over the counter alcohol sales and take-away liquor sales. On a pure take-away liquor basis, anecdotal evidence suggests that retail licences capture some 60% to 65% of total take-away liquor sales in New South Wales, which appears consistent with the above analysis.

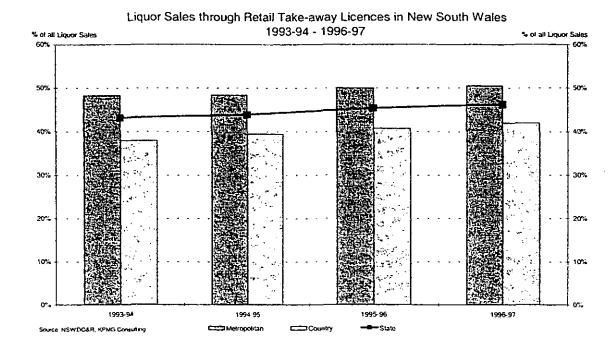
4.4.3 Liquor Purchases by Region

The following analysis presents liquor purchases by type of licence on a regional basis for New South Wales for the 1995-96 financial year.

l	iquor Purchases	1995-96	ence, New South	Wales	
Statistical Division	Hotels	(\$'000) Clubs	Retail	Other	Total
Central West	2,339	951	1,405	467	5.162
Far West	4,674	1,467	3,632	258	10,031
Hunter	58.018	41,221	96,730	9,544	205,513
Illawarra	35.204	31.150	56,527	4,963	127,844
Mid-North Coast	31,553	20,114	42,991	4,127	98,785
Мигтау	24,459	14,516	16.065	5,397	60,438
Murrumbidgee	26,705	8,134	18,374	3,225	56,437
North Western	25,189	12,071	13,192	3,646	54,098
Northern	29.659	11,665	20,215	3.347	64,886
Richmond-Tweed	29,352	15,854	31,935	2.738	79,878
South Eastern	24,295	12,834	28,349	3,546	69,024
Sydney	424,845	185,137	674,545	94,533	1,379,059
Total - NSW	716,291	355,115	1,003,960	135,790	2,211,156
Source: NSWDG&R, KI	PMG Consulting				

Market Share by Type of Licence, New South Wales 1995-96						
Statistical Division	Hotels	Clubs	Retail	Other	Total	
Central West	45.3%	18.4%	27.2%	9.1%	100.0%	
Far West	46.6%	14.6%	36.2%	2.6%	100.0%	
Hunter	28.2%	20.1%	47.1%	4.6%	100.0%	
Illawarra	27.5%	24.4%	44.2%	3.9%	100.0%	
Mid-North Coast	31.9%	20.4%	43.5%	4.2%	100.0%	
Murray	40.5%	24.0%	26.6%	8.9%	100.0%	
Murrumbidgee	47.3%	14.4%	32.6%	5.7%	100.0%	
North Western	46.6%	22.3%	24.4%	6.7%	100.0%	
Northern	45.7%	18.0%	31.2%	5.2%	100.0%	
Richmond-Tweed	36.7%	19.8%	40.0%	3.4%	100.0%	
South Eastern	35.2%	18.6%	41.1%	5.1%	100.0%	
Sydney	30.8%	13.4%	48.9%	6.9%	100.0%	
Total - NSW	32.4%	16.1%	45.4%	6.1%	100.0%	
Source: NSWG&R, KPI	MG Consulting					





The above analysis suggests that the metropolitan areas of New South Wales purchase a greater proportion of alcohol through retail outlets than rural and regional areas. For example, nearly 50% of all alcohol sales in the Sydney Statistical Division are via retail outlets, while in comparison just over 25% of all alcohol sales in the Murray Statistical Division are through the retail licence type. This would suggest that metropolitan areas have a greater propensity to purchase alcohol from retail outlets than rural and regional areas.

4.5 Summary

Essentially the key points from the previous analysis include:

- While Queensland appears to be relatively under serviced in term of access to alcohol outlets relative to other States, statistics on consumption of alcohol on a per capita basis suggests Queenslanders are not impacted negatively in terms of their ability to access alcohol for consumption;
- There has not been a significant decline in active general licences in rural or regional Queensland over the recent past;
- Although restrictions exist on the location, size and number of DBSs per general licence, there is still significant capacity for growth in DBSs as only one-seventh of the potential number of DBSs are on issue (520 Actual DBSs to 3,606 Potential DBSs 1,202 General Licences * 3);
- Based on the limited information available, there is no compelling evidence to suggest that liquor prices are lower in those States and Territories that have a more deregulated liquor market; and
- New South Wales, which has had a deregulated take-away liquor industry since 1966, has a market structure whereby the retail sector captures approximately 45% of all liquor sales in the State, while they only represent 15% of liquor licences on issue.



Department of Tourism, Sport and Racing Public Benefit Test of Queensland Liquor Act, 1992 KPMG Consulting

Metropolitan areas of the State record a higher market share (50%), while rural and regional areas record a somewhat varied market share (25% to 40%). This compares to Queensland where 80% of liquor sales are through general licenses.



5 Alcohol Consumption and Associated Social Issues

On the advice of the Committee, KPMG retained Dr Ann Roche to conduct national and international research and provide expert advice as to social and harm issues associated with alcohol consumption. Dr Roche is the Director of Queensland Alcohol and Drug Research and Education Centre, Department of Social and Preventative Medicine, The University of Queensland. Dr Roche is a recognised expert in the areas of alcohol and drug research.

The following chapter provides a summary of the key issues highlighted by Dr Roche's research with the detailed report included in Appendix B.

5.1 Alcohol: The Availability vs Control Conundrum

Throughout recorded history various controls have been placed over the availability and use of alcohol in an effort to minimise its potentially negative consequences, while simultaneously allowing the enjoyment of this beverage. Finding the balance between control and availability has always been fraught with difficulty.

Reconciling the competing interests, largely economic and health/ social, is a complex task.

Most developed countries have in place a series of policies and controls designed to minimise harms associated with alcohol. Most of these control mechanisms have been predicated on the basis that greater access to alcohol resulted in higher levels of consumption, and that higher levels of consumption resulted in more harms and alcohol-related problems. Policy changes and loosening of restrictions on availability in several countries and regions have not supported this traditional public health position.

5.2 National and International Competition and Market Forces

In recent years, the controversy surrounding the control-availability debate has widened to include other factors such as those entailed in the national competition policy. In this context, there is growing pressure to see alcohol as merely another commercial product which should not be given special or particular consideration. The contrary view is that alcohol is indeed special and different from other commercial products, such as bread or milk, in that it possesses substantial demonstrable capacity to contribute to significant harms at the individual and community level.

5.3 Alcohol Related Harms

Alcohol is estimated to cost Australians approximately 6 billion dollars per annum (in 1996 terms). This figure is determined through calculations of hospital, health and social costs of both a tangible and intangible nature (See Collins and Lapsley, 1996).

Other harms associated with alcohol use include those of an acute and chronic nature. Traditionally, it has been argued that the principal harms associated with the use of alcohol were those incurred by the few alcohol dependent individuals. More recent epidemiological work indicates that is not the case. Most harms are indeed incurred by the wider community, most of whom would normally consume alcohol in a low risk or modest manner, but who also regularly drink in a hazardous manner. This is a major shift in our perception of the



nature of alcohol problems and has important implications for the development of alcohol related social policy.

5.4 Minimising Harms

Very recent efforts to minimise harms associated with alcohol have increasingly focussed on several key factors. These include the patterns of use and the context of use.

Patterns of use, and not availability and consumption per se, are increasingly seen as the key areas which warrant attention to reduce social harms from alcohol. Responsible social policies now address the issues relating to the manner and context in which alcohol is consumed.

The concept of patterns of consumption refers to not only what quantity of alcohol is consumed over what time period, but it also incorporates a range of contextual factors such as the drinking environment, the drinking confederates and the associated behaviours and social norms surrounding the consumption of alcohol.

In terms of *context*, the consumption of alcohol in socially congenial settings has been empirically demonstrated to reduce a wide range of problems including episodes of intoxication and problems of violence, aggression and injury. At a community level, settings in which alcohol is regularly consumed often serves an important role in terms of facilitating social cohesion. Social settings for the consumption of alcohol can also provide strong social mores about drinking behaviours. Drinking in isolation often is associated with elevated harms

In addition, the provision of food has been shown in a number of studies to also significantly reduce alcohol-related problems. There is good data to support the continuation of regulations that require food to be served with alcoholic beverages. This is especially the case where the beverages commonly consumed are spirits and beer (beverage types more frequently associated with problems).

5.5 Youth access to alcohol

It has only been in recent years that attention has been directed to the question of where and how young people obtain their liquor. Studies indicate that young people also perceive access to alcohol through commercial sources to be relatively easy (Goldsmith, 1988: Wagenaar et al., 1993). Further studies have indicated that among under age drinkers, propensity to obtain alcohol from commercial outlets increases with age.

Recent Australian data suggest that concerns over availability of alcohol to under age drinkers are warranted. In a Western Australian study on 16-17 year olds, (Farringdon et al 1999) found that the most common method of obtaining alcohol for this group was purchasing it at liquor stores themselves.

There is some evidence that convenience stores may be an important commercial source of alcohol for youth, although it is noted that most of the research in this area is derived from studies in North America or New Zealand. In these studies convenience stores and grocery stores have been found to sell alcohol to under age persons more frequently, than liquor stores and on-sale outlets that derive a larger proportion of their revenues from alcohol sales. Conversely, these studies have found that those outlets that do not primarily depend on



alcohol sales such as convenience stores may be less likely to have adopted practices which may reduce the probability of selling to under age people.

5.6 Alcohol-related Problems and Beverage Types

The data consistently highlight elevated problems associated with the consumption of spirits and beers, rather than wine. It is not clear whether this is a result of factors associated with characteristics of the drinker, or the beverage itself. Nonetheless, particular attention is needed to be directed to issues of safety and public health and well being where full strength beer and spirits are served.

5.7 Youth and Drinking

Although overall mean consumption levels in Australia are decreasing, the pattern of consumption for young and very young people is the reverse.

There is increasing concern over the doubling of hazardous drinking patterns of young people reported over the past decade. Young people also prefer certain types of alcoholic beverages, namely spirits and full strength beer. Many young people report drinking intentionally to get drunk.

In geographic regions where there are high concentrations of young people, and especially where this is coupled with social disadvantage in the form of high unemployment levels or economic or social deprivation then particular care is needed in relation to the availability of alcohol.

Ease of access to alcohol is associated with increased consumption by youth and increased hazardous consumption.

5.7.1 Rurality and Remoteness

Geographical remoteness is often associated with greater levels of alcohol-related problems. For a variety of reasons there is evidence of the need to apply particular care to any loosening of alcohol outlets in rural and remote areas in Queensland. Current alcohol use data highlight important regional variations in this state. High problem areas are often colocated with rural and remote communities.

It is noted that Queensland has 2 to 3 times the national average for positive RBT readings, suggesting higher levels of drink driving in this state. Increased access to alcohol through a greater number of outlets may further contribute to this pattern.

It is also noted that the traditional social location of licensed premises, such as pubs, clubs and hotels, can play an important part in the social and communal life of rural people. Many smaller towns for instance have only a limited number of centres for social congregation. It is considered important to minimise disruption to these elements of social cohesion in a town.



5.7.2 Alcohol and Indigenous Australians

Recent survey data illustrate several important facts about alcohol and indigenous Australians. Firstly, more indigenous Australians are alcohol abstainers than the general community, however of those that do drink it is more common for that consumption to be at a hazardous level. Alcohol-related problems manifest themselves in a variety of ways ranging from health problems to major social disruption.

Indigenous Australians in rural and remote areas are particularly vulnerable to changes to alcohol control policies. Already existing problems can be readily exacerbated by even slight changes in relation to access to alcohol.

5.8 Alcohol-related Problems and Socio-Economic Status

Greater problems are found with alcohol among those individuals and in those geographical areas with lower socio-economic status. Such individuals and locations are seen to be particularly vulnerable to changes in access and availability to alcohol. Provision of alcohol at lower costs is known to increase consumption among various groups, especially those on limited incomes. In areas where there is evidence of economic fragility, for instance high levels of youth unemployment, particular care is warranted.

5.9 Strategies to Appropriately Manage Access to Alcohol

Access to alcohol per se is not consistently shown to be of concern from a social issues perspective, rather it is the manner in which it is accessed and consumed.

Server training has proved to be an acceptable (to all parties) strategy to minimise many of the key concern areas such as underage drinking and intoxication. Problems arise in terms of how to best manage the process of server training in settings other than formal licensed premises. Greater attention is needed to be directed to this issue.

5.10 An Overview of Patterns of use and prevalence of problems

Overall, alcohol is widely consumed in Australia. Most adult drinkers drink in moderation most of the time, and most also drink immoderately some of the time. Drinking, and in particular excessive drinking among young people, is an area of growing concern with binge drinking becoming more common. In general, those who are younger, with less education, those unemployed and/or with a lower expendable income are more likely to be more hazardous drinkers or more prone to alcohol-related problems.

The following are summary data from Australia's National Household Survey (1996):

- 76% of Australians aged over 14 years are current drinkers. Among 14 19 year olds, 63% (males) and 61% (females) were drinkers. Of these 14 19 year old drinkers 48% (males) and 69% (females) reported that they usually drank at a hazardous or harmful levels. Hazardous and harmful consumption was more common in the underage group than in any other age group.
- Among drinkers who consumed alcohol at very harmful levels (ie more than 8 standard drinks for females and 12 for males), 57% had intended to get drunk. Those



aged 14 - 19 had the highest rates of intention to get drunk at 72%, followed by 20 - 24 year olds at 68%. Males were no more likely to get deliberately drunk than females.

- Type of alcohol consumed varied by age and sex of the drinker. Spirits were the preferred beverage of 70% of the 14 19 year olds followed by a preference for beer by 47%. Wine was the most preferred beverage among older (>35 year old) females.
- Drinking venues: Most (79%) over 35 year olds preferred to drink at home. While the most preferred venue for 20 24 year olds was pubs, clubs and winebars (65%). Pubs and clubs were preferred by more males than females. Younger drinkers (14 19 year olds) most preferred to drink at parties (77%) or friends' homes (57%).
- Nearly half (49%) of all drinkers reported attempts to reduce their alcohol consumption over the past 12 months. This was attempted either by reducing the amount of alcohol consumed on any one occasion (attempted by 27% of all current drinkers), reducing the number of occasions when alcohol is consumed (25%), and switching to more low alcohol drinks (16%).
- More than one third of the population aged 14 or more reported that they had been verbally abused in the last 12 months by someone affected by alcohol, more than a quarter had been put in fear by someone so affected, while 9% had been physically abused. With respect to property crime, 13% had property damaged by someone affected by alcohol, and 5% had property stolen. Males and regular drinkers were more likely to have experienced alcohol-related crimes than females.



6 Review of Liquor Legislation in Australia

6.1 Queensland Liquor Legislation

6.1.1 History

Until Queensland separated from New south Wales in 1859, laws relating to liquor were based on the Act of Council, 2 Victoria, No 18, which had been passed in 1838. It provided for four types of licenses, which were subject to yearly renewal by the Clerk of Petty Sessions.

Queensland's first independent liquor laws were passed as the Publican's Act of 1863. This Act provided for two types of licenses, which were also subject to yearly renewal by the Clerk of Petty Sessions.

This regional system continued under the Liquor Act 1912, where the administration was under the control of magistrates Courts for the relevant areas throughout the State.

The Licensing Commission was established in November 1935 as a result of changes to the Liquor Act 1912. The Commission's objectives were to ensure a better distribution of licences throughout the State and to raise standards of accommodation. These changes achieved a centralisation of all decision making, collation of records and collection of licence fees.

The Licensing Court commenced in February 1974, and was charged with responsibility for determining applications for new licenses, removals, surrenders and show cause matters, previously considered by the commission. In addition the Court also heard matters of appeal against determinations of the Commission.

In November 1988 the Liquor Act review committee was established to comprehensively review the 1912 Act, which had been subject to 31 separate amendment Acts. The Committee's recommendations resulted in a complete re-write of the legislation and the introduction of the 1992 Liquor Act.

In 1991, the Public Sector Management Commission (PRMC) released its report into the structure of liquor administration in Queensland and recommended that the Licensing Commission be disbanded. In its report the PSMC recommended that the Liquor Licensing Division, comprising the three units through which it now operates be formed. The Liquor Act 1992 also introduced the Liquor Appeals Tribunal and Liquor Advisory Board. Further amendments to the Act occurred in 1994.

At the time of calling the State election in May 1998, additional changes to the Act were before the State Parliament and awaiting debate, which have now lapsed.

6.1.2 Objective of the Legislation

The PBT Plan notes that the objective that the legislation is seeking to achieve can be briefly summarised as the "responsible sale of liquor under appropriate arrangements given community expectations and interests, including the consideration of issues arising from the misuse of liquor. Further, the legislation seeks to establish an appropriate balance between these sometimes opposing interests".



The objectives of the current legislation are specified in Section 3 of the Act as follows:

- To facilitate and regulate the optimum development of the tourist, liquor and hospitality industries of the State, having regard to the welfare, needs and interests of the community and the economic implications of change;
- To provide for a Liquor Appeals Tribunal with jurisdiction to hear and decide appeals authorised by the Act;
- To provide for a flexible, practical system for regulation of the liquor industry of the State with minimal formality, technicality or intervention, consistent with the proper efficient administration of the Act;
- To regulate the liquor industry in a way compatible with:
 - Minimising harm arising from misuse of liquor; and
 - The aims of the National Health Policy on Alcohol; and
- To provide revenue for the State to enable the attainment of the objects of this Act, and for other purposes of Government.

The Act contains two fundamental 'streams' of regulation, the first dealing with the responsible service of liquor and community and social issues, and the second concentrating on 'who can sell what, and in what circumstances' issues.

6.1.3 Restrictions to Competition

The PBT Plan and Issues Paper have identified the following provisions of the Act as anti-competitive.

Sections 219,220 - "Premiums"

These sections require the Chief Executive to determine a premium which must be paid before a General or Special Facility Licence can be granted. The original objectives for the imposition of premiums were to raise revenue for Government which was to be used in campaigns aimed at minimising the harms associated with alcohol and also funding a compensation scheme for the "buy back" of hotel licenses. The setting of premiums can be seen as imposing a restriction on the entry to the industry.

General and Special Facility Licences are the only two licences for which a premium has to be paid. The rationale for such a premium is because these licences can trade in a virtually unrestricted manner, including take-away liquor sales to the public. Premiums are calculated on factors including the locality of the proposed licence, the size of the premises and the nature of the business. Premiums are determined in accordance with a prescribed formula and can range anywhere from \$10,000 to \$150,000.



Sections 59 and 93 - "Take-away Liquor"

There are two key licence categories which permit the sale of take-away liquor to the general public; Sections 59 and 85 set out the authority of both the General Licence and Club Licence respectively to do so.

Licensed Clubs are permitted, by virtue of Section 85, to sell take-away liquor, but only to their members and only in restricted quantities, being a maximum 18 litres per day per member (Section 87).

In addition, holders of Residential and Specialty Facility Licences are also able to sell liquor for consumption off the premises but there are specific restrictions on the quantum and basis of such liquor sales.

Liquor Regulation 6C - Detached bottleshop restrictions

This Regulation relates to Section 59(1)(d) of the Act which is the section regarding to detached bottleshops (DBSs). Since 1988 hoteliers have been permitted to locate take-away liquor outlets away from their main premises. This was initially permitted under the 1912 Act by virtue of a liberal interpretation of the Act (ie. the Act did not specify that licensed areas had to be contiguous) by the then Licensing Commission. The interpretation was subsequently entrenched in the legislation in 1992.

The Liquor Regulation contains a number of provisos upon which the Chief Executive can approve a DBS. Hoteliers are restricted to locate their DBS outlets within a 5 kilometre radius of the main hotel facility (unless in a 'remote' area). Other provisions within the Regulation restrict the size of DBSs to no more than 100 m² for display and 30 m² for storage. The Regulation also restricts the number of DBS outlets per hotel to no more than three.

Regulation 19AB - Restrictions on the promotion and sale of liquor

Regulation 19AB was introduced in July 1995 to bolster provisions for the Act that imply that liquor should be served responsibly. The Regulation entitled "Responsible practices in the service, supply and promotion of liquor" made it an offence for holders of licences to engage in a practice or promotion that may encourage rapid or excessive consumption of liquor, such as cheap drinks, irresponsible promotions etc.

This regulation may be viewed as restrictive as it does not provide for the unfettered promotion and sale of products and services.

Part 4 - Different Trading Privileges provided by Various Categories of Licenses

Part 4 of the Act sets out the authority provided by the various categories of licenses. These categories differentiate the trading rights of hotels, clubs, restaurants, etc.

On-premises licensed restaurants for example can only serve liquor to diners or to non-dining patrons (limited in number to not exceeding 20% of the restaurant seating capacity), or persons attending functions. Hotels (eg. General Licenses) on the other hand have fundamentally an unrestricted right to sell liquor to the public. An on-premises cabaret licence only allows for the sale of liquor with a meal prior to 5:00pm and in association with entertainment after that time.



Section 116 - Public Need relevant to Applications

Section 116 establishes the need for applicants for licences (other than a club licence) and for extended trading hours to establish whether there is a 'public need' for that licence or extension. If the need is not established the Chief Executive cannot grant the application.

In considering the need the section sets out the types of issues which must be considered, including population, distribution of existing licences and services, tourist activity, etc. Similarly the Chief Executive must consider if there is a public need for a licensed venue to trade past midnight.

6.2 Other Regulatory Models

6.2.1 Introduction

The Liquor Acts found in each State and Territory detail a range of comprehensive frameworks for the regulation of the sale of liquor in all forms. For this reason, only sections relating to the key provisions within the Queensland Liquor Act 1992 that have been identified as being potentially anti-competitive (detailed per 6.1.3 previously).

Appendix C contains a full summary of the available licences within each State, and the rules and regulations that surround each licence category. We note that while every endeavour has been made to draw out the relevant points contained within the respective Liquor Acts, it must be noted that the Acts themselves are very complex and for this reason not all points may have been extracted within this overview.

6.2.2 New South Wales

Objectives

The sale of liquor in New South Wales (NSW) is regulated by the Liquor Act 1982. The Act aims to regulate the sale and supply of liquor, to regulate the use of premises on which liquor is sold, and for certain other purposes.

The primary object of the Act being the minimisation of harm associated with misuse and abuse of liquor. The relevant provisions of the Act are highlighted below.

Premiums

NSW is the only state besides Queensland that charges premiums on different licence categories. The size of premiums charged are at the discretion of the Commission and are only applicable to hotel licenses, on-licences and off-licenses.

Take-Away Sales

There are limitations on the sale of take-away liquor in NSW. Hotel and off-licences are the only licence categories able to broadly sell take-away liquor in NSW. Club licences also provides for the sale of take-away liquor to members and guests only. We note that Club licences are not covered under the Liquor Act 1982, but under the Registered Clubs Act 1976.



Bottleshops in NSW are principally licensed as an off-license, and are assessed in accordance within the grant and assessment procedures outlined within the Act. Restrictions include the provision of a separate cash register if located within a supermarket, the register must be attended by an individual 18 years or over, and the licensed area must be defined on application.

Promotion of Liquor

Restrictions on the promotion and sale of liquor within NSW include:

- The prohibition and restriction of activities that promote binge drinking etc; and
- The requirement that licensees must attend a responsible service course.

Different Trading Rights

Trading restrictions associated with the sale of liquor in NSW by on-licensed premises include:

- Function Licence Bona fide attendees only, post and during the function;
- Public Hall Licence Defined activities and seated participants;
- Restaurant Licence Diners, plus 30% of seating capacity for non diners;
- Motels Licence Guests on premises only; and
- Theatre Licence attendees only.

Further, nightclub licences are restricted to sell alcohol only to diners at tables between 12.00pm and 8.00pm and with entertainment and the availability of light meals between 8.00pm and 3.00am.

Public Needs Test

NSW legislation requires the need for hotels and bottleshops to satisfy a public needs test in order to obtain a license. In addition, licences are not to be granted if an existing licence is available at a reasonable market price for transfer to a new premises.

Summary

In summary the anti-competitive provision of the NSW Liquor Act 1982, are similar to the prevailing provisions in Queensland with the exception of the availability of "off-licenses" which enable supermarkets and convenient stores to sell take-away liquor.



6.2.3 Victoria

Objectives

The sale of liquor in Victoria (VIC) is regulated by the Liquor Control Reform Act 1998. The purpose of this Act is to reform the law relating to the supply and consumption of liquor. The objects of the Act are:

- To contribute to minimising harm arising from the misuse and abuse of alcohol by:
 - Providing adequate controls over the supply and consumption of liquor, and
 - Ensuring as far as practicable that the supply of liquor contributes to, and does not detract from, the amenity of community life; and
- To facilitate the development of a diversity of licensed facilities reflecting community expectations; and
- To contribute to the responsible development of the liquor and licensed hospitality industries.

Premiums

The payment of premiums for the granting of a new licence is not required in VIC. Annual licence fees are the only form of payment that is applicable to licences in VIC and the fee levels are generally in line with other States and Territories.

Take-Away Sales

Limitations on the sale of take-away liquor can be found under a number of licences in Vic:

- General licences are permitted to sell take-away liquor on the licensed premises only;
- Sales of take-away liquor by a Club are restricted to members only; and
- A packaged liquor licence requires a separate area, an attendant aged 18 years + and the principal purpose of the business is for the sale of alcohol. In addition no single licensee is permitted to hold more than 8% of total packaged liquor licences within the market.

Promotion of Liquor

Restrictions on the promotion and sale of liquor are not specifically outlined within the Act, but are spread throughout the Act in various forms.

Different Trading Rights

Notable differential trading privileges for on-premises licences include that the primary purpose of the business is to serve meals and that for every 100 guests available to purchase alcohol the premises must have seating/dining capacity for 75 patrons.

Public Needs Test



There is no requirement for the provision of a public benefit test in Victoria, however, provisions under the Planning and Environment Act must be satisfied.

Summary

The sale of liquor in Victoria is somewhat deregulated in comparison to Queensland, with the exception of the 8% cap on the share of packaged liquor licences held by any individual. Premiums are not levied, retail outlets are permitted to sell take-away liquor in accordance with prescribed guidelines and the number and complexity of on-premises licences is less than the prevailing restrictions in Queensland.

6.2.4 South Australia

Objectives

The sale of liquor in South Australia (SA) is governed by the Liquor Licensing Act 1997. The Act relates to the sale, supply and consumption of liquor, and for other purposes.

The object of the Act is to regulate and control the sale, supply and consumption of liquor for the benefit of the community as a whole and in particular:

- To encourage responsible attitudes towards the promotion, sale, supply, consumption and use of liquor, to develop and implement principles directed towards that end and minimise the harm associated with the consumption of liquor;
- To further the interests of the liquor industry and industries with which it is closely associated within the context of appropriate regulation and controls;
- To ensure that the liquor industry develops in a way that is consistent with the needs and aspirations of community;
- To ensure as far as practicable that the sale and supply of liquor contributes to, and does not detract from, the amenity of community life; and
- To encourage a competitive market for the supply of liquor.

Premiums

Premiums are not charged in South Australia, only application fees.

Take-Away Sales

Limitations on the sale of takeaway liquor in SA include:

- Take away liquor may only be sold from the licensed premises under a hotel license;
- A residential licence allows take-away sales to lodgers only; and
- A club licence allows take-away sales to lodgers only and to members if not readily available in the area.



Bottleshops in South Australia are licensed through the Retail Liquor Merchants license. Under this license, a separate facility must be defined and devoted to the sale of liquor. In addition, the grant of a licence will only occur if a public interest test is satisfied.

Promotion of Liquor

Restrictions on the promotion and sale of liquor principally provide for the responsible consumption of alcohol. These provisions are not detailed within the Act, but within the Code of Practices.

Different Trading Rights

Restaurant and entertainment venue licences have the following restrictions with respect to the sale of alcohol:

- Under a restaurant licence, diners, and non diners may consume alcohol provided they are seated or attending a function; and
- Under an entertainment venue licence, liquor may be served to patrons (diners) anytime in the designated area, and between 9.00pm and 5.00am to patrons provided live entertainment is available.

Public Needs Test

The requirement for a public needs test for all licence types is, with the exception of hotel and bottleshop licenses, at the discretion of the licensing authority. However a public needs test must be satisfied in the case of hotels and bottleshops.

Summary

The sale of liquor in South Australia is more liberal in comparison to Queensland, as bottleshops are standalone licenses, no premiums are required and club members are not limited on the volume of take-away they are able to purchase.

6.2.5 Western Australia

Objectives

The sale of liquor in Western Australia (WA) is regulated by the Liquor Licensing Act 1988. The Act relates to the sale, supply and consumption of liquor, the use of premises on which liquor is sold, and the services and facilities provided in conjunction with, or ancillary to, the sale of liquor.

The objects of the Act are:

- To regulate, and to contribute to the proper development of, the liquor, hospitality and related industries in the State;
- To cater for the requirements of the tourism industry;
- To facilitate the use and development of licensed facilities reflecting the diversity of consumer demand;



- To provide adequate controls over, the persons directly or indirectly involved in the sale, disposal and consumption of liquor; and
- To provide a flexible system, with as little formality or technicality as may be practicable, for the administration of this Act.

Premiums

Licence premiums are not charged in WA, only application fees and annual fees.

Take-Away Sales

Limitations on the sale of take-away liquor in WA include:

- Take-away liquor may only be purchased from licensed premises under a hotel or tavern licence;
- Provisions for take-away liquor under a special facility licence are at the discretion of the licensing authority;
- Liquor store licences have no specific restrictions;
- Club licences restrict sales to members only;
- Exempted producers licences permit sales if the licensee is considered to have genuine producer status;
- Producers licences permit sales by bona fide producers, and sales of beer not less than
 9 litres; and
- A wholesaler's licence permits sales by bona fide wholesalers, and sales of beer not less than 9 litres.

Bottleshops in WA are principally licensed via liquor store licenses. Liquor store licenses are granted based on the satisfying of a public interest test.

Promotion of Liquor

Restrictions on the sale and promotion of liquor are not specifically outlined within the WA legislation, however provisions are spread throughout the Act.

Differential Trading Rights

Notable trading restrictions in WA for cabaret and special facility licences include:

- Cabaret licences permit the sale of alcohol ancillary to continuous entertainment between 6.00pm and 6.00am; and
- Special facility licences allow for the consumption of liquor pre, during and post dining for specific purpose activities.

Public Needs Test



Public needs provisions are required for Category licenses.

Summary

Western Australia has a somewhat deregulated environment for the sale of liquor. The Liquor Licensing Act of Western Australia does not require the payment of premiums, allows for the sale of take-away liquor from standalone licensed liquor stores and does not limit the volume of take-away liquor that can be purchased by club members.

6.2.6 Northern Territory

Objectives

The sale of liquor in the Northern Territory (NT) is regulated by the Liquor Act 1996. The purpose of the Act is to provide for the regulation of the sale of liquor.

Premiums

Licence premiums are not charged within the Northern Territory, with the only fees applying to licensing being application fees.

Take-Away Sales

Limitations on the sale of takeaway liquor can be found under a number of licences in NT.

The Northern Territory has a very simple Act in terms of issuing licences in that an entity makes an application outlining its requirements for a licence and a licence if considered in the communities best interest is designed to suit the application. This appears to be solely at the discretion of the Commission.

Promotion of Liquor

Restrictions on the promotion and sale of liquor in the Northern Territory are principally outlined within the obligations and offences of the Act. This section describes the responsible service of alcohol and the requirement that licensees sit a patron care course.

Public Needs Test

The Commission, as a part of the application process requires that the applicant provide an outline of the communities needs and wishes in terms of the provision of liquor.

Summary

The Northern Territory appears the most deregulated of all Australian States and Territories in terms of the sale of liquor. There are few regulations regarding the sale of liquor, except those specifically relative to the responsible service of alcohol.

6.2.7 Tasmania

Objectives



The sale of liquor in Tasmania is regulated by the Liquor and Accommodation Act 1990. This Act regulates the sale of liquor, to provide for the licensing of certain accommodation and to provide an appellation system for Tasmanian wine.

Premiums

Licence premiums are not charged within Tasmania, with the only fees applying to licensing being application fees.

Take-Away Sales

Limitations on the sale of takeaway liquor in Tasmania include:

- Provisions exist with off-licences for take-away sales provided purchases are not less than 9 litres except in the case of Tasmanian Wine. The Act specifically excludes supermarkets from holding this type of licence;
- Club licences have take away provisions that permit the sale of liquor to members and guests; and
- A special licence permits sales as per the conditions set out within the licence when granted.

Bottleshop sales are licensed as an off-license, with the main criteria influencing their establishment being that it is in the interest of the public.

Promotion of Liquor

Restrictions on the promotion and sale of liquor in Tasmania are not specifically detailed within the Act. However issues in this area are handled administratively by the department.

Different Trading Rights

In terms of trading privileges, On-licences in Tasmania provide for trading between 5.00am and 12.00pm, in addition restaurants have an unwritten rule whereby they are permitted to sell alcohol to non-diners of not more than 20% to 25% of total patrons.

Summary

In general, the Tasmanian liquor licensing regulations are less restrictive than those in Queensland. Specifically, no premiums are levied on new licences and take-away liquor may be purchased from off-licences and clubs. However, the legislation specifically excludes supermarkets from holding off-licenses.



6.2.8 Australian Capital Territory

Objectives

The sale of liquor in the Australian Capital Territory (ACT) is regulated by the Liquor Act 1975. The object of this Act is to promote and encourage responsibility in the sale and consumption of liquor through the establishment of a scheme of liquor licences and permits.

Premiums

No licence premiums are charged within the ACT, only application fees apply.

Take-Away Sales

Limitations on the sale of take-away in the ACT include:

- General licences may only sell take-away liquor from the licensed premises;
- Off-licences also may only sell takeaway liquor from the licensed premises; and
- Club licences sales of take-away liquor are restricted to members and guests.

The sale of takeaway liquor in the ACT has virtually no restrictions attached. Liquor may be sold in any part of licensed premises, including supermarkets.

Promotion of Liquor

Restrictions on the promotion and sale of liquor in the ACT are not covered within the Act itself, but rather exist within a Code of Practice.

Different Trading Rights

On-licences may sell liquor at anytime, or as prescribed.

Public Needs Test

There are no specific requirements for the satisfaction of a public needs test.

Summary

The Australian Capital Territory appears to be the most deregulated jurisdiction in Australia with respect to liquor sales.

6.2.9 Summary

It appears that the liquor industry in all States is highly regulated by Government legislation.

Premiums, as charged in Queensland, are only applicable in NSW, with the remaining States and Territories only applying licence application and annual fees.

Take away liquor sale provisions vary across each State and Territory. Only the Queensland and Victorian Acts contain provisions in terms of the number of outlets permitted.



Queensland is the only State or Territory that requires the holding of a general licence for the sale of take-away liquor.

All Sates and Territories in one form or another have some form of restrictions applying to the promotion and sale of liquor. Restrictions primarily revolve around the responsible service of alcohol.

Trading restrictions associated with on-premises licences vary across each State and Territory. No one State or Territory is considered to be more liberal or restrictive in this area.

Public need provisions are expressly provided for in all States and Territories except the ACT. The provisions generally provide that applicants for licences must provide evidence of the communities needs and wishes in terms of the proposed facility.

A more comprehensive summary of comparative state and territory regulatory models is provided in Appendix C.

6.3 Market Failure and Regulation

Market failure occurs when the mechanism by which a competitive economy allocates resources operates inefficiently. In adjusting the market mechanism to allocate resources efficiently, it is assumed that net benefits will accrue to the economy as a whole, albeit generating both winners and losers. Economists generally accept market failure may be remedied through government intervention, usually through regulation.

The essence of regulation is the explicit replacement of competition with governmental orders as the principal institutional device for assuring good performance. Government, via the regulatory agency, determines through licensing who shall be permitted to operate within the market, and generally imposes limitations on their ability to compete. Through this action, the two prime requirements for competition, freedom of entry and independence, are deliberately replaced (Kahn, 1988, pp.20-21).

Market failure is generally linked to issues of:

- Externalities: is an effect of one economic agent on another that is not taken into account by normal market behaviour, and generally occurs when all costs associated with resources utilised in production are not accurately incorporated into the pricing of the product. These impacts may cause a misallocation of resources due to the divergence between private and social marginal cost.
- Public goods: goods and services that are provided by the Government for the benefit of all or most of the population. Unlike private goods, there is no direct link between the consumption of a social product and payment for it, while consumption of a public good by an individual provides benefits on a non-exclusive basis. Social products are not paid for by an individual consumer buying it in the market place, but rather through general taxation receipts.
- Asymmetry of information: the basic market model assumes that information about the prices and quality of goods and services is easily accessible and available at little or no cost. In reality however, this is not the case, which can result in inefficient market outcomes.



Natural monopolies: a situation where economies of scale are so significant that costs are only minimised when the entire output of an industry is supplied to a single producer so that supply costs are lower than under conditions of perfect competition and oligopoly.

Of the market failure issues identified above, the one most clearly linked to the issue of regulation of alcohol is externalities.

Liquor and its sale play a unique and complex role in the economic and social life of Queensland and Australia. Alcohol is a widely sold consumer item that is closely linked to leisure and tourist activities. In an economic sense, the production and sale of alcohol generates considerable amounts of private and public revenue, as well as positive externalities through the sponsorship of sporting events and charities.

However, there are also negative externalities associated with excessive use of alcohol such as road accidents, social dislocation and crime. Clearly alcohol is not a normal product, in the sense that its economic cost and benefit cannot be fully captured by its market price (supply price to the user). As a result, the social and economic impacts resulting from changes to the market size and or distribution of liquor is not known with any precision, and is characterised by a high degree of externalities.



7 Public Consultation and Submissions

7.1 Introduction

A crucial component of the conduct of a Public Benefit Test (PBT) is the consultation with all parties that have an interest in the legislation under review. This is required so that the views of all stakeholders are taken into consideration when assessing whether or not any restrictive provisions contained within the legislation or alternative options provide a net public benefit.

The NCP Liquor Act Review Panel undertook consultation during the first quarter of 1999, while KPMG subsequently completed a second phase of consultation during June 1999 that focused on rural and regional Queensland. Target consultation was undertaken with key stakeholders, while the broader community was provided the opportunity to have input into the review process through public hearings and submissions. In turn, these submissions were analysed, specifically noting quantitative and qualitative factors.

Detailed submissions, including those provided by the Queensland Hotels Association (QHA), the Australasian Association of Convenience Stores Incorporated (AACSI), Retailers Association of Queensland (RAQ) and Clubs Queensland, incorporated substantial qualitative and quantitative research and analysis. For this reason they have been detailed in a more substantiative form in this chapter.

7.2 Key Stakeholders

The key stakeholder groups identified as being affected by the Act include:

- The public, both consumers and non-consumers;
- Licensees, and by association their representative bodies including the:
 - Queensland Hotels Association;
 - Clubs Queensland;
 - Restaurant and Caterer's Association of Queensland;
 - Hotel, Motel and Accommodation Association of Queensland;
 - Queensland Cabaret Association;
 - Royal Queensland Golf Union;
 - RSL and Services Clubs Association;
 - Royal Queensland Bowls Association;
- Supermarkets, and other possible retailers of take-away liquor;
- Local Authorities;



- Unions representing the liquor industry employee interests;
- The Australian Medical Association (AMA) and other health care providers;
- Social welfare groups; and
- State Government agencies.

The main stakeholders affected by the Act are licensees, retailers, at risk persons and the general public. However, it is appreciated that the possible identified changes to the Act may also impacts across other industries and communities not identified above.

Clearly, the interests of a number of these groups could be directly or indirectly affected by changes to the existing legislation. This report details the likely impacts on specified stakeholders and provides comments in respect to groups of stakeholders that might be affected by changes to the existing legislation.

7.3 Consultation Program

The consultation program included three elements details of which are as follows:

7.3.1 Review Panel Consultation

The review panel conducted a number of open public hearings throughout the state, in order to obtain initial opinion and feedback on the questions to be addressed within the NCP review. Hearings were conducted in the following locations:

Mt. Isa;

Townsville;

■ Cairns;
■ Mackay;

■ Rockhampton; ■ Toowoomba; and

Brisbane

7.3.2 KPMG Consultation

The focus of the targeted KPMG consultations aimed to address economic and commercial issues associated with liquor licensing regulations in Queensland at the rural and regional level.

The key questions asked during the consultation process were:

- What do you see as local employment consequences as a result of changing the current way liquor is sold in your community?
- What do you see as consequences in business and money flows in and out of the region / community as a consequence of change?



Have there been declines in the provision of services within your region / community recently, eg: banking services, education services, health services, etc? How has this impacted your region / community?

The consultation, while concentrating on these specific areas, also invited discussion regarding any other issues that stakeholders wished to make comment on, including social consequences of change, ie: consumption patterns, under-age drinking, etc.

Key stakeholders and groups interviewed within this round of consultation included Mayors of City and Shire Councils, Business Groups, Health Authorities, Social Interest Groups, Police and other significant bodies. These interviews were undertaken at the following locations:

Ħ	Emerald:
_	pinciara,

Mt.Isa;

Barcaldine;

Cairns:

Longreach;

Bowen;

■ Warwick;

■ Ipswich; and

Murgon;

■ Brisbane

Proserpine

7.3.3 Review of Written Submissions

In response to advertisements placed in newspapers throughout the State written submissions were received from 142 respondents. These submissions were read and summarised to clarify the major points raised by each individual stakeholder. A summary of the issues and their recurrence is provided in Section 7.4.2 following.

7.4 Key Issues Raised in the Consultation Process

7.4.1 Written Submissions

A summary of the key issues raised in the submissions from each of the peak industry bodies is outlined in the following paragraphs.

Oueensland Hoteliers Association

The QHA submission highlighted the broad size and range of businesses currently operating in the liquor industry in Queensland. Operators within the industry indicated that since the introduction of Random Breath Testing (RBT), profitability has declined, particularly in regional areas. Further, the introduction of detached bottleshops has resulted in competition increasing dramatically.

This diversity and increased competition, has provided the industry with a mechanism whereby professionalism and competition is required to remain profitable.



Business professionalism has been improved through the introduction of responsible service regulations. Hoteliers and community groups have voiced concern that they believe the introduction of retailers to the industry will result in a decline in the responsible service of alcohol.

The QHA contend there can be no argument mounted that Queensland is under serviced with regard to take-away liquor outlets and that the social harm costs of extra alcohol availability in the environment of a supermarket or convenience store clearly outweigh the benefits. Further, the QHA contend that the three States that have completed NCP review of their liquor legislation have all maintained the status quo as further availability creates more harm to society than benefit.

The QHA also quotes a Newspoll survey conducted on their behalf that indicates 86% of respondents were not in favour of increasing the availability of alcohol in the community. Further, the majority of respondents indicated concern if alcohol were to be sold in supermarkets.

Other key issues and opinions raised by the Queensland Hoteliers Association in their submission to the NCP Liquor Act Review Panel include:

- The status quo should remain;
- Premiums paid for General and Special Facility Licences be increased;
- No new licence category be created to enable retail sales from supermarkets, convenience stores or other retail outlets;
- Restrictions in respect to licensed clubs sales of take-away liquor to members are no longer applicable;
- Responsible service restrictions should remain and be tightened even further;
- Detached bottleshop restrictions should remain;
- Under the PBT guidelines the liquor market has special characteristics that allow for a restriction of competition;
- Retail industries have very little affiliation with the tourism and hospitality industries whereas the hotel industry provides extensive opportunities;
- Other state NCP reviews have kept the status quo and in no other state are sales freely permitted within supermarkets;
- Supermarkets currently have large market power that would not be tolerated in other countries, and they are likely to use this market power to push competitors from the market, using alcohol as a "loss leader";
- The industry frameworks provided in New South Wales and Victoria show little evidence for price differentials occurring;
- Supermarkets have an unfair advantage in sales tax levels. i.e. lower levels apply;
- Choice will decline with the introduction of "home" brands;



- Supermarkets are unlikely to have a patron care program that will meet the standards provided by the current industry;
- Restaurants should not be given any further liberties they are places primarily for food consumption;
- Queensland has only a slightly lower density of licensed premises compared to southern States;
- With respect to trading hours, the QHA contends no differentiation should exist as currently present;
- There will be a proliferation of outlets upon deregulation that will result in a number of negative social impacts;
- The Public need test is essential and should be strengthened;
- QHA does not reject the freeing up of sales of take-away liquor to club members in certain circumstances, citing as an example members of yacht clubs who may wish to purchase more than 18 litres of liquor at any one time;
- The QHA provided results of an Economic Impact Study undertaken to forecast the potential impacts from opening the market for take-away liquor to large retailers. The results of this study estimate that current restrictions on take-away liquor sales prevent:
 - A net loss of \$70 million in value added;
 - A net loss of 7,900 jobs;
 - A net loss of \$105 million in wages and salaries paid in Queensland; and
 - A net loss of \$8 m in indirect tax revenue to Queensland.
- In summary, the QHA value having the following provisions in place as a means to achieve the objectives of the Act and to meet social harm minimisation outcomes:
 - Premiums:
 - Detached bottleshop restrictions;
 - Public needs test requirements; and
 - Responsible service provisions.

Retailers Association of Queensland

The Retailers Association of Queensland (RAQ) purported to present the unified position of over 90% of Queensland's grocery sector, both small and large with respect to the proposed reforms to the Liquor Act 1992.

The parties to this submission include:



Australian United Retailers	■ IGA Express
Big Fresh	■ IGA Supermarkets
Bi-Lo	■ Nightowl
Buy-Rite Foodmarket	■ Pick'n Pay
Coles	Progressive Supermarkets
Cut Price Supermarkets	■ Retailers Association of Qld
Family Fair	■ Spar Australia
Foodlink	■ 7-Eleven
Foodstore	■ 7-2-7 Stores
Foodtown	■ Super C
Four Square	■ Thrifty T
Franklins	■ United Star
Franklins Fresh	■ Welcome Mart
IGA Everday	■ Woolworths

The RAQ contends that the current legislation denies Queensland consumers access to an improved quality of service, better outlets, lower liquor prices and more conveniently located outlets. They believe that the community as a whole will experience a net social gain from regulatory reform that would allow additional entrants into the liquor markets.

The RAQ submission provides analysis that suggests the present controls over retail packaged liquor outlets have depressed the number of these outlets by approximately 367 establishments, which could have expected to employ 1,762 person. This assessment suggests a total loss of demand for retail space of 78,538 square meters. Further, if this lost demand was converted, approximately \$63 million could be expected to be fed into the Queensland construction industry in addition to investment of capital in construction and store 'fit-out' of existing retail stores.

Other key issues and opinions raised by the RAQ include:

- The current licence framework does not allow effective competition (supply monopoly);
- Restrictions deny consumers access to an improved quality of service, better outlets, lower liquor prices and more conveniently located outlets;
- Recommend a separate Retail Bottle Shop License;
- Removal of current restrictions would introduce both price and non-price competition;
- There needs to be a clearer focus on the social dimension of harm minimisation;
- Queensland is the only state where packaged liquor must be sold at premises owned by a hotel or club;
- Employees of retailers and hotels are equal in terms of competency to enforce liquor regulations. There should be accredited staff training for those working in such bottle shops;



- Location of premise and type of premise selling alcohol does not give rise to alcohol abuse;
- Competitive market conditions should enable the establishment of bottle shops in any area. This bottle shop could either be stand alone or situated within another retail outlet;
- There should be no restriction on the size of facilities;
- The only restriction to entry should be that the applicant is fit and proper and that the facility does not detract from the amenity of the surrounding area; and
- The benefits of reform will be:
 - Improvements in the quality of facilities;
 - Employment benefits;
 - Lower prices;
 - Increased investment; and
 - Increase in state revenue.

Australasian Association of Convenience Stores Incorporated (AACSI) Represent

The AACSI represent small retailers and particularly convenience stores which place primary emphasis on providing the public with a convenient location to readily purchase their requirements from a wide range of consumable products. They uniquely meet consumer needs by trading 24 hours, 7 days a week. They differ from large retailers or supermarkets primarily in terms of size.

Generally consumers do not make major purchases at a convenience store. The AACSI contend purchases of liquor would be limited to take home, picnic, or party type purchases, rather than large purchases.

The AACSI believe that the current objectives of the Act are no longer relevant to the liquor industry, rather the industry should be left to market forces such as consumer demand. In particular, the AACSI contends that the current regulations:

- Restrict consumer choice;
- Restrict competition; and
- Restrict entry to new entrants.

The AACSI recommend a total deregulation in terms of retailing alcoholic beverages up to the point-of-sale. At this point they believe more policing activity after the point of sale of liquor should be implemented.



Key issues and opinions raised by small retailers and the AACSI submission include:

- Recommend a total deregulation in terms of retaining alcoholic beverages up to the point-of-sale;
- Recommend that requirements for the sale of both on premises and off premises consumption be substantially increased;
- Alcoholic beverages fall in the same category as other products stocked and sold by retailers;
- Free market principles should determine consumers needs;
- There is a worldwide expectance of the availability of alcohol in convenience stores;
- Current regulation do not meet the aims of the Act, and stifle diversity and investment;
- The public need test is anti competitive and should be removed;
- Convenience stores would only sell small volumes based on convenience;
- There is no convincing relationship between alcoholic beverage availability and drink driving (two US studies were incorporated within their submission quoting this);
- The issue of underage drinkers can be easily dealt with as convenience stores are very adaptable; and
- On premises consumption of liquor should be as of right in terms of town planning requirement, and it can be shown that it is the point of consumption that effects the community amenity, not the point of sale;

Clubs Queensland

The primary role of clubs is to provide recreational, sporting, cultural and social outlets for their members through the delivery of facilities and services and to support the broader Queensland Community.

Key issues and opinions raised by clubs and their industry association, Clubs Queensland, include:

- Support for premiums under the current framework;
- Generally oppose deregulation of take-away liquor sales;
- The 18 litre restrictions on the sale of liquor to club members should be removed;
- Support restrictions on detached bottleshops;
- Support the retention of responsible service regulations;
- Support prohibition of the sale of liquor to certain persons. They also contend there should be clarification in relation to licensed premises duty of care provisions;



- The 40km visitor restriction should be lowered to 15km as this represents a more realistic community boundary.
- Clubs contend the word "Club" should not be used in relation to any other licence type and should be reserved for licensed club facilities only; and
- Support retention for the public needs test.

Community Organisations

Submissions received from community organisations include church groups, community support groups, co-operative societies, the Australian Medical Association and other health program groups, and the police association.

The vast majority of community organisations concentrated their submissions in the areas of social harm, job losses, and expected strains on the social welfare system under a deregulated environment.

Key issues and opinions raised by community organisations include:

- Overall, there is a concern within the general community regarding the potential deregulation of take-away liquor sales;
- Several studies and surveys have been quoted in various submissions, including:
 - A report by the Australian Institute of Health and Welfare which notes the 'harmful effects' presently afflicted upon society by those abused by alcoholic beverages; and
 - A survey by Roy Morgan, Australians attitude to alcohol consumption, found there is recognition of the dangers of alcohol being sold through premises such as convenience stores and service stations;
- Deregulation of take-away liquor is likely to add to the social and financial costs on society. Due to this reason alone, this reform should be dismissed;
- Concerns of alcohol becoming and considered a "household item";
- A policy should be initiated which penalises all parties associated with the sale of alcohol to minors and intoxicated persons for a lack of duty of care;
- Deregulation will result in easier access to alcohol for under age drinkers;
- Lower prices are likely to lead to higher consumption of alcohol, creating further problems in many households;
- Hotels offer specialists in the area and closer supervision;
- Deregulation is likely to result in job losses, which will inturn create a heavier burden on welfare system;
- Age restrictions on those selling liquor must remain;



- The proposed reform option will shift problems around the community, ie. from hotels to retail areas, which is unacceptable;
- Increased access to alcohol will detract from the understanding that alcohol is a toxic and addictive substance;
- There are specific concerns for the Aboriginal and Torres Straight Islander (ATSI) community (refer Chapter 5);
- Increased access will lead to:
 - Increased community tension;
 - Increased occurrences of harassment/assault/robbery by alcohol dependent people;
 - Increased incidence of self-harm and community suffering;
 - Increase in youth buying or stealing of alcohol;
 - Increased workloads for community agencies; and
 - Increased perception that alcohol is an accepted part of society; and
- In summary, the current restrictions on take-away liquor are necessary for the health and well being of society.

Other Stakeholder Input

A summary of the key issues identified and their recurrence in the written submissions is presented in the following table. In interpreting the information provided in the summary table the following points have been noted:

- The number of submissions includes the results of written submissions received from 382 individuals in response to an open letter invitation by a major retail organisation;
- Submissions from peak bodies, such as the QHA, RAQ, etc have been included as a single submission; and
- Only those key issues raised in written submissions have been included in the summary table.



Issues Raised		Num	ber of Respo	nses	
	_	i	Retail		!
Regulatory Regime	Hotels	Retailers	Customers*	Other	All
Support Current Takeaway Liquor Regime	87	2	257	25	371
Support Deregulation of Retail Liquor Sales in supermarkets,		1	7		
convenience stores etc		3	104	4 .	264
Current structure restricts competition		1	7	5	6
Bottleshop restrictions remain	5			<u>-</u>	13
		·	·		
Bottleshop restrictions be removed/changed		۔ کہ ہئ			2
Recommended Changes to Specific Regulations			- 		, ,
Gaming Machine Regulations Restrictive		.1		. 2	2
Recommend changes to Reapplication rules for extended			+		
hours		.!	. <u></u>	5	5
Equal application of security regulations				1	1
Premiums should be retained	3	1		3	7
Premiums should be removed		,		2	2
Change 20% seating Requirement		· · · · · · · · · · · · · · · · · · ·		3	3
Change size requirements	1	1			:2
18lb restriction removed/altered		٠	i	···	; <u></u>
40km restriction removed/altered					,2 -
5km DBS restriction be removed				l	4, .
Effects of current regime					1
Denied access		1			1
Competition is currently high	27	1		5	33
Competition is currently low		2	4	3	5
No barriers currently in place that restrict competition in					
DBS	1		•		1
Market is adequately supplied and meets community needs	16	•	·· · · · · -	6	22
Don't meet interstate and international benchmarks			• • • • • •		
Location of liquor outlets does not induce alcohol abuse			·,		. <u> </u>
		4	i		·2
Effects of deregulation		. 41 - m. m. m. g. m. s. r. r	L		; - · <u></u> -
Public Need Test Remain	- <u> </u> -			3	7
Public Need Test be Abolished	1	1		11	
Significant loss of turnover to hotels		1			1
Increased sales to underage/at risk persons due to inability of		•	•		:
supermarkets to control	24	. 2	1	8	34
Sales to underage uneffected under deregulation		2			2
A proliferation of liquor outlets	1			3	4
Reduced Prices		1		1	·- · · ·
Increased Prices	A	-, -	··	1	; -
No change in prices			غانسانسېد		
					<u></u>
Hoteliers placed in an uncompetitive position	13	<u>.</u>	پ سه سالت	!	15
Closure or devaluation of Hotels	. 28		j	<u> </u>	29
Negative Social Impacts	37	1		10	48
Positive Social Impacts					. 0
Negative employment impacts	56	•		8	64
Positive employment impacts		1	:	-124,131,232	. 1
No change in employment levels	2			3	5
Loss of takeaway (a high proportion of business)	6				6
Loss of community support	15			?	18
	٠ ي قسسه ،				
Improvement in quality of facilities					1
Increased investment	<u>.</u>	···· — — —	ب ـ		1
Decreased Investment	5		:		5
Increase in State Revenue		1			1
Decrease in State Revenue	3				; 3
Deregulation would endorse alcohol as a Household Item and		:			1
increase impulse buys	9	1	į	5	14
Decrease competition	6		- 	2	÷ -
Decrease competition in retail	<u>-</u>	-;·- ;			
		·			1 24
Abuse of market power by supermarkets	21			3	24
Increase in consumption and adverse effects	5	.		3	<u> </u>
Decrease in product range	1 4				. 4



7.4.2 Review Committee Consultation

The key issues raised by participants in the regional workshops convened by the Review Committee were generally similar to those raised in the written submissions. However, a number of parties highlighted the broader social and economic importance of hotels to smaller regional communities, citing the following key contributions:

- Provision of local employment;
- Provision of a range of social and community facilities including restaurants entertainment, meeting rooms and commercial accommodation; and
- Provision of financial sponsorship and in-kind support of local community organisations including sporting and charitable groups.

Accordingly, many workshop participants raised concerns as to the broader social and community impacts on regional communities of the potential closure of hotels as a result of increased competition through deregulation of the sale of take-away liquor.

Unlike the majority of other Australian States and Territories, Queensland's resident population is broadly dispersed throughout the state, whereby regional communities are an important part of the overall economic and social fabric of the State. The following table provides a summary comparison of the distribution of resident populations in each Australian State and Territory.

Proportion of Australia's Population Living in the State/Territory Capital Cities, by State/Territory, 1996				
State/Territory	Total Population	Population in Capital City	Proportion of Population Residing in Capital City	
	4000	4000	%	
New South Wales	6,039	3,741	62.0	
Victoria	4,374	3,138	71.8	
Queensland	3,369	1.489	44.2	
South Australia	1.428	1,046	73.2	
Western Australia	1,726	1,244	72.1	
Tasmania	460	190	41.3	
Northern Territory	195	86	43.9	
Australian Capital Territory	299	299	99.9	

7.4.3 KPMG Regional Consultation Program

KPMG were specifically requested by the Review Committee to conduct a targeted regional consultation program to further explore the matters highlighted in the workshops convened by the Committee (as noted above). Accordingly, KPMG conducted a regional consultation program targeting regional business and community leaders as well as regional health, social welfare and police department representatives. Details of this program are provided previously in 7.3.2.



The results of our independent regional consultation overwhelmingly confirmed the views highlighted in the Review Committee's consultation process. In addition, many regional community group representatives were at pains to point out that many "country pubs" were already struggling to stay open and that the threat of increased competition may see many cease operations which would also see a further withdrawal of facilities and services from many rural communities. Further, many "country pubs" occupy prime centre of town locations and are often housed in historic and significant buildings. Numerous regional community representatives raised concerns as to the potential impact on "street scapes" of country towns if hotels were forced to close, leaving significant "holes" in the centre of their town, thereby creating a "ghost town" appearance.

7.5 Summary

As might be expected there are very polarised views amongst key stakeholder groups as to the need for and benefit of changes to the existing market restrictions of the Liquor Act. 1992. In summary:

- Retail organisations are calling for greater freedom for the sale of take-away liquor on the basis of improved consumer choice and convenience, and the economic benefit of the expansion of the industry;
- Hoteliers argue the case for maintaining current restrictions on the basis of potential increased social costs associated with increased access to alcohol and the likely significant economic loss to the State through de-regulation;
- Many regional communities are concerned as to the broader social and economic impacts that closure of "country pubs" (due to increased competition) may have on their communities; and
- On balance the majority of health and other social welfare groups support maintaining the current restrictions citing the likely increase in social and health issues associated with an increase in alcohol availability.



8 Economic Analysis

8.1 Introduction

Moves to expand the scope for the sale of liquor within Queensland, principally by allowing retail outlets to sell liquor, need to be seen within the overall context of market deregulation, economic reform and public benefit. They need also to be evaluated with regard to any potential for regional or sectoral dislocation and for any increased social problems that may arise from increased access to alcohol. In this section a number of issues are canvassed with regard the economics of liquor sale deregulation.

Specifically, the liquor industry consists of:

- Production of beers, wines and spirits;
- Distribution and wholesale; and
- Retail through (licensed) cafes, restaurants, pubs, bars, taverns and clubs.

Attempts to model the economic impact of the liquor industry are hampered by definitional issues concerning which activities may be legitimately included within the industry. For example, while the production of beers, wines and spirits are clearly part of the industry, problems arise in attempting to allocate the liquor sales component of the Wholesale, Retail and Accommodation sectors (Trade) or the Recreation and Personnel Services to the liquor industries.

8.2 Quantifying Economic Impact

The predicted potential economic impacts are a key consideration when drafting legislation, and therefore policy makers invariably look to economic modellers for guidance in drafting such legislation. Unfortunately, ex-ante modeling (i.e. modeling undertaken prior to the event which seeks to predict economic change) is substantially more difficult and correspondingly less reliable than ex-post modeling (i.e. modeling which seeks to explain past economic change). For example, an economist might legitimately seek to explain shifts in market share or sales revenue by including past legislative or institutional changes as "dummy" explanatory variables. No such opportunity exists within ex-ante modeling. This is particularly true in the current exercise. The central question here is one of economic redistribution, both within an industrial sector (Trade) and from the Recreation and Personal Service Sector (acting as a proxy for Hotels and Clubs, and to a lesser extent tourist related activities)

There are number of key players, significant variables and potential outcomes that require consideration in any full cost-benefit analysis of the proposed changes in selling arrangements. These include:

- The existing sellers, particularly hotels and clubs;
- Potential sellers within existing retail outlets;

See, The contribution of the Liquor Industry in Queensland, Government Statistician's Office 1994.



- Existing and potential consumers (and the likely impacts on consumer demand of variations in price, quality, range and the number of outlets);
- Total market demand and supply;
- New entrants to the market;
- Potential for regional dislocation (both in a sectoral and region specific sense);
- Government revenue;
- Social costs principally in regard to health and crime; and
- Issues of consumer surplus.

A collective index of these and other effects is known as the welfare effects.

A further complication with the current exercise is that economic impacts will be both intra and inter-sectoral. For example, some distribution of liquor already occurs with the Trade sector (Wholesale, Retail and Accommodation). Any changes to the distribution of sales and revenue that were intra-sectoral would not be able to be isolated by existing economic models available in Queensland. These impacts would need to be assessed by gathering micro-data, probably by direct survey methods. What can be approximated, at least in the short-run, is the redistribution of sales revenue from hoteliers, on-site liquor outlets and clubs to retail outlets. This is essentially what the analysis which follows sets out to do. However, a number of methodological aspects arise in attempting to quantify the welfare effects of such a redistribution. These are:

- Spatial;
- Establishing the correct economic scenarios;
- Longer term impacts; and
- Choice of appropriate economic model(s).

Spatial Aspects

In the medium term to longer run, markets adjust, economic flows equilibrate, resources flow to their most efficient usage and economic aggregates at the national and regional level converge. In the short-term this is not necessarily true.

For example, within Australia, significant economic differences in terms of growth, employment and unemployment exist currently between the States and have persisted for lengthy periods of time and exhibit very slow convergence rates. That is, over the last 10 years Queensland and Western Australia have consistently had higher rates of economic growth and employment growth than the rest of Australia. South Australia and Tasmania have had above average unemployment rates and Victoria and New South Wales continue to have the highest skill levels among their workforces. Such differences are even more pronounced at the regional level. For example, Wide-Bay Burnett in Queensland has had rates of youth unemployment up to 3 times the national average, while the Darling Downs, which borders Wide Bay Burnett, has employment rates below the national average.



Closely connected to the concept of spatial disaggregation of economic activity is the notion of partial and general effects. That is, it is quite possible for National and State effects to differ from regional trends. Typically, in the short-run, specific regions may be effected adversely by economic change that is beneficial, in terms of net additions, to Gross State or Gross National Product.

In such circumstances the requirement for policy makers is to, where feasible, evaluate the disparate effects across space, and between the partial and the general, and to compensate areas or sectors that suffer dislocations out of some of the overall benefits made to the larger economy. This compensation principle, originally developed by Kaldor and Scitovsky, is still current in the issues of National Competition Policy and broadly underwrites the principle of equitable public benefit.

Establishing the Correct Economic Scenario

A number of economic factors occur simultaneously when selling conditions in a market change. The first is structural. The selling distribution of the market changes. New sellers enter, and existing sellers either lose market, or attempt to boost or retain markets. Normally this takes place in an orderly fashion because the entrants tend to be smaller than the incumbents and enter by acquiring a small share of an expanded market (Ferguson and Ferguson, 1996). The new entrants nibble at the market share of the incumbents, and the inherent stability of the market is retained.

As the number of outlets expand, normally at a greater rate than the market, the retail price of the product tends to fall. This almost invariably results in an unambiguous gain in consumer surplus (welfare) as profit margins are squeezed, and producer surplus is transferred to consumers.

Unfortunately, this market state is one of disequilibrium and is unlikely to be sustained. In the medium term, under the new cost/price margins some firms are driven from the market. Normally these exiting firms are a combination of new entrants, who entered the market under-prepared, and existing suppliers who were unable to cope with the new levels of competition. The welfare impacts of this are less clear cut. This is because the surviving firms, if they are few in number, may attempt implicit or explicit cartelisation. Moreover, as firms exit, existing firms, especially where they enjoy regional advantages of distance, may attempt to regain some consumer surplus, and prices may rise.

Alternatively the forces of competition may force existing firms to raise profits by continued cost reduction either through technological change, or by achieving economies of scope and scale in term of production, distribution and staffing.

Longer term impacts

The longer-term impacts depend upon the level of competition maintained in the market. In the absence of strict competitive legislation, existing suppliers may have cartelised to restrict price competition. They may also have successfully raised barriers-to-entry to prevent the re-occurrence of the structural changes that precipitated the initial changes. The only real test of the long-term impacts are empirical, and these are not well modeled by ex-ante tests. For example, almost all deregulation has been undertaken for the joint and wholly defensible aims of reducing costs to consumers and, in the case of previously Government Owned Enterprises, of reducing direct Government exposure and funding requirements. Some of these have failed, ex-poste to achieve their stated objectives.



The empirical aspects to evaluate in the longer run are the impacts on:

- Retail price;
- Production costs:
- Contestability of the market;
- Total and sectoral employment; and
- Market stability.

Unfortunately these aspects, because of the time periods involved, and because they result from a number of industry-specific and economy wide factors, are not able to be fully modeled, ex-ante. The best economic modellers can hope to do, with a reasonable degree of confidence, is to provide a reliable picture of short-term impacts. Even here, their ability to do this, and the accuracy obtained, depends upon the questions asked and the type of model(s) used.

In summary, following any legislative change of the type being considered here, there will be short-term, medium term and longer term impacts. These impacts need not be in the same direction and will have differential impacts across various sectors. A general rule of thumb is that the reliability of economic models decreases the longer the time period to be modeled.

Choice of Modeling

In an ex-ante sense no current economic model will be able to fully incorporate all the aspects of economic change discussed above. Moreover the models are only as good as the ability of the modeller to correctly anticipate relevant economic aspects such as net market expansion or contraction, movements in consumer demand, entry and exit levels, technical change, price changes, additional legislative change, or future political changes.

At present, economic modellers have a range of models from which to choose. These maybe divided into two broad camps, general equilibrium models and econometric projection models. The simplest form of CGE model is the input-output model (I-O) (Economic Systems, 1997). In its simplest form the I-O model is mechanistic and suffers from a number of limitations, including:

- Assumption of fixed factor proportions;
- Inability to incorporate price or technical change; and
- Impacts of unbalanced tables are unable to be aggregate to provide State or National impacts.

The extent of these limitations is so severe that the standard regional input-output table is most useful for analysing structural relations and interactions, and of less value in overall impact work. However, despite these substantial limitations, I-O analysis remains one of the more innovative forms of regional modeling. New international journals, such as *Economic Systems*, have recently sprung up pointing to a range of innovative new variants of I-O analysis such as:

Demo-economic modeling;



- Hierarchically balanced tables (which allow aggregation of regional impacts to parent table totals);
- Multi-regional models; and
- Econometric / I-O (which address the problems of inter-regional trade).

The reasons for the longevity of I-O analysis lies in the continuing need for small area evaluation at the regional level, the relative ease of table construction and the high recognition factor in the outside community to the standard "multiplier" outputs from I-O analysis. However, those using I-O analysis need to be aware of the limitations and assumptions made in the analysis. Given these, standard I-O is suitable only for short-term analysis.

The more advanced form of General Equilibrium analysis is computable general equilibrium analysis (CGE model). The CGE model incorporates an I-O table as its base engine but overlays this with price and other data which expands the range of operations. The CGE models are essentially resource allocation models that are well suited to defining the effects of economic reallocation at the National level and State level. They are less suited to small area and regional analysis, principally because of their high level of data requirements, particularly trade matrix data at the regional level and by the inherent problems of distinguishing partial effects, e.g. regional dislocation, from the overall national effects. As well, most CGE models are still static models, and as a result, they have trouble handling technical change and the problems of an economy growing over time.

Econometric models are largely concerned with prediction. A hybrid model, combining I-O and econometrics, combines the flexibility of I-O but allows relevant factors, such as price changes, to be modeled, and at this stage is arguably the preferred method to forecast medium and longer term impacts. Unfortunately, no fully operational model with the required regional break-up for the current project is available in Queensland.

8.3 Estimates of sectoral shifts

In this section, estimates of short-term (initial) regional economic impacts are modeled based on a potential transfer of sales revenue of liquor and liquor related sales from hotels and clubs (proxied by the Recreation and Personal Services sector) to the retail sector (proxied by the Trade sector). The methodology utilised compares differences in the average first-round, industry and consumption impacts of dollar sales to final demand between the two sectors, to generate average short-term reallocation estimates across Queensland regions. The economic models used are the hierarchically balanced I-O tables for Queensland regions produced by the Government Statistician's Office. As a result of the balancing procedures used in the production of these tables, the problems of allocation inflation of results (the sum of regional impacts exceeding the State impact) has been removed. The choice of the I-O technique is governed by a number of factors raised above.



These are:

- The I-O tables are well suited to short-term/ regional analysis. In such case, the assumptions of fixed technology and industrial structure, which are a weakness for longer-term analysis, become a strength in short-term analysis.;
- The table represent the best available structural analysis of Queensland regions;
- I-O is well suited to the re-allocation test. Given existing structures, the relevant question is to decide what will happen in the short-term (i.e. the time period over which most if any regional dislocation will occur) if sales revenues are diverted from one sector to another; and
- Other models in currently available in Queensland are not capable of providing sufficient regional disaggregation.

Nevertheless the problems of not catering for price effects remains. As well, there is a crucial need to understand the differences between marginal and average effects. To decide which of these impacts will occur, judgement needs to be made concerning the short-term reaction of both sectors.

In an I-O analysis the coefficients assume that economic agents will act in an average way. Additional sales revenue is seen as exogenous, and the recipient will expand factor use (e.g. employment) as in the past (average way). That is, if the retail sector was to receive a 10 per cent short-term increase in revenue, they would act in an average way by expanding factor input demand in the same proportions as before. However, this may not occur. If surplus capacity exists, existing resources may be able to accommodate, in the short-term, the sale of liquor. As well, a decision may be made to stop devoting resources to some less profitable activity. The net result is that assumed benefits in terms of employment and building activity may not occur, particularly in the short run.

The reaction, from the sector losing revenue may also not be average. For example, the hotel sector may absorb losses in the short-term and retain the same level of operations, e.g. staff. In this case the average coefficients will overstate the actual loss of resources from this sector, as the marginal will be less than the actual. Conversely, a threshold may exist in the industry where any downturn will lead to a greater reaction, even closure. In this case the average estimate of loss will understate the actual.

Economic models are mechanistic. They will not be able to pick up marginal impacts without additional information gathering. It is for this reason that regional interviews and surveys were undertaken to supplement this economic analysis.

In essence, the outcome of the regional interviews tends to suggest that the short-term upward reaction of the benefiting retail sector will be muted. That is, the actual impact will be less than the predicted *average* impact, and that the reactions of the hotel and club sector, particularly in regional areas, will be close to or exceed the average.

For this reason the results presented are likely to be conservative. However, it should be stressed that these estimates are largely based on inter-sectoral movements and do not (cannot) take into account the impacts of short-term price changes (for example, price discounting) on consumer surplus or market expansion.



In order to complete this impact analysis we have had to make an assessment of the likely impact of deregulation on the market share of liquor sales amongst the different categories of licensees. For the purposes of this analysis we have analysed the liquor sales marketshare position in New South Wales, on the basis that it provides a proxy for the "end state" position of the Queensland liquor market if it were deregulated on a similar basis. This analysis was detailed previously in section 4.4.2, and highlighted that in 1996/97 retail outlets accounted for 46% of total liquor sales in New South Wales on a state basis, with regional retail marketshares varying from 24% to 48%.

New South Wales has had a largely deregulated liquor market since 1966 whereby these marketshare positions represent a mature market position. Our economic impact analysis, is by limitations noted previously, restricted to assessing the short term impacts of any proposed deregulation, at both the state and regional level. Accordingly for the purpose of this analysis we have adopted an assumed a conservative reallocation of liquor sales of 25% to the retail sector across the State.

8.4 Results

In using the I-O tables to examine at the short-term, re-allocation impacts there are two possible scenarios:

- Scenario I (Full Average Impacts) There are full effects of dollar changes in sales to full demand. Sales transfers to the retail sector are seen as a continuing factor and the full average effects occur. In this case the direct, first-round, industry and consumption impacts of the re-allocation are felt.
- Scenario 2 (Pure Re-allocation Impacts) There are no direct effects in the form of additional exogenous capital expenditure. All that happens is that sales revenue is diverted from one sector to another, and adjustments are made in variable factor usage. This is a classic short run scenario and distinguishes between the case where a new industry is starting up and where existing expenditure is simply being reallocated across sectors. In this case, the direct impact coefficients are dropped, and the relevant short run effects are captured by the first-round, industry and consumption induced impacts.

The distinction between the two scenarios is important to the outcome. Under Scenario 1, the short-term impact of reallocation between the two sectors is mixed, as the retail sector, in all most all regions, has greater direct effects. In some cases there are positive effects, such as those association with new capital investment, of the reallocation process even in the short-run.

Where direct impacts are not included and the impacts are fully captured by first-round, industry and consumption impacts the results indicate in almost every region is negative, suggesting short-term regional dislocation. The aggregate results are shown in the following tables.



	enario 1: Continuing ning a net 25 % re-allo and		or related sales additio	
Region	Output (\$ million)	Income* (\$ million)	Value added** (\$ million)	Employment (no.)
Brisbane-Moreton	-26.9	8.1	13.3	-45
Central West	-0.4	0.4	0.1	4
Darling Downs	-1.6	2.2	1.6	-27
Fitzroy	-1.7	2.2	1.7	-28
Far North	-8.4	-3.2	-6.9	-52
Northern	-7.4	1.1	0.8	41
North-West	-0.6	0.3	0.5	4
South-West	07	1.3	0.7	-8
Wide-Ray	3.4	0.9	0.4	-90

^{*} assuming a 30 per cent income component from additional sales to final demand

Source: Prof. John Mangan

Scenario 2: Pure-Re-allocation Impact (assuming a net 25 % re-allocation in total liquor related sales)				
Region	Output (\$ million)	Income* (\$ million)	Value added** (\$ million)	Employment (no.)
Brisbane-Moreton	-26.9	-1.6	-10.68	-357,
Central West	-0.4	0.11	-0.10	-4
Darling Downs	-1.6	1.6	-0.2	-42
Fitzroy	-1.7	1.7	-0.3	-42
Far North	-8.4	-4.6	-8.3	-76
Northern	-7.4	0.01	-2.4	-8
North-West	-0.6	0.2	-0.3	-4
South-West	-0.7	0.8	-0.2	-13
Wide-Bay	-3.4	0.1	-1.4	-91

^{*} assuming a 30 per cent income component from additional sales to final demand

Source: Prof. John Mangan

In almost all cases under the Scenario 2 model there is small but nonetheless significant regional dislocation. This reflects the greater interaction between the Recreation and Personal Services sector with the regional economies. The extent of this dislocation is primarily felt in employment, with predicted short-term job losses of 357 in the Brisbane-Moreton area, 91 in Wide-Bay and 42 or over in Darling Downs, Fitzroy, and Far North. There are also across the board losses in valued added. The value-added variable most closely reflects net economic welfare.

Under Scenario 1, the results are more mixed. Once again regional output dislocation occurs, with the exceptions being in Central West, Northern and North-West where small job gains are indicated. The most serious regional output dislocation being in the Wide-Bay Burnett (90 job losses), Far North (52 job losses), and Brisbane (45 job losses) statistical divisions. However, in all cases except the Far North there are positive value added impacts, even in the short run, and positive regional income effects.

^{**} assuming a 55 per cent value added component from additional sales to final demand

^{***} note in both cases the output effects are the same.

^{**} assuming a 55 per cent value added component from additional sales to final demand



The more likely case in the short-run is Scenario 2, with its resulting short-term regional dislocation. However, this is crucially dependent on the reactions of both sectors to changes in revenues and the current industrial structure. For example, if a number of regional hotels and clubs were operating at the margin, then any shift in revenues would have more pronounced effects. If small operators actually leave the industry then the regional dislocation shown in the above tables will be magnified. As well, the assumption of a 25 per cent re-allocation may be considered to be conservative, however as this analysis only presents short term effects, using long run market share estimates (such as those presented for New South Wales) may overstate the short term dislocation.

Finally it must be stressed that these are short-term regional dislocation impacts. They do not cover longer-term impacts or the net effects on Gross State Product.

8.5 Sensitivity of Results

As noted, the approach taken in the economic modelling has been conservative. This is particularly true in terms of our assumptions regarding market share that would be reallocated. We assumed 25%, however, NSW data tends to indicate that, if the same patterns are followed in Queensland, the re-allocation effect might be closer to 50% over the longer term. Clearly the amount of regional dislocation is sensitive to the changes in the size of the re-allocation effects. For example, if we assume that the effects are proportional, the job losses in Brisbane Moreton of a 50% pure re-allocation would be of the order of 500 jobs and the annual value added loss of \$15m, which is double our current estimates. In reality the effects would more likely be increasing rather than proportional. A 50% re-allocation would drive a lot of smaller hoteliers and clubs out of the market. In other words the job loss would exceed 500 and the value-added loss would exceed the \$15m estimate.

Therefore in considering the actual size of the short-term regional dislocation, the crucial factor is the size of the initial re-allocation. The re-allocation coefficients shown in Appendix D for each region provide an average loss (in cents per dollar or jobs per million dollars) from the re-allocation. These may be assigned to estimates of the size of the re-allocation (transfer of market share) to provide the actual regional effects.

8.6 Micro-Economic Analysis

As noted in the previous section, the economic analysis presented in this review primarily evaluates the short term (1 to 3 year) impacts of deregulating take-away liquor sales in Queensland. It does not model the longer term economic impacts, nor does it analyse other reform options within the change spectrum, such as partial deregulation through liberalisation of existing regulations.

With respect to the medium to longer term impacts, we have already noted that, cettris parabus, markets adjust, economic flows equilibrate resources flow to their most efficient usage and economic aggregates at the national and regional level converge. This fundamentally means that the economic dislocation identified in our previous analysis will adjust out in the longer term such that the net impact to the economy will either be zero or positive.

However, a key assumption of this relocation is that no economic agents are forced from the market place, and that they continue to trade at the margin, albeit with reduced turnover than previously. Clearly, this is unlikely to occur. As noted in the previous Chapter, several rural



and regional representatives consistently highlighted the potential terminal impacts (hotel closures) likely to occur in the community. For example, one community noted during the consultation phase that townships within their region that currently only have one hotel, which itself is operating at the margin, may find a consequence of deregulation being the closure of that hotel for whatever reason, ie, changed consumer spending habits, increased price competitiveness at larger facilities etc. Therefore, the average effects utilised in the short run modelling will understate the full effect of deregulation as it does not capture the impact of such hotel closures.

Further, these closures are likely to have ongoing negative economic implications for the region which are not captured in the modelling. That is, those hotels which close as a result of changed market conditions bought on by deregulation cease to provide economic and social benefits to the region, which are greater than the revenues they currently generate. The aggregate economic impact of hotel closures across the regions is therefore not captured in the short term, nor is it likely to fully dissipate over the medium to longer term.



9 Analysis of Regulatory Change Options

9.1 Introduction

This chapter outlines options for reform of the current regulatory state. Prior to establishing the options for reform, the current state is analysed with respect to the impact that existing anti-competitive provisions have on each stakeholder or stakeholder group.

9.2 The Without Change State

The without change is characterised by the current requirements of the Act. For each of these requirements there are positive and negative impacts for the key stakeholders. These direct and indirect impacts can be either efficiency or income effects, both in terms of qualitative and quantitative impacts.

Efficiency impacts relate to the efficient use of economic resources including land, labour and capital. An efficiency impact may be positive where a direct benefit is gained by a sector from an action undertaken by another party. A negative efficiency impact occurs where the direct benefit of an action is not fully captured by the initiating sector. For example, licensing provides positive efficiency impacts to the Liquor, Hospitality and Miscellaneous Workers Union as they benefit by having a potentially higher delegate base than otherwise under a more competitive environment incorporating the retail sector.

Income impacts refer to implicit income transfers. A positive income impact occurs when income is received, while a negative income impact occurs when income is paid. For example, licensing provides a negative income impact to licensees and DTSR as they are required to incur an actual cost due to the statutory requirements. However, expenses incurred by the DTSR are partially subsidised by licensing fees; ie: there is an income transfer from licensees to DTSR.

The matrix on the following page provides an overview summary of the key costs and benefits of the existing anti-competitive provisions from the perspective of each key stakeholder group.

Department of Tourism, Sport and Racing
Public Benefit Test of Queensland Liquor Act, 1992
KPMG Consulting

		'Y	Vithout Change' State	Impact Matrix		
Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
Negative (costs)	Price paid by consumers impacted by licence taxes and restrictive licenses. (not material). Less convenience due to restricted access. (restricted access has not hindered consumption in Queensland). Reduced competition in some areas currently providing for opportunistic monopoly pricing ie, particularly regional and remote communities.	Payment of licence taxes reduces profitability. Some licensees discriminated by requirement to pay premium.	Only available to enter the industry as holder of general licence. No opportunity to solely enter market for takeaway liquor.	Misuse of alcohol creates significant expense to Government, including health and community welfare costs. Some regulatory provisions difficult to effectively police ie, +20% rule. Cost to Government of Liquor Licensing Division.	Current availability and sale of liquor creates significant social welfare problems for society.	Limited competition provides decreased employment opportunities for employees within the retail sector.
Positive (benefits)	Limited access may assist in harm minimisation for "at risk" groups. Additional facilities justified via public needs test. Probity checks on licence applicants.	Restricts competition and market entry, providing potential "super normal" profits to existing market players.	Subject to the results of the public needs test and probity checks all parties can apply for a liquor licence.	Provides direct licensing revenue of \$137.4m to State Government, plus total industry contributes significantly to Queensland economy. Licensed premises must be of a character that preserves the amenity of the locality under town planning requirements.	It is suggested that moderate consumption of alcohol has positive health implications.	Limited competition provides increased employment opportunities for employees within the existing industry represented by LHMWU. Hotels and clubs fulfil a wide range of social and community roles, particularly in rural communities.



9.3 Underlying Principles to be Considered in Analysing Reform Options

As noted earlier in Section 6.2, the objective of the current legislation is the achievement of the responsible sale of liquor under appropriate arrangements given community expectations and interests, including the consideration of issues arising from the misuse of liquor.

The NCP Liquor Act Review Committee, Liquor Licensing and Queensland Treasury representatives collectively agreed that the objective of any legislation governing the sale and promotion of alcohol in Queensland should at a minimum incorporate control mechanisms that allow for the protection of 'at risk' groups in the community. Further, while these control mechanisms directly impact these 'at risk' groups, they also indirectly allow for the protection of the rest of the community from any potential flow on impacts from alcohol related activities undertaken by these 'at risk' groups, such as drink driving, domestic violence, etc.

Through the previous research and discussions identified in the consultation process, it is apparent that alcohol is a specialist product, and as such, requires a specialist provider model. The general components of such a specialist provider model are:

- Access to take-away liquor should be limited to discrete liquor outlets who have a primary focus on the sale of liquor;
- A 'registered manager' should be held personally responsible and liable for all activities associated with the sale of take-away liquor from take-away liquor outlets. This responsibility and liability is in addition to the responsibilities and liabilities held by the licensee of the outlet, where the 'registered manager' and licensee are two different persons;
- Outlets for sale of take-away liquor must satisfy both a public needs test and an amenity test prior to approval being given for their establishment.

The above points are primarily focused on the sale of take-away liquor. The rationale for such a focus is that other sections of the Act provide for the sale of non-packaged alcohol for direct consumption.

9.4 Proposed Options for Reform

The aim of structural reform (eg removing legislative restrictions to competition) is to encourage rivalry and competition between firms that could lead to lower prices and improved services for the public as a whole. For households, this may mean lower costs and higher service quality.

Generally competitive industry structures are considered to maximise the public interest and this is why there is a presumption in favour of competition underpinning all national competition policy reviews of legislation. That is, the guiding principle of Competition Principles Agreement (CPA) is that legislation should not restrict competition unless it can be demonstrated that the benefits of the restrictions to the community as a whole outweigh the costs and the objectives of the legislation can only be achieved by restricting competition. However, there are some market structures where competition is not in the



public interest. These primarily relate to health and social welfare issues, and in the context of this review relate to the improper use of alcohol and associated follow-on effects.

The PBT Plan identifies five options for reform, which all involve changing the regulatory provisions within the current legislation to some degree. These reform options to be considered are:

Option 1	Reduce or remove premiums associated with General or Special Facility
	Licenses.

- Option 2 Remove or amend restrictions distinguishing which premises are able to sell take-away liquor, and the location of such in relation to other liquor outlets.
- Option 3 Remove restrictions limiting promotional activities and prices.
- Option 4 Establish uniform trading rules for all categories on-premises licenses.
- Option 5 Removal of public need requirements in the licence application process.

The above options for reform need to be considered within the context of the overall objectives of the Act, and also within the context of the components of the specialist provider model.

The relevance and contribution of each of these anti-competitive provisions to the stated objectives of the Act is assessed in the following sections of this report. In addition, the impacts on each key stakeholder group of moving to each of the revised reform options from the current 'without change' state are presented in the evaluation matrices. In most cases, the direct impacts of the 'with change' options will be either transfer effects from one sector to another, or net efficiency gains or losses from changing from the current state.

9.5 Evaluation of Alternative Reform Options

9.5.1 General and Special Licence Premiums

Objective

As previously noted (refer 6.1.3) the premiums for general and special facility licences were initially introduced as a means of funding alcohol awareness and responsible service of alcohol programs, as well as funding the buy back of general licenses. Neither of these original purposes are relevant today as all premium revenues now form part of the State Government's consolidated revenue and therefore, there is no direct link between the levying of premiums and the funding of specific alcohol awareness programs. In addition, there is no longer any program for the buy back of general licenses. Accordingly, the relevance of "levying premiums" to their original purpose or objective appears questionable.

It should also be noted that the State Government indirectly derives tax revenues from the liquor industry through the liquor taxes imposed by the Federal Government on liquor purchases. However, once again these tax revenues form part of the State Government's consolidated revenues and there is no direct link between taxes derived from the liquor industry and the funding of programs associated with alcohol awareness and harm minimisation.



Stakeholder Cost/Benefit Assessment

The results of the cost/benefit analysis (refer matrix following) suggest that on balance there is no net public benefit associated with retaining the existing premium provisions within the Act. Therefore, in accordance with the guiding principles of the CPA, the provisions relating to the levying of premiums on general and special licences should be removed. However, in order to address the issue of potential compensation to current licensees who have paid licence premiums, it is suggested that this change be phased in over a nominated period to minimise market displacement.

Department of Tourism, Sport and Racing Public Benefit Test of Queensland Liquor Act, 1992 KPMG Consulting

			With Change' State In tion 1 – Reduce / <u>Ren</u>	-		
Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
Negative (costs)	No material impacts.	Lower barrier to entry may increase competition. Potential decrease in value of existing licences that incorporate cost of premium.		Decrease revenue associated with charging of a premium. Approximately \$1m to \$2m per annum. Cost of any potential compensation to current licensees.	Potential reduction in State funding of alcohol related social welfare programs due to reduction in overall State revenues (no direct link).	
Positive (benefits)	May benefit through improved access and availability if new licensees enter market as a result of lower entry costs.	Decrease costs associated with establishing general and special facility licenses.	Lower cost of market entry.			Lower cost of market entry for all potential liquor licence applicants.



9.5.2 Remove or Amend Provisions Relating to the Sale of Take-Away Liquor

Objective

We understand that the primary objectives of these restrictive provisions of the Act are to minimise social harm issues associated with the consumption of alcohol, on the assumption that restrictions on availability are likely to have an impact on liquor consumption. However, as illustrated by the analysis and research detailed previously in Chapters 4 and 5, there is no apparent direct correlation between availability per se (number of outlets) and average per capita consumption. While this may be true for the community as a whole, research findings suggest that the type of outlets supplying take-away alcohol may impact on the level of per capita liquor consumption of alcohol by "at risk" groups ie, supermarkets and convenience stores potentially providing easier access to youth and ATSI "at risk" groups.

Therefore, on the basis of the information presented in this report, it would appear that limiting the number of take-away liquor outlets generally, is perhaps not the most effective strategy for achieving the desired objectives of harm minimisation.

Rather than limiting the total number of licensed take-away outlets, a more targeted approach to meet the objectives without penalising the broader community, may be to restrict those types of outlets considered to provide greater access to "at risk" groups ie, convenience stores and supermarkets etc. This would suggest that the current restrictions in relation to the location, number and size of DBSs, and the sale of take-away liquor by licensed clubs may not be required to achieve the stated objectives of these provisions.

Accordingly, we consider it appropriate to evaluate two alternative approaches to the current restrictions on the sale of take-away liquor:

- Option 2A Full deregulation providing access to the take-away liquor market to supermarkets and convenience store retailing;
- Option 2B Partial deregulation being a variation to existing regulations relating to DBSs and club licenses.

A cost/benefit analysis of each of these options is provided in the following matrices and summarised in the paragraphs below.

Cost/Benefit Analysis

Option 2A: Full Deregulation Providing Access to the Take-Away Liquor Market to Supermarkets and Convenience Stores

The results of the cost/benefit assessment (refer cost/benefit matrix per page 86) indicate that there is unlikely to be a net public benefit through the introduction of full deregulation for the sale of take-away liquor primarily due to:

The increased risk to "at risk" groups through easier access to alcohol (refer Chapter 5); and



The potential for economic and social dislocation, primarily in rural and regional communities, due to increased competition from the retail sector (refer Economic Analysis - Chapter 9).

Accordingly, this reform option is not recommended.

Option 2B: Partial Deregulation Through the Removal/Variation of Existing Provisions Relating to DBSs and Club Licences (Take-Away Sales)

DBS Provisions

Due to the complex nature of existing regulations we have completed a cost/benefit assessment for each anti-competitive restriction relating to the operations of DBSs (refer cost/benefit matrices pages 87-89).

Size restrictions (100sq display, 30sq storage)

On balance there appears to be no net public benefit on restrictions over the size of DBS outlets. However, it is considered to be in the public's interest to include regulations which promote responsible service of alcohol, such as prescribing store layouts for effective monitoring of entries and exits, and requiring DBS staff to be fully trained and accredited in terms of responsible service of alcohol practices.

- Restrictions on numbers (3 per general licence);
- Restrictions on location (5km radius of general licence).

While these are individual anti-competitive provisions, we consider that they are inextricably linked in terms of their impact on key stakeholder groups. Accordingly, we have interpreted the results of the cost/benefit evaluation of these two provisions jointly.

On the balance there would appear to be a net public benefit of retaining restrictions on the number of DBSs per general licence. The primary reason in support of this conclusion is the potential negative impact of economic and social dislocation in rural and regional communities that could arise if a single general licence provided unlimited entitlements to operate DBS outlets throughout the State, creating the opportunity for market power. However, if the maximum number of DBS outlet restrictions per general licence is retained, the potential for social and economic dislocation in rural and regional areas is significantly reduced.

If it is agreed that there is a net public benefit in retaining restrictions on the maximum number of DBS outlets per general licence the next question is what should the maximum number be. On balance, there would appear to be little additional net public benefit in amending the current maximum number of 3, on the basis that any reduction may give rise to claims for compensation from existing general licence holders and the fact that with the maximum set at 3 there is still scope for the addition of some 3,000 DBS outlets in Queensland ie, only 520 DBS outlets are currently (1998) operating in Queensland while the legislation provides for a potential maximum number of 3,600 DBS outlets. Further of the 1,202 general licences issues at 30 June 1998, only 57 (less than 5%) had availed themselves of the maximum opportunity of 3 DBS outlets. It could therefore be argued that there is already existing capacity under the current



regulations to meet consumer needs. It should also be noted that there is no restrictions on the number of general licences that can be held by any single party.

Accordingly, it is suggested that the current maximum number of DBS outlets per general licence be retained at 3, subject to review in the future (refer cost/benefit matrix on page 88).

The other key anti-competitive restrictions in relation to DBS outlets relate to controls over their location. Currently, DBS outlets can only be opened within a 5km radius of the general licence facility. We understand that this restriction on location was originally introduced so as to promote responsible service of alcohol on the basis that the general licensee nominee would be located in close proximity to their respective DBS outlets and therefore would be in a better position to exercise management control, particularly in relation to responsible service of alcohol.

While we concur that requiring DBS outlets to be located proximate to the general licence facility provides the opportunity for effective management control, we consider that alternative approaches are likely to be equally effective without restricting competition between general licensees. For example, the regulations could require that all staff employed at DBS outlets must be trained and accredited in best practice responsible service for alcohol procedures. In addition, any breaches of such procedures would attract significant penalties (for both the staff member and the general licence nominees) including the potential for the general licence to be cancelled for repeated infringements. It is considered that the pre-requisite for staff training and accreditation together with appropriate penalties should provide a means of promoting and encouraging responsible service of alcohol without the restrictive provisions as to the locations of the outlets.

The next issue we have considered with respect to the restrictions of the location of DBS outlets is the potential negative impact that the removal or amendment of the existing restrictions is likely to have on regional or remote locations. For example, it has been suggested that if the restrictions on the location of DBS outlets were removed, increased competition amongst general licence holders may result in the closure of a number of general licence facilities in regional or remote locations ie, a general licensee could establish a DBS outlets that competes directly with the local "country pub" and through the use of buying power and predatory pricing strategies, force that country pub to close and thereby leading to the withdrawal from the local community of the ancillary social and economic benefits associated with country pubs (refer section 8.4.2 and 8.4.3).

While we appreciate the basis of the above argument, we suggest that the following factors also need to be taken into account in considering the net public benefit or cost of retaining the restriction on the location of DBS outlets:

The removal or amendment of this restriction is unlikely to have any negative social or economic impacts on the larger towns and cities in Queensland that are already served by a number of general licenses. Increased competition amongst general licence holders is unlikely to see the closure of general licences to the point where the ancillary social and economic benefits associated with general licence outlets are lost to the community. The underlying demand for such facilities (driven by the local population base) would ensure ongoing supply of such facilities despite increased competition for take-away liquor;



- In contrast to the urbanised areas of Queensland, a number of smaller townships are serviced by a limited number of general licenses, which may be at risk if there was increased competition from DBS outlets. In theory therefore, these towns/communities could be at risk of loosing the ancillary social and economic benefits of their local pub through increased competition from DBS outlets. However, a number of other factors need to be taken into consideration including:
 - The proximity of the town and community to a neighbouring centre which may retain a number of general licence outlets irrespective of the impact of increased competition; ie, proximity/access to general licence facilities in neighbouring communities;
 - Is there likely to be enough demand to support a DBS outlet in the town, given the existing licensees already hold the entitlement to open such a facility; and

The ability of existing licensees to compete through ancillary services and facilities with any additional DBS locations.

On balance, given the widely held view of the ancillary social and economic benefits of general licence facilities in regional and remote communities, it would appear that there is a net public benefit of retaining some restriction on the location of DBS outlets. However, in the interests of fostering increased competition for the benefit of the community as a whole we consider it worth further analysis as to whether the 5km radius restriction could be increased without any significant negative social or economic impacts on the regional and remote communities.

The key benefits of increasing the trade area for the location of DBS outlets include:

- Communities in urbanised environments are likely to benefit from improved access and convenience, together with reduced prices (in the short run) as a result of increased competition; and
- Developing fringe residential areas, located outside the existing 5km radius from the nearest general licence may benefit from the availability of a local DBS, until such time as the local resident population can support a full general licence facility.

The key costs associated with the proposed expansion of the existing 5km limit on the location of DBS outlets, relate to what, if any negative impact such expansion would have on regional and remote communities due to increased competition amongst general licence holders leading to the potential closure of a number of existing general licences and therefore the loss of the ancillary social and economic benefits to the community.

In order to further assess the likely impact of extending the existing 5km limit on the location of DBS outlets on rural and remote communities we have analysed the likely increase in trade area overlaps (as a proximity for increased competition) between general licences due to increasing the location restrictions on the location of DBS outlets to 7.5km, 10km, 15km and 20km from the general licence. In completing this analysis we have:



- Excluded the Brisbane and Moreton Statistical Divisions on the basis that any relaxation in the restriction of the location of DBS outlets is unlikely to lead to any significant loss to the community of the ancillary social and economic benefits of general licenses. In addition, in these areas there is already significant overlap between general licence trade areas (5km limits);
- Excluded those locations that are already serviced, by greater than five general licences within the existing 5km area restrictions, on the basis that there is already an existing competitive market which is able to meet the threat of increased competition without the likelihood of the local community losing immediate access to the facilities and ancillary benefits (sponsorships etc) associated with general licenses;
- The analysis has been completed based on defining the range of restricted trade areas (5, 7.5, 10, 15 and 20kms) by drawing concentric circles around each general licence application; as opposed to trying to estimate boundaries by way of distanced travelled by available roads as is defined by the Act. Accordingly, the analysis is likely to overstate the trade area overlaps, but such overstatement is not considered to be material; and
- The analysis is based on the number and location of general liquor licences issues as at 30 June 1998.

The following table provides a summary of the results of this analysis.

Trade Area Over Increasing the Boundaries for			itlets	
	Trade	Area Boun	dary Move	ments
	5-7.5km	5-10km	5- <u>15k</u> m	5-20km
Increase in number of trade area overlaps	129	340	926	1,654
Number of general licences impacted (total)	71	106	162	202
% of total general licences on issue	5.9%	8.8%	13.4%	16.8%
Number of general licences impacted by the addition of 2 or more trade area overlaps (<1)	26	57	104	145
% of total general licences on issue	2.2%	4.7%	8.7%	12.1%
Source: KPMG Consulting				

As shown in the above table, if the trade area boundary for the location of DBS outlets was increased to 10kms, the number of general licences impacted, (in the defined areas) would be 106, of which 57 would be impacted by the addition of at least 2 addition overlapping trade areas. This number of impacted general licences represents 8.8% and 4.7% respectively of total general licensed on issue at the 30 June 1998. This analysis indicates that if the limit on the location of DBS outlets was increased to 10km it is likely to impact only a limited number of general licences which are considered to be potentially most at risk to the threat of increased competition, ie. 4.7% of total general licenses.

Based on the results of the above analysis and taking into consideration concerns expressed as to the potential negative social and economic impacts that increased competition may have on rural and remote locations, we recommend that as an interim measure the restriction on the location of DBS outlets be retained, but



increased to 10km. Further, it is recommended that this anti-competitive restriction be reviewed gain within three years and, that pending the results of the review consideration be given to further expanding or removing the location limit on DBS outlets.

In summary therefore, our findings with respect to the anti-competitive provisions regarding DBS operations are as follows:

- No net public benefit in retaining restrictions on the size of DBS facilities;
- There is a net public benefit in retaining current restrictions on the maximum number
 (3) of DBS outlets per general licence; and
- The 5km restriction on the location of DBS outlets be expanded to 10km. Further it is recommended that this anti-competitive restriction be reviewed gain within three years and pending the results of the review consideration be given to further expanding or removing the location limit.

Club Licences - (Take-Away Liquor Sales and Visitor Restrictions)

In the following cost/benefit matrices (refer pages 90 to 92) we have considered each of the anti-competitive provisions in relation to the sale of take-away alcohol by licensed clubs.

Restrictions on sales to non-members.

The restrictions relating to the sale of take-away liquor to non-members seek to reinforce the primary purpose of the club. That is a club exists for the primary purpose and benefit of its members. Access to take-away liquor is considered to be one of the privileges of club membership. Accordingly, while prima facie restrictions on the sale of alcohol to non-members could be seen as anti-competitive, visitors have the choice of becoming club members to avail themselves of the take-away liquor access, or utilising alternative general licence facilities in the area. In addition, there is no restriction on any party (subject to public needs and probity checks) applying for a general liquor licence.

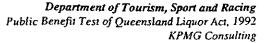
In summary, we are of the view that there is no net public benefit of removing the restriction on sale of liquor to non-members by club licensees.

Restrictions on volume of take-away sales.

On balance, there does not appear to be any net public benefit of retaining this anticompetitive restrictions.

Restrictions on visitor access – 40km limit.

Similar to the restrictions relating to the sale of liquor to non-members, we understand that the provisions relating to the eligibility of visitors, based on their normal place of residence, also seek to reinforce the primary purpose of a club being for the benefit of its members. Accordingly, those local residents (within 40km radius) are required to be a member of their local club in order to access the club facilities. Once again, while these provisions could be considered anti-competitive in discriminating between the rights under general and club liquor licenses, they reinforce the primary purpose of





each licence category. The general community can choose whether they join the local club to avail themselves of the privileges extended to club members, or to access general licence premises available in the area.

Accordingly, on balance we consider there to be no net public benefit in removing the restriction on membership eligibility of these local residents, residing within a 40km radius of the local club.

Accordingly, overall we consider there is no net public benefit of retaining the existing anticompetitive provisions in relation to volume restrictions on the sale of take-away liquor to members. However, we consider that restrictions relating to the sale of take-away liquor to non-members and restrictions on access by local residents to local clubs as visitors reinforces the primary purpose of clubs, being for the benefit of its members.

			With Change' State In	1pact Matrix a <u>ke-Away Liquor Sale</u>	c	
Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
Negative (costs)	Potential increase in consumption by at-risk groups because of increased access and decreased prices (in the short term), with flow-on negative social impacts for the broader community.	Increased competition may erode profitability of existing licensees, which may lead to some business failures. Devaluation of existing licensees. Negative impact on the profitability of liquor wholesalers.		Increased costs of administration and policing. Potential increased costs associated with catering for "at risk" groups.	Increased demand for alcohol related social welfare services with resource constraints. Net decline in employment. Reduced support for sporting and community organisations.	Economic and social dislocation primarily in rural and regional communities. Reduction in ancillary community facilities.
Positive (benefits)	Improved convenience and accessibility. Potential short term price benefits.	Provides opportunity for current licensees to expand operations, ie, additional outlets.	Provide access to take- away liquor market.	Increase in Government revenues through new entrants application fees. Unlikely to generate additional revenue from liquor licensing fees as these fees are based on consumption which is anticipated to remain stable on a per capita basis.		Provide increased access to take-away liquor market by all parties.

'With Change' State Impact Matrix Option 2(B) – Partially Deregulate Take-Away Liquor Sales through Removing or Amending Current Restrictions on Size of DBSs

Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other_
Negative		Increased competition				
(costs)		through greater				
		freedom to expand				
		DBS layouts.				
Positive	Improved range and	Ability to expand and	May make entrance to			Provide increased
(benefits)	convenience.	enhance business	liquor take-away			tenant demand for
		operations.	market through a			retail accommodation.
			general licence more			
			attractive.			
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Source: KPMG Consulting

		Option 2(B) - Par	With Change' State In rtially Deregulate Take ng Current Restriction	e-Away Liquor Sales th	rough	A-WIG
Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
Negative (costs)		Increased competition may erode profitability of some licensees. If no limit on numbers of DBSs per general licence (or their location) may devalue existing licenses.		Increased costs of policing regulations if licensees pursue opportunities for additional DBSs.		If no maximum limit on number of DBSs (or controls over their location) rural and regional communities may experience economic social dislocation through closure of general licence outlets as a result of increased competition from stand-alone DBSs.
Positive (benefits)	Improved convenience through increased accessibility. Potential short term price decreases. MG Consulting	Provides opportunity for current licensees to expand operations, ie, additional outlets. May be able to achieve economies of scale, and improved profitability.	If no maximum timit on number of DBS per general licence (and no restrictions on their location) provides opportunity for reduced market entry costs to establish network of DBS stores ie, only have purchase of one general licence to create DBS network.	Increased revenues from application fees.		-

			With Change' State In	mpact Matrix e-Away Liquor Sales tl	rough	
				rictions on Location of		(
Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
Negative (costs)		Increased competition may erode profitability of some licensees.		Increased costs of policing regulations if licensees pursue opportunities for additional DBSs in alternative locations.		May result in economic and social dislocation in regional and remote locations due to closure of general licence facilities as a result of increased competition from stand-alone DBS outlets.
Positive (benefits)	Improved convenience through increased accessibility. Potential short term price decreases.	Provides opportunity for licensees to expand operations into other trade areas reducing market risk and improve profitability. May create additional value of existing general licensees.	More attractive opportunity to enter market through purchasing existing general licenses.	Increased revenues from application fees.		Removal of location restrictions on DBSs likely to increase competition in some rural and regional areas, benefiting consumers through lower prices.
Source: KPM	1G Consulting					······································

	Opti	'W on 2(B) – Remove Resti	'ith Change' State Im rictions on Take-Awa		Club Members	
Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
Negative (costs)	Goes to public needs.	Increased competition for take-away liquor sales.				May erode "intrinsic" value of club membership, however given comparatively low membership fees for majority of clubs, unlikely to have any negative financial impact on value of memberships.
Positive (benefits)	Improved convenience through increased availability. Increased competition may deliver reduced prices.	Improved profitability of licensed clubs from additional take-away sales to visitors.				Club members may benefit through enhanced facilities due to reinvestment of increased profits.

	Or		Vith Change' State I	mpact Matrix Take-Away Liquor Sales	s to Members	
Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
Negative (costs)		Increased competition for take-away liquor sales, and may erode profitability.				
		May have marginal impact on value of existing general licenses.				
Positive (benefits)	Improved convenience through increased access, particularly club members. Allows members to direct their take-away liquor expenditure for the benefit of their club.	Improved profitability of licensed clubs from additional take-away sales.				Club members may benefit through enhanced facilities due to reinvestment of increased profits.
C	may deliver reduced prices. MG Consulting				· · · · · · · · · · · · · · · · · · ·	

· -	Or	'Wi otion 2(B) – Removal/Re	th Change' State Induction of 40km Re		cess to Clubs	
Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
Negative (costs)	Consumers	May increase general competition as provides more open access to licensed facilities for the general public. May increase income taxation burden of clubs due to greater proportion of patrons being visitors.				May erode "intrinsic" value of club membership.
Positive (benefits)	Improved convenience through increased accessibility. Increased competition may deliver reduced prices.	Improved profitability of licensed clubs from increased patronage.				Club members may benefit through enhanced facilities due to reinvestment of increased profits.



9.5.3 Option 3: Remove/Amend Restrictions Relating to Promotional Activities and Pricing

Objective

The objective of these anti-competitive provisions is to minimise social harm associated with hazardous drinking patterns, such as binge drinking.

Cost/Benefit

The results of the cost/benefit (refer matrix on page 94) analysis clearly demonstrate that there is a net public benefit in retaining these anti-competitive provisions, primarily because of the public cost of increased social harms arising from hazardous alcohol consumption patterns. Accordingly, it is recommended that these provisions be retained.

		'Wi Option 3 – Removal/Ame	th Change' State In and Restrictions on I		and Pricing	
mpact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
degative costs)	Potential increased consumption by "at risk" groups with negative flow-on impacts to the general community.	Potential increased exposure to litigation arising from excessive alcohol consumption eg, Dallas Johns v Chevron Hotel case.		Potential increased costs associated with funding alcohol related social welfare and health programs.	Increased demand for services by "at risk" groups.	
		Increased competition may erode profitability.				
Ositive benefits)	Increased consumer choice promotion events.	May increase profitability through effective promotional activities.				



9.5.4 Option 4: Establish Uniform Trading Rules for all Categories of On-Premises Licenses

Objectives

It would appear that the primary objectives of having different classes of on-premises licensees with different trading privileges are to:

- Facilitate and regulate the optimum development of the tourist, liquor and hospitality industries of the State having regard to the welfare needs and interests of the community and the implications of change;
- Provide for a flexible, practical system for regulation of the liquor industry of the State
 with minimal formality, technicality or intervention consistent with proper efficient
 administration of the Act; and
- Minimise social harms associated with hazardous consumption of alcohol.

While these are the stated objectives of the Act (refer Section 4 of the Act), we would question the relevance of development and economic objectives to liquor licensing, given the range of other regulatory controls with similar objectives, such as town planning and development approval procedures administered by State and local government authorities. Accordingly, it is suggested that if the development and economic objectives of the Liquor Act are already (or could be) achieved by other existing regulatory mechanisms ie. Integrated Planning and Environment Act, then perhaps this objective and associated evaluation processes could be removed from the Liquor Act and thereby streamline the liquor licence application and assessment process.

Adopting this revised regulatory approval process could facilitate the introduction of a single on-premises licence category which is conditioned (differential privileges) in accordance with the primary purpose approved through the development application process.

Accordingly, if the principle of conditioning on-premises licences in accordance with their primary purpose were considered acceptable, it would appear that the existing provisions governing on-premise licences are appropriate, perhaps with the exception of requiring holders of cabaret licences to serve meals before 5.00pm, even though the primary purpose of such facilities is to provide entertainment. It could be argued that if the cabaret was granted development approval to operate prior to 5.00pm, with its primary purpose being that of providing entertainment, why should the liquor licensing provisions require the facility to also provide meals. This provision would appear discriminatory as there are no similar provisions in relation to other categories of on-premises licences whose primary purpose is not to serve meals ie, the Act does not require functions to provide meals to bone fide attendees.

As noted earlier, a further relevant objective of the Act with regard to reviewing the onpremises licensing provisions is the flexibility and practicality of the regulations. Based on our discussions with a number of regulators we would question the practicality of policing compliance with the current provisions relating to the serving of alcohol to non-diners by restaurants and cabarets (between 10.00am and 5.00pm). That is under the current regulations, restaurants and cabaret (10.00am to 5.00pm) licensees are entitled to serve alcohol to non-diners provided the number of non-diners do not exceed 20% of the dining



seating capacity of the facility. These provisions are both too difficult to comply with and to police.

An alternative regulatory approach may be to police compliance of the primary purpose of the licence as opposed to monitoring the levels of non-dining patrons. For example, in the case of a restaurant, prescribing minimum hours of kitchen operations, and in the case of a cabaret, prescribing the availability of entertainment during opening hours. This approach would appear easier to police and directly links compliance to the original primary purpose of the licence being granted.

In summary, we recommend:

- The opportunity to incorporate the economic and development objectives of the Liquor Act within existing planning and development regulations ie, Integrated Planning and Environment Act, should be explored to assist in streamlining and focusing the administration process. This would also benefit licence applicants through streamlining the application process.
- The streamlining of on-premise licence types by having a single on-premise licence category which is conditioned in line with the primary purpose of licensed premises.
- It would appear that existing conditioning provisions are appropriate, with the possible exception of requiring holders of cabaret licences to provide meals before 5.00pm this is outside the primary purpose of a cabaret business.
- That in keeping wit the Act's objective of practicality and clarity, the basis of monitoring compliance with the provisions of on-premises licences should relate to compliance with the primary purpose of the business for which the licence was granted. For example, in the case of on-premises restaurant licence, policing should focus on whether the restaurant is carrying out its primary purpose of serving meals as opposed to how many non-diners are being served alcohol.

9.5.5 Option 5: Removal/Adjustment Need Requirements in the Licence Application Process

Objectives

As noted in the previous section, an objective of the Act is the facilitation and regulation of the optimum development of the tourist, liquor and hospitality industries of the State. Implicit in this objective is the promotion of economic prosperity of those industries. Further, the objectives also incorporate the regulation of the liquor industry in a way compatible with minimising harm arising from the misuse of liquor and the aims of the National Health Policy on Alcohol.

Given these objectives of the Act, s116 establishes the need for applicants for licences (other than a club licence) and for extended trading hours, to establish whether there is a public need for that licence or extension. In considering this public needs trust, the following issues are reviewed:

Number and condition of existing licensed premises;



- Distribution of licensed premises in the proposed location;
- Extend and quality of service already provided;
- Whether the existing licences could meet the service requirements;
- Any other information, including:
 - Population and demographic trends;
 - The number and kinds of residents and visitors and their needs and expectations;
 - Health and social impacts.

Cost/Benefit

If, as recommended earlier, the economic and development objectives of the Act could be accommodated in existing alternative legislation, the core objective of which being appropriate economic development for the state, then it is questionable as to the need for the inclusion of a number of economic criteria in the public need assessment outlined in Section 116 of the Liquor Act. As noted above, Section 116 requires the Chief Executive to take into consideration the number, location and standard of service and facilities of existing licensed premises in determining the "public need" for additional facilities. In addition within the National Health Policy on Alcohol, to which Queensland is a signatory, Control Policies require that in all situations where it is proposed to increase availability, the real possibility of increasing problems should be considered.

We have been advised that these issues are taken into consideration as the Chief Executive seeks to form a view as to what impact on the trade of the existing licensed premises the opening of an additional licensed facility may have and what implications this may have in terms of ongoing compliance with responsible service of alcohol best practice. That is, it is considered that increased competition amongst licensed premises, due to the opening of additional licensed facilities, often caused a decline in responsible service of alcohol compliance as venues seek to retain market share and profitability. Accordingly, the competitive supply position of existing licensed venues is taken into consideration in determining the "public need" for an additional facility.

It could be suggested that the consideration of the potential negative trade impacts on existing facilities of a new licensed premises, is in essence, anti-competitive as market forces of supply and demand would determine the success of competing licensed venues. It could also be argued that the licence applicant is essentially disadvantaged by these provisions as the determination of their licence application is partly based on the likely trade impact of their planned licensed venue on existing facilities. In theory, under these provisions, the more successful that their proposed licensed venue is considered to be, the greater the potential impact on existing licensed facilities, and therefore the less likely that the licence will be granted. Clearly, this could be considered an unreasonable position. While representatives of Liquor Licensing recognise the shortcomings in the existing "public need" assessment process, they cite the following reasons in support of retaining the existing provisions:

 Complying with the Control Policies contained within the National Health Policy on Alcohol;



- Once a liquor licence is granted it can be readily transferred between parties, albeit not premises, providing the opportunity to enter the market without having to establish the "public need" for the venue; and
- Difficulties in effectively prosecuting licensees for breaches of the Act due to restrictions on the power of the Liquor Licensing to take punitive action.

Given the concerns regarding the effectiveness of Liquor Licensing in prosecuting licensees for breaches of the Act, it would appear that Liquor Licensing adopt an approach of controlling the supply of liquor licensees, as a means of achieving the harm minimisation objectives of the Act. While as noted earlier, harm minimisation is generally agreed by all key stakeholder groups as the primary objective of the Act and we consider that the current strategy of limiting supply of liquor licences partly on the basis of the potential impact of increased competition, is perhaps not the most appropriate strategy for achieving this objective. As highlighted earlier, these provisions are considered anti-competitive and potentially discriminatory against new licence applicants. An alternative approach would be to review, and where appropriate strengthen the powers of Liquor Licensing to effectively police compliance with the provisions of the Act.

Accordingly, it is recommended that this alternative approach be fully explored and, pending the outcome, the provisions of Section 116 of the Act in relation to determining public need, also be reviewed from the perspective of removing those anti-competitive provisions requiring an assessment of the potential "trade impact" of the licence application.

Further, we understand that Club Licence applications are not subject to a public benefit test assessment, on the basis that the facilities are established for the benefit of their members, not for the public. However, if a Club licence seeks extensions to normal trading hours (10.00am to 12.00pm) such applications are subject to a public need assessment.

In summary, we consider that there is net public benefit in retaining the provisions of the Act relating to the assessment of the "public need" in determination of a liquor licence application as this process directly assists in achieving one of the key objectives of the Act, being harm minimisation. However, we consider that a number of the criteria adopted in determining "public need" are anti-competitive and appear to discriminate against some categories of licence applicants. Accordingly, it is recommended that the alternative approach of strengthening the powers of Liquor Licensing to police compliance with the Act be fully explored, and pending the outcome of such investigations, the provisions of Section 116 "public needs test" also be reviewed and criteria relating to potential trade impacts by new licence applications be removed.

Department of Tourism, Sport and Racing Public Benefit Test of Queensland Liquor Act, 1992 KPMG Consulting

			With Change' State In - Removal of Public	=		(PMC)
Impact	Consumers	Licensees	Retailers	State Government	Social Welfare	Other
Negative (costs)	Potential increase in consumption by at risk groups due to increased and inappropriate forms of access.	Increased competition may erode profitability. Potential increase in non-compliance with Act increasing exposure to prosecution.		Increased cost of policing.	Increased demand for alcohol related social welfare services due to increased exposure of "at risk" groups.	
Positive (benefits)	Improved convenience, accessibility and selection of licensed venues.	Lower barriers to entry for potential applicants.				



9.6 Summary of Recommendations

The following table summarises the key anti-competitive provisions of the Liquor Act which are the subject of this review, our analysis of the proposed reforms and subsequent recommendations.

	Reform Option Recommendations
	Queensland Liquor Act 1992
Restrictions	Recommendation
Premiums	Remove
Take-Away Liquor	Maintain restrictions on sale of take-away liquor within general licence, club licence, special facility licences and on-premise residential licenses.
	Remove restrictions on size of DBS per general licenses.
	Maintain restrictions on number of licences to 3 per general licence.
	Extend the boundary on the location of DBSs to 10km, with such restrictions being subject to further review within 3 years.
	Retain restrictions limiting take-away liquor sales to club members only.
	Remove restrictions on volume of take-away liquor sales by club licenses.
	Retain restrictions on the visitor access to clubs.
Promotion and Advertising	Maintain current provisions of Act.
Uniform Trading Rules for All Categories of On- Premises	Accommodate the development and economic objectives of the Liquor Act in alternative and more appropriate legislation such as planning and development legislation. This should assist in streamlining the licence application process and focus the primary objective of the Act being that of harm minimisation.
	The introduction of a single on-premise licence, with conditioning by primary purpose.
	Remove provisions requiring cabarets to serve meals prior to 5.00pm.
	Remove provisions relating to serving of non-diners at restaurants and cabarets (prior to 5.00pm) and replace with appropriate criteria to determine the business is trading in accordance with its primary purpose ie, minimum operating hours for restaurant, kitchens etc.
	Suggest compliance with provisions of the Act should focus on determining that businesses are operating in accordance with their primary purpose.
Public Needs Test	Explore the opportunity to strengthen the powers of Liquor Licensing to police compliance with the Act and modify the provisions of the public needs test (Section 116) to remove anti-competitive provisions in relation to trade impacts.

Department of Tourism, Sport and Racing Public Benefit Test of Queensland Liquor Act, 1992 KPMG Consulting

KPMG

Appendix A
Issues Paper
National Competition Policy Review
Queensland Liquor Act 1992





NATIONAL COMPETITION POLICY

REVIEW of the QUEENSLAND LIQUOR ACT 1992

ISSUES PAPER

December 1998

National Competition Policy Liquor Review Panel .

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1 Introduction

The review of the Liquor Act 1992 ('the Ad') is a consequence of the requirements of the National Competition Policy (NCP). At a meeting of the Council of Australian Governments on 11 April 1995, the Queensland Government, together with other Australian States and Territories signed an agreement ('the agreement') with the Commonwealth to implement the National Competition Policy and related reforms.

The Competition Principles Agreement (CPA), which contains the guidelines for reviews, requires all State and Territory Governments to review and, where appropriate, reform all anti-competitive legislation by the year 2000. The guidelines require that the Act be reviewed to ensure that the provisions contained therein do not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs; and
- the objectives of the legislation can only be achieved by restricting competition.

The Liquor Act 1992 has been scheduled for review during 1998/99 under Queensland's National Competition Legislative Review Timetable.

The commitment of the Queensland Government to the National Competition Policy does not indicate that the Government has any predisposed points of view regarding increased competition within the Liquor Industry. Governments have historically taken the view that the sale and consumption of liquor should not be left solely to market forces. On the other hand, restrictions can cause inefficiencies by creating legislative barriers to entry to the market, limiting consumer choice and impeding innovation in the industry.

The review does not presume that the present regulation of the industry is unnecessary. It is the objective of the review, to be undertaken by an independent committee, to ascertain whether the Act, or parts of it, are unnecessarily restrictive. The review must be undertaken to ensure that Queensland-receives substantial Commonwealth payments.



2 Historical issues

The fundamental reason for the need for liquor regulation is that alcohol is a legal form of drug and has the potential, through its misuse, to cause great short and long-term harm to the community and considerable financial impact on the provision of Government services.

Queensland's Liquor Act was originally introduced in 1912. The administration was under the control of the Magistrates Courts for the relevant areas of the State. The Licensing Commission was established in 1935 as a result of amendments to the 1912 Act. The Commission's objectives were to ensure a better distribution of licences throughout the State and to raise standards of accommodation. These changes achieved a centralisation of all decision making, collation of records and collection of licence fees.

Further amendments saw the introduction of the Licensing Court in February 1974. The Court was charged with responsibility for determining applications for new licences, removals, surrenders and show cause for cancellation matters, previously considered by the Commission. In addition, the Court also heard appeals against the Commission's decisions.

In all, the Act was amended 31 times since 1912, until a full review was approved by State Cabinet on 8 November 1988. The new 1992 legislation saw significant de-regulation of the industry including the abolition of the Licensing Court and Licensing Commission and the creation of the Liquor Licensing Division to administer the Act and Regulations.

The Act also underwent further amendments in 1994 and the development of further amendments in 1997/98 which had been introduced to Parliament and were awaiting debate when the State election was called in May 1998. These amendments have now lapsed in favour of undertaking the more holistic review of the legislation as required under the NCP.



3 Size and importance of the liquor industry

There are seven different licence types permitted under the Liquor Act 1992. Of course some of these (eg On-premises licences) have a number of different categories. As at 30 June 1998 there were 4,934 licensed premises throughout Queensland (up 5 % from 1996/97).

- 1,202 General Licences (eg hotels)
- 1,909 On-premises Licences, comprising:
 - restaurants 1,329;
 - other activity 182;
 - cabarets 127;
 - vessels 164;
 - function rooms 38;
 - tourist parks 32;
 - educational facilities 29; and
 - theatres 8.
- 1,030 Club Licences
- 503 Residential Licences (eg motels)
- 108 Producer/Wholesaler Licences
- 108 Limited Licences (eg restricted licences to cover such operations as the sale of liquor in gift baskets or some other limited purpose)
- 74 Special Facility Licences (eg special licences to cover operations such as South Bank, Convention Centres etc)

There were also 451 "detached bottle shops' in existence as at 30 June 1998, up 13 % from 1996/97 (399).

Since the introduction of the current Act in 1992 the number of licences has been increasing at an average of approximately 5.6 % per annum. As could be expected the majority of licensed premises are concentrated in line with population along the eastern seaboard and particularly in the south-east of Queensland. However they are geographically widely spread, located anywhere from Sabai Island (5 kilometres from Papua New Guinea) to Camooweal (13 kilometres from the Northern Territory border) and to Birdsville (12 kilometres from the South Australian border).

Detached Bottle Shops (DBS) refer to the bottle shops approved under Section 59 (1)(d) of the Act. Whilst liquor for consumption off the premises is permitted by these approvals, the



establishments themselves are connected back to a base General (eg hotel). Only three DBS are permitted per General Licence.

Based on the last licence fees collected by the Queensland Government2 for the 1995/96 financial year, General Licences (hotels) represented approximately 83% of the overall liquor sales. Of this it is estimated that 75% of liquor sold is constituted through take-away sales.

Research undertaken by the Liquor Licensing Division' in conjunction with the Government Statistician's Office (GSO) in 1994/95 attempted to measure the economic contribution of the liquor industry to the Queensland economy and of the social costs emanating from the consumption of liquor. The economic and social impact study attempted to quantify benefits such as employment provided by the industry and the value added by the industry to the State's economy.

Whilst the benefits were fairly clearly definable, albeit difficult to measure, the social costs were much more difficult to define, let alone to quantify. In a purely economic sense, the report found that the benefits from the production and sale of alcohol outweigh the social and other costs. The economic contribution of the industry to the Queensland economy in value added terms was estimated at 2.2% of GDP or \$1.2 billion dollars. Employment was estimated at 19,520 jobs or 1.5% of total State employment. It is suspected that these employment figures are far from accurate and the GSO indicated at the time that there were many gaps in the information and that no comprehensive statistical collections had been developed in the past to properly measure such items as employment.

In any event, there is no questioning the importance of the Liquor Industry to Queensland's economy. It is a major source of employment and provides a diversified range of services to the community and visitors to Queensland.

After the Ha and Lim v State of New South Wales High Court decision in August 1997 which placed in question the States' right to collect licence fee on tobacco, liquor and fuel, the Queensland Government desisted from the collection of liquor licence fees.

Reported in "An Assessment of the Economic Impact and Social Costs of Liquor in Queensland".



4 Review requirements

The review shall as a minimum:

- Consider, but not be restricted to, the following existing restrictions on competition:
 - Restrictions on entry to the industry through the imposition of premiums for General and Special Facility Licences;
 - The restriction of the right to sell take-away liquor to the general public to hotels and some Special Facility Licences;
 - Provisions in the Liquor Regulation restricting the ability of hoteliers to locate "detached bottle shops" to locations within a 5 kilometre radius of the main hotel facility (this restriction is related to 2 above);
 - Provisions contained within the responsible hospitality regulations (Regulation 19AB) which restrict the types of promotional activities and prices which can be charged for liquor;
 - Different trading privileges provided by various categories of licence under the Act;
 - Restrictions on the ability to obtain a licence due to the application of the "public need" test relevant to most licence applications; and
 - Consequential administrative arrangements which may be required as a result of legislative change.
- Consider whether the existing restrictions, or any form of restriction should be retained by:
 - analysing the likely effect of the existing restriction, or any form of restriction, on competition and on the economy generally;
 - assessing and balancing the costs and benefits of the restrictions; and
 - considering alternative means for achieving the same result, including nonlegislative approaches.
- Identify the broader impact of the legislation on business and assess whether the impact is warranted in the public benefit.

In undertaking the review, regard will be had to the existing legislative restrictions on the liquor industry in other Australian States and Territories. The review shall also take into consideration other broad policy considerations of the Queensland Government when determining whether the legislative restrictions on competition are warranted. These considerations include, but are not restricted to:

- Social welfare and equity considerations, including community service obligations;
- Health and harm minimisation issues including the aims of the National Health Policy and the Queensland Drug and Alcohol Strategy;



- The likely economic implications of change on the existing structure of the Queensland Liquor Industry;
- Government legislation and policies relating to occupational health and safety and industrial relations;
- Economic and regional development, including employment and investment growth;
- The interests of consumers generally or a class of consumers;
- The impact of change on local government and amenity issues;
- The competitiveness of Australian businesses; and
- The efficient allocation of resources.

The Review shall also consider and make recommendation on the administrative effectiveness of the Act, particularly taking into consideration the contents of the Liquor Amendment Bill introduced into Parliament in April 1998.



5 The review procedure

The Review Committee must complete a Report and Competition Impact Statement which will be submitted to Cabinet for consideration. In doing so the process for the review will include the following fundamental steps:

Task	Timeframe
Announcement of review and Committee, Terms of Reference, Timetable for Review.	December 1998
Release of Issues Paper and advertising of invitation to make submissions.	December 1998
Public hearings and direct consultation with key stakeholders to provide the opportunity for all parties to make oral presentation in support of their submissions.	March 1999
Conduct Public Benefit Test and development of Competition Impact Statement.	February- April 1999
Consultation with key stakeholders re preliminary findings and final report to Government.	
Submission of report to Cabinet with recommendations.	

In relation to Item 4 the Review Committee must complete a Competition Impact Statement (CIS) which contains as a minimum the results of the assessment of costs and benefits, both qualitative and quantitative, of each issue identified as being restrictive. The CIS should include a discussion under the following headings:

- Brief description of the relevant restrictive practice and its legislative basis. A description of the nature of the restriction on competition (including a brief description of the structure and operation of the market in question) and who is (or might be) affected. A statement of the alternative options for achieving the desired objective, including non-legislative alternatives.
- A summary of the costs and benefits (qualitative and quantitative) associated with the alternative options compared with the existing situation.
- A comparison of the net impacts for the main options for achieving the desired policy objective.
- A list of the affected groups which have been consulted and the outcomes of consultation.
- A date for review or sunsetting of the restricting provisions or an outline of any transitional arrangements which may be required under the recommended course of action and the rationale for these arrangements.



6 Discussion of key issues

6.1 Sections 219, 220 - "Premiums"

These sections require the Chief Executive to determine a premium which must be paid before a General or Special Facility Licence can be granted. The original objectives for the imposition of premiums were to raise revenue for Government which was to be used in campaigns aimed at minimising the harms associated with alcohol and also funding a compensation scheme for the "buy back" of hotel licences. The setting of premiums can be seen as imposing a restriction on entry to the industry.

General and Special Facility Licences are the only two licences for which a premium has to be paid and in effect is because these licences can trade in a virtually unrestricted manner including take-away liquor sales to the public. Premiums are calculated on factors including the locality of the proposed licence, the size of the premises and the nature of the business. Premiums can range anywhere from \$10,000 to \$150,000.

6.2 Sections 59 and 93 - "Take-away Liquor"

Only two licence types are permitted to sell take-away liquor to the general public and the above sections set out the authority of both the General Licence (Section 59) and Special Facility Licence (Section 93) to do so. The often referred to prohibition on supermarkets selling take-away liquor is thus more implicit in the legislation rather than explicit.

Licensed Clubs are also permitted, by virtue of Section 85, to sell take-away liquor, but only to their members and only in restricted quantities, being a maximum 18 litres per day per member (Section 87). Clubs consider this to be an unnecessary restriction and have in the past lobbied Government for its removal. They believe that they should be able to supply their members' take-away needs without any arbitrary restriction.

Limited Licences (Section 95). are also able to sell liquor for consumption off the premises but these generally relate to specialty sales of take-away liquor which are in association with another business eg "gift baskets".

6.3 Liquor Regulation 6C - Detached Bottle Shop Restrictions

This Regulation relates to Section 59(1)(d) of the Act which is the section regarding what are commonly referred to as "detached bottle shops" (DBS). Since 1988 hoteliers have been permitted to locate take-away liquor outlets away from their main premises. Ills was initially permitted under the 1912 Act by virtue of an interpretation of that Act by the then Licensing Commission (eg the Act did not specify licensed areas had to be contiguous). The interpretation was subsequently entrenched in the legislation in 1992.

Thee Liquor Regulation contains a number of provisions upon which the Chief Executive can approve DBS. Hoteliers are restricted to locate their DBS outlet to a location within a 5 kilometre radius of the main hotel facility (unless in a "remote" area). Other provisions within this Regulation restrict hoteliers to having no more than 100 m' for display and 30 m 2 for storage. This is to avoid big liquor barn type establishments appearing in small suburban shopping centres. The Regulation also restricts the number of DBS per hotel to no more than three. This was introduced in 1994 to decrease the "predatory" practices of some General Licence holders in locating DBS near or adjacent to rival outlets. To a lesser extent it was



also to ensure that the facilities were within a defined manageable distance from the main premises.

Consideration of these restrictions must be undertaken in conjunction with the wider issue of who, or which entities, are eligible to sell take-away liquor.

6.4 Regulation 19A.B - Restrictions on the Promotion and Sale of Liquor

Regulation 19AB was introduced in July 1995 to bolster provisions of the Act which implied that liquor should be served responsibly. The Regulation entitled "Responsible practices in the service, supply and promotion of liquor" made it an offence for holders of licences to engage in a practice or promotion that may encourage rapid or excessive consumption of liquor, eg cheap drinks, irresponsible promotions etc.

As this matter could have been perceived as an issue involving price control, discussions were conducted with the then Trade Practices Commission to ensure the Regulation did not contravene Federal Legislation. This matter could again be examined to ensure that the restrictions spelt out in the Regulation should be retained in the public interest. The extent of the Regulation to establish price "control' could also be examined.

6.5 Part 4 - Different trading privileges provided by various categories of licences

Part 4 of the Act sets out the authority provided by the various categories of licences which were discussed in 3 above. These categories differentiate the trading rights of hotels, clubs, restaurants etc and go to the very centre of market share issues. On- premises Restaurants for example can only serve liquor with a meal or, if under various other approvals, to 20% of their non-dining patrons, or persons attending functions. Hotels (eg General Licences) on the other hand have fundamentally an unrestricted right to sell liquor to the public. An On-premises Cabaret however can only sell liquor with a meal prior to 5.00 pm and in association with entertainment after that time.

Restaurateurs and others can be granted a somewhat arbitrary 20% concession to supply liquor to diners without the provision of a meal.

These artificial barriers have evolved through time and often provide a restriction on licensees in meeting the public expectations. Of course it can be argued that licensees can always apply for a licence more suitable to their trading focus; however, this cannot always be achieved as the categories of licences available do not always meet the desired trading pattern (for example, there is no provision for a person to merely establish a "bar" under the Act).

Also the requirement for various licence types to provide accommodation or other facilities to the standard required by the Chief Executive imposes substantial capital costs and may act as a barrier to entry.

6.6 Section 116 - Public Need Relevant to Applications

Section 116 establishes the need for applicants for licences (other than a Club Licence) and for extended trading hours to establish whether there is a "public need" for that licence or extension. If the need is not established the Chief Executive cannot grant the application. In considering the need the section sets out the types of issues which must be considered (eg Final Report.doc - 04/08/99 14:15



population, distribution of existing licences and services, tourist activity etc). The section is clearly one which offends against the Tree marked paradigm, but has been legislated to avoid a proliferation of licences and the detrimental effects which would be likely to flow on to the community from such a proliferation.

It could be argued that public need is a difficult concept to establish, particularly in relation to some categories of licence such as restaurants. When is one more restaurant not in the public need? It is noteworthy on this issue that until the 1992 Act was introduced, licensees were able to object to other licences being granted based on economic viability issues. Many still make submissions on the grant of another licence on the basis of public need.

Similarly the Chief Executive must consider if there is a public need for a licensed venue to trade past midnight. This can be an even more difficult issue to quantifiably demonstrate. The public need concept is one which can form an artificial (and difficult to establish) barrier to entry into the market.

7 How to make a submission

The Review Committee encourages the involvement of all interested parties. Community and Business input is essential to gain a balanced perspective on issues. Persons wishing to make input do not have to restrict their submissions to the key issues set out in this paper. Comment may be made about any aspect involving the regulation of liquor in Queensland including its administration.

Submissions should be made in writing to:

The Project Officer National Competition Policy Liquor Review Panel GPO Box 1141 BRISBANE QLD 4001

If the submission is made on behalf of an organisation, six copies of the submission should be lodged.

All submissions will be treated as public documents. If details of a confidential or commercial nature are lodged as part of the submission, those details should be attached as an addendum to the main submission and be clearly marked "commercial in confidence".

Copies of the Liquor Act 1992 and Regulation can be obtained from the Go Print Bookshop on telephone 3246 3500 or at either of their distribution centres located at 371 Vulture Street, Woolloongabba, or 41 George Street, Brisbane. The cost of the Act and Regulation is \$21.93 at the counter or \$26.93 posted. Alternatively, the legislation can be accessed through the internet at http://www.legislation.gov.au

For further information please contact the Review Project



Appendix B Alcohol Consumption and Associated Harm Issues Dr Ann Roche

Ann M Roche, PhD

Ann Roche is a senior lecturer within the Department of Social and Preventive Medicine at the University of Queensland and Director of the Queensland Alcohol and Drug Research and Education Centre (QADREC) with the Department. She has held this position for the past three years. She has over twenty years experience in the field of public health and has worked as a researcher, educator, and policy analyst in various public health areas and has held academic posts at the University of Sydney and the University of Newcastle. For the past 12 years her interests and professional activities have focussed exclusively on alcohol and drug issues. Her work in particular areas of this field is known and respected nationally and internationally. She is the founding Director of QADREC in which capacity she established the first courses in Addiction Studies in Queensland.

She has published extensively in alcohol and drug and related public health areas, over 100 papers and reports including several book chapters. In addition, she has worked as a temporary consultant to the World Health Organization, undertaken numerous consultancies for government and non-government bodies and has acted as an adviser on a wide range of committees.

She holds various positions with a wide range of professional bodies including: Council member of Australian Professional and Medical Society on Alcohol and Other Drugs, a member of the alcohol industries Alcohol Beverages Advertising Code review panel, a member of the Queensland Inter-sectoral Committee for the Prevention of Drug Abuse, and member of the Research Committee of the Alcohol and Drug Council of Australia.

SOCIAL ISSUES PERTAINING TO THE LIQUOR ACT REVIEW QUEENSLAND 1999 National Competition Policy Liquor Review Committee Ann M Roche University of Queensland

Executive Summary

Alcohol: The Availability vs Control Conundrum

- Throughout recorded history various controls have been placed over the
 availability and use of alcohol in an effort to minimise its potentially negative
 consequences, while simultaneously allowing the enjoyment of this beverage.
 Finding the balance between control and availability has always been fraught with
 difficulty.
- Reconciling the competing interests, largely economic and health/ social, is a complex task.
- Most developed countries have in place a series of policies and controls designed to minimise harms associated with alcohol. Most of these control mechanisms have been predicated on the basis that greater access to alcohol resulted in higher levels of consumption, and that higher levels of consumption resulted in more harms and alcohol-related problems. Policy changes and loosening of restrictions on availability in several countries and regions have not supported this traditional public health position.

National and International Competition and Market Forces

• In recent years, the controversy surrounding the control-availability debate has widened to include other factors such as those entailed in the national competition policy. In this context, there is growing pressure to see alcohol as merely another commercial product which should not be given special or particular consideration. The contrary view is that alcohol is indeed special and different from other commercial products, such as bread or milk, in that it possess substantial demonstrable capacity to contribute to significant harms at the individual and community level.

Alcohol Related Harms

- Alcohol is estimated to cost Australians approximately 6 billion dollars per annum (in 1996 terms). This figure is determined through calculations of hospital, health and social costs of both a tangible and intangible nature (See Collins and Lapsley, 1996).
- Other harms associated with alcohol use include those of an acute and chronic nature. Traditionally, it has been argued that the principal harms associated with the use of alcohol were those incurred by the few alcohol dependent individuals. More recent epidemiological work indicates that is not the case. Most harms are indeed incurred by the wider community, most of whom would normally consume alcohol in a low risk or modest manner, but who also regularly drink in a hazardous manner. This is a major shift in our perception of the nature of alcohol problems and has important implications for the development of alcohol related social policy.

Minimising Harms

• Very recent efforts to minimise harms associated with alcohol have increasingly focussed on several key factors. These include the patterns of use and the context of use.

Patterns of use, and not availability and consumption per se, are increasingly seen as the key areas which warrant attention to reduce social harms from alcohol. Responsible social policies now address the issues relating to the manner and context in which alcohol is consumed.

The concept of patterns of consumption refers to not only what quantity of alcohol is consumed over what time period, but it also incorporates a range of contextual factors such as the drinking environment, the drinking confederates and the associated behaviours and social norms surrounding the consumption of alcohol.

In terms of *context*, the consumption of alcohol in socially congenial settings has been empirically demonstrated to reduce a wide range of problems including episodes of intoxication and problems of violence, aggression and injury. At a community level, settings in which alcohol is regularly consumed often serves an important role in terms of facilitating social cohesion. Social settings for the consumption of alcohol can also provide strong social mores about drinking behaviours. Drinking in isolation often is associated with elevated harms

In addition, the provision of food has been showed in a number of studies to also significantly reduce alcohol-related problems. There is good data to support the continuation of regulations that require food to be served with alcoholic beverages. This is especially the case where the beverages commonly consumed are spirits and beer (beverage types more frequently associated with problems).

Alcohol-related Problems and Beverage Types

• The data consistently highlight elevated problems associated with the consumption of spirits and beers, rather than wine. It is not clear whether this is a result of factors associated with characteristics of the drinker, or the beverage itself. Nonetheless, particular attention is needed to be directed to issues of safety and public health and well being where full strength beer and spirits are served.

Youth and Drinking

- Although overall mean consumption levels in Australia are decreasing, the pattern of consumption for young and very young people is the reverse.
- There is increasing concern over the doubling of hazardous drinking patterns of young people reported over the past decade. Young people also prefer certain types of alcoholic beverages, namely spirits and full strength beer. Many young people report drinking intentionally to get drunk.
- In geographic regions where there a high concentrations of young people, and especially where this is coupled with social disadvantage in the form of high unemployment levels or economic or social deprivation then particular care is needed in relation to the availability of alcohol.
- Ease of access to alcohol is associated with increased consumption by youth and increased hazardous consumption.

Rurality and Remoteness

- Geographical remoteness is often associated with greater levels of alcohol-related problems. For a variety of reasons there is evidence of the need to apply particular care to any loosening of alcohol outlets in rural and remote areas in Queensland. Current alcohol use data highlight important regional variations in this state. High problem areas are often co-located with rural and remote communities.
- It is noted that Queensland has 2 to 3 times the national average for positive RBT readings, suggesting higher levels of drink driving in this state. Increased access to alcohol through a greater number of outlets may further contribute to this pattern.
- It is also noted that the traditional social location of licensed premises; such as
 pubs, clubs and hotels, can play an important part in the social and communal life
 of rural people. Many smaller towns for instance have only a limited number of
 centres for social congregation. It is considered important to minimise disruption
 to these elements of social cohesion in a town.

Alcohol and Indigenous Australians

- Recent survey data illustrate several important facts about alcohol and indigenous
 Australians. Firstly, more indigenous Australians are alcohol abstainers than the
 general community, however of those that do drink it is more common for that
 consumption to be at a hazardous level. Alcohol-related problems manifest
 themselves in a variety of ways ranging from health problems to major social
 disruption.
- Indigenous Australians in rural and remote areas are particularly vulnerable to changes to alcohol control policies. Already existing problems can be readily exacerbated by even slight changes in relation to access to alcohol.

Alcohol-related Problems and Socio-Economic Status

Greater problems are found with alcohol among those individuals and in those
geographical areas with lower socio-economic status. Such individuals and
locations are seen to be particularly vulnerable to changes in access and
availability to alcohol. Provision of alcohol at lower costs is known to increase
consumption among various groups, especially those on limited incomes. In areas
where there is evidence of economic fragility, for instance high levels of youth
unemployment, particular care is warranted.

Strategies to Appropriately Manage Access to Alcohol

- Access to alcohol per se is not consistently shown to be of concern from a social issues perspective, rather it is the manner in which it is accessed and consumed.
- Server training has proved to be an acceptable (to all parties) strategy to minimise
 many of the key concern areas such as underage drinking and intoxication.
 Problems arise in terms of how to best manage the process of server training in
 settings other than formal licensed premises. Greater attention is needed to be
 directed to this issue.

AN OVERVIEW OF PATTERNS OF USE AND PREVALENCE OF PROBLEMS

Overall, alcohol is widely consumed in Australia. Most adult drinkers drink in moderation most of the time, and most also drink immoderately some of the time. Drinking, and in particular excessive drinking among young people, is an area of growing concern with binge drinking becoming more common. In general, those who are younger, with less education, those unemployed and/or with a lower expendable income are more likely to be more hazardous drinkers or more prone to alcohol-related problems.

(the following are summary data from Australia's National Household Survey (1996))

- 76% of Australians aged over 14 years are current drinkers. Among 14 19 year olds, 63% (males) and 61% (females) were drinkers. Of these 14 19 year old drinkers 48% (males) and 69% (females) reported that they usually drank at a hazardous or harmful levels. Hazardous and harmful consumption was more common in the underage group than in any other age group.
- Among drinkers who consumed alcohol at very harmful levels (ie more than 8 standard drinks for females and 12 for males), 57% had intended to get drunk. Those aged 14 19 had the highest rates of intention to get drunk at 72%, followed by 20 24 year olds at 68%. Males were no more likely to get deliberately drunk than females.
- Type of alcohol consumed varied by age and sex of the drinker. Spirits were the preferred beverage of 70% of the 14 19 year olds followed by a preference for beer by 47%. Wine was the most preferred beverage among older (>35 year old) females.
- Drinking venues: Most (79%) over 35 year olds preferred to drink at home. While the most preferred venue for 20 24 year olds was pubs, clubs and winebars (65%). Pubs and clubs were preferred by more males than females. Younger drinkers (14 19 year olds) most preferred to drink at parties (77%) or friends' homes (57%).
- Nearly half (49%) of all drinkers reported attempts to reduce their alcohol consumption over the past 12 months. This was attempted either by reducing the amount of alcohol consumed on any one occasion (attempted by 27% of all current drinkers), reducing the number of occasions when alcohol is consumed (25%), and switching to more low alcohol drinks (16%).
- More than one third of the population aged 14 or more reported that they had been verbally abused in the last 12 months by someone affected by alcohol, more than a quarter had been put in fear by someone so affected, while 9% had been physically abused. With respect to property crime, 13% had property damaged by someone affected by alcohol, and 5% had property stolen. Males and regular drinkers were more likely to have experienced alcohol-related crimes than females.

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SECTION 1.

GENERAL BACKGROUND

In Australia, each state and territory has its own major liquor licensing act governing the sale and supply of alcohol. The trend in Australia over recent years, as in many other parts of the world, has been towards deregulation, easing restrictions on hours and encouraging diversity in services and facilities selling alcohol. The current challenge is to find an equitable and reasonable balance between various competing factors. For many the sale and supply of alcohol is purely a matter of economic and market forces and the product should be dealt with as any other commercial commodity. For others, the availability of alcohol has wider implications and involves issues of health, safety and well being of individuals and communities.

This report highlights the range of social issues that are relevant to the current review of the Queensland Liquor Act and the activities of the National Competition Policy Liquor Review Committee. The document covers key areas that are considered important for consideration under the terms of the current review from a social perspective. Particular attention is paid to areas such as the role of alcohol in the life of young people, women, and indigenous Australians. Rurality and remoteness are of special significance in Queensland and hence also addressed in the report, as are matters relating to socio-economic status and unemployment. While not exhaustive, these are some of the key areas highlighted in this review of social issues and the availability of alcohol.

Historical Context

To appreciate the place that alcohol occupies in the Australian social landscape it is necessary to understand the historical context from which the use of alcohol in Australia stems. Alcohol was introduced into Australia in the 18th century by Europeans in their capacity as traders, sealers and whalers, overseers of the penal colony and as settlers (Stewart, 1997). The indigenous Aboriginal populations had little or no prior experience with alcohol (Brady, 1990). The white and predominantly male, colonial population, engaged in activities such as gold mining and 'breaking' in the land, established a patterns of heavy drinking, one of the few recreational pursuits available at the end of long periods of hard toil (Room, 1988). Drunkenness was a significant problem and contributed to the growth of a strong temperance movement at the end of the last century. The legacy was tight controls on hours of sale and types of outlets to prevent drunkenness. Licensing laws also functioned to provide economic regulation and protection for the trade (Nieuwenhuysen, 1988).

Hotels and Watering Holes

Drinking in Australia has traditionally been a male pursuit, and hotels were the main drinking establishments, venues from which respectable women were excluded. The relatively early closing time of 6pm brought with it a distinctive, and now infamous, pattern of consumption 'the six o'clock swill'. Men would retire to pubs immediately after work and rapidly consume large amounts of alcohol that the limited time would allow. Scenes reminiscent of that characterised in the movie "Caddie" were common.

By the end of the 1950's and during the 1960's access to alcohol became more relaxed and many of the restrictions and controls began to ease. Closing times were extended from 6pm to 10pm and alternative sites for alcohol consumption began to emerge such as restaurants and night clubs. Many changes were brought about in response to increased immigration and different styles of drinking and patterns of socialising, by increased travel and world experience and the expansion of leisure time. In addition, substantial changes occurred in relation to the role of women who were now moving into the paid workforce and out of a limited domestic sphere. In the last decade there has been an even greater loosening of controls on the availability of alcohol. This brings with it the task of identifying the most appropriate balance between restrictions on a product that is clearly widely enjoyed by most Australians and taking responsible steps to ensure that any attendant harms will be minimised.

Binge Drinking

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A well established pattern of binge drinking has characterised Australian drinking styles. Note Room's reference to 'work and burst' lifestyle patterns. Such a pattern persists today, and is especially common among young and very young drinkers (see later sections in this report).

Consumption Levels and Problems

International data have supported the view that most alcohol is consumed by a relatively small proportion of the population who concomitantly experience most of the alcohol related harm (Stewart, 1997). Such a view has also largely been used to shape alcohol availability and control policies. More recent data analyses suggest that the relationship between levels of consumption and harm are more complex are by necessity must involve the pattern of consumption. This is particularly important in countries such as Australia where episodes of heavy sporadic drinking, or binging (Roche, 1999) is very common. Determining the nature of the patterns of consumption, and subsequent harms, is essential in informing the shape of appropriate control policies.

Aggregate Consumption Levels

In contrast to the increased availability of alcohol, per capita consumption has been declining in Australia since the late 1970's. For instance, per capita consumption of per litres of alcohol declined from 9.6 in 1980 to 7.6 in 1995, although it is noted that this does not apply to younger people who are drinker at heavier levels than previously. Determining the factors which have influenced this decreased level of overall consumption is complex. Factors such as economic recession, changing cultural mores regarding drinking and driving, random breathe testing, lower blood alcohol levels for driving, low alcohol beers, and public health campaigns to encourage safer consumption may each have layed a role. Although it is also noted that decreased mean consumption levels is a phenomenon being experienced across a number of developed countries. This international trend may be more to do with what Room (1987) describes as the long waves of consumption whereby heavy drinking levels persist for several decades to be followed by long subsequent periods of lower levels of consumption, and so on. Many of the traditional precepts underpinning alcohol controls policies are now being challenged. We are currently in a period of alcohol policy flux during which it is essential to carefully examine the social issues that may be impacted upon by changing alcohol related policies.

SECTION 2.

COST AND BENEFITS? ECONOMIC VS SOCIAL CONSIDERATIONS

When shaping alcohol policies two different paradigms operate simultaneously. These are a economic paradigm which places emphasis on the economic resources to be obtained via the sales, taxes and other forms of revenue generated together with wider economic benefits at a community level; and a public health paradigm which places emphasis on the health concerns and social harms that may be derived from the use of alcohol. Reconciliation of these two competing paradigms is necessary.

Beverage alcohol has a well-established place in the economics of developed countries of the world. The production and distribution of beer, wine, and spirits are significant activities, generating considerable employment and providing an important source of tax revenue for many governments. Consumer spending on these items is an important component of total expenditure. At the same time, it is generally acknowledged that problem drinking also imposes serious costs on society. These costs are due to the excess morbidity, premature mortality, crime, policing, accidents and other burdens that can be linked to alcohol abuse.

The quantification of these costs has been a concern of researchers and policy makers for many decades. The benefits derived from drinking also poses considerable Basic questions arise regarding whether we should treat conceptual problems. beverage alcohol as similar to other items of consumption, whose benefit to the consumer is accurately measured by the amount he/she spends on them? Or, is there a sense in which these commodities differ from others this regard? The answer would seem to be "no" to the first and "yes" to the second question because drinking is widely acknowledged to have implications for the economy and society that differentiate the production, distribution and consumption of beverage alcohol from that of most "ordinary" commodities (what economists refer to as the "spillover" of "external" effects of drinking). These effects have given rise to a voluminous literature on the costs and benefits of alcohol consumption - a literature which is without counterpart for most other sectors of the economy (Walsh, 1998). Despite the long tradition of alcohol studies in developed countries, there is still a considerable lack of agreement on how to measure the social costs and benefits of drinking.

Benefits

It is important to note that there are two fundamentally different approaches to a cost benefits analysis of alcohol. Richardson and Crowley (1995) have described how this can be characterised as the economic and traditional public health model. They further suggest that the decision rule which should apply to a cost benefit analysis of alcohol is 'to pursue only those policies where the value of benefits generated is at least as great as the value of associated costs'. In the present context, the costs associated with a policy change are the 'consumption cost' and the benefits are reduced social costs of alcohol consumption.

The benefit consumers derive from drinking is measured in the first place by the price drinkers pay for alcohol. If drinkers are informed and free in their consumption decisions, this outlay represents a minimum estimate of their valuation of the benefits they derive from drinking. However, beverage alcohol is often regarded as addictive and this may later the way in which we treat consumer expenditure in a befit-cost study. Addictive goods have been defined by economists as those for which the utility derived from future consumption depends on the present and past levels of consumption.

If moderate drinking bestows health advantages that are not part of the drinker's motivation for drinking, this is an additional benefit that should be included in a social evaluation of drinking. Any resultant reduction in health charges should also be taken into account. The magnitude of the beneficial effects of moderate drinking is still uncertain but their existence is increasingly accepted (Ashley et al, 1994). The most significant beneficial side effect is some reduction in the risk of coronary heart disease. This is a much more important cause of premature death in developed than in developing countries, which would reduce its relevance to poorer countries. Studies of the costs and benefits of drinking have not usually taken this consideration into account.

Beverage alcohol is a convenient source of tax revenue. Special taxes on beer, wine and spirits were important sources of revenue in many developed countries in the past, and they continue to be important in some northern European countries, states in the US and Canada. By paying these taxes, drinkers not only cover the costs of producing and distributing beverage alcohol but they also make money available to government which could be used to cover the social costs of drinking. While these taxes are included in the expenditure on alcohol, some or all of these taxes could be deducted from any social costs imposed by drinkers, to arrive at net social cost.

It is noted that the outlay on beverage alcohol by consumers may be taken as the best available measure of the benefit derived from drinking. To treat employment in the drinks industry, the value of the raw materials purchased and other costs of production also as benefits would involve double counting. While these costs are relevant to an assessment of the economic significance of the industry to a country or region, to regard them as a benefit over and above the value of drinking to drinkers is to assume that the resources used in the industry would otherwise be unemployed. A general equilibrium framework of this type is the most appropriate for an evaluation of the economic benefits of the drinks industry, analogous to consumers' surplus.

Costs

Much more attention has been devoted to the assessment of the social costs of drinking than to discussion of its benefits. The key distinction is between that of private and social costs. The private costs of drinking are borne by the drinkers themselves. These include payments for the scarce resources (labour, raw materials etc.) used to produce and distribute beverage alcohol, as well as the taxes imposed in it. Private costs are generally irrelevant from a policy perspective. A rational consumer knowingly incurs these costs. In the case of alcohol, the consumer implicitly calculates that at the margin the benefit derived from the consumption of alcohol equals the price paid. This logic may also be extended to cover the non-monetary costs of drinking borne by the drinker, such as damage to health, reduced earnings and premature death, to the extent that these are knowingly incurred. Economists have shown that individuals differ greatly in how much they are willing

to pay to reduce risk (Viscusi,1990). Poor people appear to attach lower value to health and safety than the rich.

The social costs of an activity include private costs plus those that are external to the consumer. The external costs of drinking are not borne by the drinker but are imposed on others or on society at large. Even if foreseen, they are not taken into account by the individual drinker. A divergence between private and social costs in any sphere of activity can result in resource misallocation.

The cost of medical treatment attributable to illness arising from drinking is an external cost to the extent that it results in higher taxation or insurance premiums and is not paid for by the drinker himself. Ideally this cost should be evaluated as the present value of the health costs imposed on the state by a drinker over his lifetime compared with the present value of costs imposed by a similar individual who does not drink. Walsh (1998) maintains that the emphasis on a lifetime approach is important. The savings in health expenditure and care of the elderly arising from alcohol-related premature deaths should be offset against the burden drinkers place on the health services (Atkinson & Meade, 1974; Cook, 1984; Markandya & Pearce, 1989). While there is general agreement among economists that this is the appropriate methodology, in fact it is rarely implemented.

While there is some dispute about the causal role of drinking, there is strong evidence that alcohol is associated with numerous forms of violence (homicide, suicide, assaults, riotous behaviour, etc.) in developed countries (Romelsjo, 1995). Recent research attributes a considerable volume of urban crime in the United States to the externalities associated with the concentration of liquor outlets in inner-city neighbourhoods (Dilulio, 1995). There is some evidence of a rising incidence of social problems being linked to the spread of drinking in developing countries (Medina-Moura & Gonzales, 1989). The costs that should be taken into account under this heading include the value of the loss of life and the pain and suffering of the victims of drink-related crimes, as well as the costs of policing drunks and enforcing laws related to drinking.

Drinking is implicated in a large proportion of many types of accidents, road traffic accidents in particular. While most developed countries have gradually put in place elaborate control policies to limit the risk of alcohol-related accidents. The proportion of all accidental deaths attributable to alcohol may are properly included in the social costs of drinking. Their valuation involves calculating the value of loss of life, pain and suffering, medical costs and material damages.

Premature death reduces the taxes that are paid by drinkers over their lifetime and also reduces the benefits which they claim from the state. The difference between these two streams, discounted to their present values, represents a social cost or benefit, depending on whether it is positive of negative, of drinking.

Many other, relatively minor, costs are also imposed on society by alcohol abuse. These include the social response to alcoholism – for example, publicly financed educational and rehabilitation programs and the cost of social workers dealing with alcoholics and their families.

SECTION 3.

3.1 ALCOHOL CONSUMPTION IN QUEENSLAND AND AUSTRALIA

International comparisons reveal Australians to be among the heaviest consumers of alcohol in the English speaking world (McCallister, Moore & Makkai, 1991). Alcohol is consumed by approximately 80% of the population overall and initiation into the use of alcohol also occurs at a relatively early age. In addition to being prolific drinkers, we have also become more diverse drinkers. In recent years, alcoholic beverage preferences have shifted from predominantly beer and spirits to a more varied drinking repertoire including wines, mixer drinks, beer and spirits. However, in Queensland beer remains the preferred beverage.

Approximately 80% of Australians drink alcohol and about two thirds of drinkers categorise themselves as drinking at low risk levels (i.e., two or less standard drinks per occasion for women, and four or less drinks for men). Overall, most Australians who drink do so in a moderate fashion most of the time. Importantly, however, 72% of drinkers also report exceeding these levels on at least one occasion during the previous year (NDSHS, 1996). So, while most drinkers consume alcohol in a low risk manner most of the time, most drinkers also occasionally drink in a hazardous manner.

In addition to consumption pattern variation, such irregular hazardous consumption by most drinkers, there are also substantial regional variations in mean consumption levels reports across Queensland. Government data analyses report variations as great as two fold across the state (Queensland Health, 1995). That is, some regions are reported to consume more than double the quantity of alcohol as other regions. It is further noted that the higher consuming regions are those that are more geographically remote and distant from the south east corner of the state.

Alcohol Consumption By Age and Sex

In Australia, males tend to drink more alcohol and on more frequent occasions than females. For instance, two thirds of males report drinking alcohol once per week or more, compared to less than half (45%) of females (NDSHS, 1996). Consumption patterns also vary according to age. The NDSHS (1996) found that of males aged 25-34 years, 17% usually drink at harmful levels, compared with 7% of males over 55 years. A similar trend exists for women whereby 13% of 25-34 year olds drink hazardously, compared to 2% of women over 55.

However, the relationship between risk level and age is even more pronounced for younger people. While 25% of males and 30% of females aged 14-19 years old drink harmfully, a further 28% of males and 39% of females aged 20-24 also drink harmfully. These figures indicate that among young drinkers, between one quarter and a third of them drink in a harmful way. Overall, more adolescents and young adults (14-24 years) drink at harmful levels than any other sector of the Australian community. In general, after adolescence and early adulthood the likelihood of drinking at hazardous and harmful levels decreases with age. That is, the older one

becomes the less likely it is that one will drink in a potentially harmful or hazardous manner.

That young adults increasingly engage in dangerous drinking practices is clear when trend data specific to high school students is considered. In 1985, the NDSHS found that 38% of male and 36% of female students between 14-17 years had consumed 5 or more, or 3 or more (respectively), standard drinks on at least one occasion (Williams, 1997). By 1996, these figures had risen dramatically to 61% for males, and 76% for females. Even more disturbing is that whereas in 1985, 22% of male 14 year old students recorded having consumed 5 or more drinks on at least one occasion, a decade later in 1995, this proportion had trebled to 65%.

Data released in March 1999 (NDSHS, 1998) show that two thirds of 14-19 year olds consume dangerous levels of alcohol when they drink it is a second

Not only is the proportion of young people drinking - and drinking hazardously - increasing, these drinkers are largely below the legal drinking age. The most recent data suggest that 81% of males and 92% of females have consumed more than 5 and 3 drinks (respectively) on at least one occasion by the age 17, that is, before reaching the legal age of consumption in Australia. Other studies report that 28% of 15-17 year olds consumed 7 or more standard drinks on their last drinking occasion (Shanahan & Hewitt, 1999). For most people this would almost invariably mean becoming intoxicated.

Thus, even though there has been a general reduction in Australian mean alcohol consumption levels, it is important to highlight that younger Australians are engaging in more harmful drinking practices, with greater frequency, and at an earlier age, than ever before. Clearly, underage drinking is widespread within the Australian community. The implications of this will be addressed below. Important questions arise regarding the setting, and context in which drinking may be occurring generally, and for young people in particular. Moreover, what are the potential harms than can result from drinking at an early age versus any potential benefits from learning to drink sensibly and in moderation from the time of initiation.

Drinking, Youth and Harm

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The most important harms likely to be incurred by young people as a result of alcohol use are injuries and violence. Much overseas data has focussed on drinking patterns and problems of young people, and especially college students. American studies in particular have concentrated on this group as the legal drinking age in all 50 states is now 21 years of age. U.S. studies have noted that drinking by college students is associated with numerous health and social problems, including:

- automobile crash injury and death,
- suicide and depression,
- missed classes and decreased academic performance,
- · loss of memory,
- blackouts, fighting,
- property damage,
- peer criticism and broken friendships,
- date rape, and unprotected sexual intercourse that places such persons at risk for sexually transmitted diseases,

HIV infection and unplanned pregnancy (Williams and Knox, 1987).

A very recent Australian study of university students and drinking found that over one third of those surveyed reported sustaining an injury as a result of their drinking in the previous 12 months (Roche and Watt, in press). Similarly, a recent American study revealed that 16.4% of injury presentations by college student patients at an emergency department were alcohol-related (Wright et al., 1998), and first year students were identified as at greater risk.

As noted above, it is not only the individuals who drink excessively who incur problems, but also those around them and with whom they associate. For example, Weschler et al. (1994) found that non-bingeing students at colleges with high binge levels were more likely than similar students at schools with low binge levels to experience assaults, property damage, interrupted sleep, unwanted sexual advances, serious quarrels and having to take care of a drunken student. Surveys of adolescents further suggest that alcohol use is associated with risky sexual behaviour and increased vulnerability to coercive sexual activity.

Among adolescents surveyed in New Zealand, alcohol misuse was significantly associated with unprotected intercourse and sexual activity before age 16 (Fergusson and Lynsky, 1996). Similarly, 44% of sexually active Massachusetts teenagers said they were more likely to have sexual intercourse if they had been drinking, and 17% said they were less likely to use condoms after drinking (Strunin, 1992). Adolescent abusers of alcohol in this cohort show elevated liver enzymes, high rates of multiple drug use, and poorer language function (Chassin & deLucia, 1996). Perhaps of greater importance in terms of public health is that alcohol consumption among adolescents is associated with the three leading causes of death in this age group – i.e.,

- 1. unintentional injuries,
- 2. homicide, and

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 suicide (USDHHS, 1991).

These findings have important public health implications, especially in Australia where alcohol consumption levels among teenagers are particularly high and also given their propensity and overt intentions of drinking to achieve intoxication.

Alcohol can also cause death by overdose (Poikolainen, 1997). This is of particular concern among young drinkers. This concern stems from several factors. Firstly, a young drinker of 14 or 15 years, for example, is generally of a smaller physique. Consequently, this person would metabolise substantially lower quantities of alcohol over the same time period as a person of larger build. Young women are further disadvantaged in this regard, as women metabolise alcohol much less efficiently than males, due to their higher fat:water ratio (alcohol metabolises in water). Young Australian drinkers are known to prefer spirits as their alcoholic beverage. Because of the higher alcohol concentration in spirits, intoxication is induced much more quickly than through more dilute forms of alcoholic beverages. This combination of factors creates particular concerns for the risks of overdose with young people and suggests that special safeguards are needed.

3.2 Alcohol Availability and Youth

It is well recognised that high risk behaviours generally (Strunin and Hingson, 1992), and drinking to intoxication, are more common among young people, and especially among young males (Wyllie, Millard, Zhang, 1996; National Drug Strategy, 1996). Recent Australian data indicate that young people are drinking more at an earlier age and that more of them are drinking at hazardous or harmful levels (National Drug Strategy, 1996) as defined by the NHMRC (Pols and Hawks, 1992). There is also substantial evidence that younger drinkers are more likely to sustain acute alcohol-related harms than older drinkers (Casswell et al., 1993).

Studies of underage purchasing consistently confirm the ease with which young people can buy alcohol (Hingson et al., 1983; Preusser and Williams, 1992; Wagenaar et al., 1996). In a number of studies in the United States nearly 50% of alcohol sales in off-sale outlets were sold to apparent minors (Forster et al., 1994; 1995). Off-license, winemarkets and supermarkets have been found to be principal sources of alcohol supply for youth aged 14 - 17 years (Wyllie, et al., 1996). Given the increased levels of consumption among younger teenagers, and their increased propensity to drink to intoxication, this is an area warranting close attention, especially as enforcement of sales to minors is commonly very lax (Wagenaar and Wolfson, 1995).

Youth Access To Alcohol

It has only been in recent years that attention has been directed to the question of where and how young people obtain their liquor (Wolfson et al., 1996). White et al (1997) highlight the extent to which underage drinking and underage purchasing of alcohol is rife in Australia. As noted, there are numerous alcohol control policies designed to limit availability to alcohol (and therefore to reduce associated problems). Setting a specified age at which the purchase and consumption of alcohol is deemed legal by a society is one of the more obvious, and better researched, measures.

Other measures have also been implemented in various locations in an effort to reduce young people's access to alcohol. These include alcohol server training programs, active enforcement of minimum age-of-sale laws, and parental policies concerning the availability of alcohol in the household (Mosher, 1991; Toomey et al., 1994; Wagenaar and Wolfson, 1994).

Underage access to alcohol

Victoria reports that between March 1996 and June 1998, 2594 on-the-spot infringement notices with respect to the Liquor Control Act 1987 were issued to youth by the Victorian Police. Of those notices, 2190 or 85%, related to youth under 18 purchasing, possession or consuming (State Government of Victoria, 1998).

Similarly, studies indicate that young people also perceive access to alcohol through commercial sources to be relatively easy (Goldsmith, 1988; Wagenaar et al., 1993). Further studies have indicated that among underage drinkers, propensity to obtain alcohol from commercial outlets increases with age (i.e., older underage drinkers are more likely to procure alcohol from these types of outlets than younger drinkers), and

that this pattern is more pronounced in males (Wagenaar et al., 1996). Demographic characteristics have been found to interact with likelihood of obtaining alcohol from commercial outlets (Wagennar et al., 1996). Underage drinkers in Wagenaar's study with highly educated parents were the least likely to report obtaining alcohol from a commercial outlet. In addition, among underage high school students, more binge drinkers reported using commercial outlets as their source of alcohol than non-binge drinkers.

Recent Australian data suggest that concerns over availability of alcohol to underage drinkers are warranted. In a West Australian study on 16-17 year olds, Farrington et al. (unpublished data) found that the most common method of obtaining alcohol for this group was purchasing it at liquor stores themselves. Older siblings and friends were the next most common sources of alcohol, especially when consumption occurred in unsupervised situations. Parents were often used to secure alcohol, but this was most often associated with moderate consumption, so was not a preferred option. As a last resort, 16-17 year olds in this group reported approaching other beverage outlet customers to purchase alcohol on their behalf. This information is supported by other Australian studies. White et al (1997) report findings from the 1993 national secondary schools survey which indicates that of the young people indicating that they consumed alcohol, 33% of boys and 31% of girls obtained their last alcoholic drink from their parents. However, this source was inversely related to age (see table below).

Table 3.1. Sources of Alcohol for Australian High School Drinkers (%)

						Ag	e (yea	rs)						
	1	2	13	3	1	4	1	5	1	6	1	7	Tota	al
	m	f	m	f	m	f	m	f	m	f	m	f	m	\overline{f}
Not Bought														
Parents			49.		:39	36	.31	30	22	126		20	.193	1012
Took from	10	11	12	13	12	12	8	7	5	3	3	1	8	6
home														
From a finend	10	13	17 	23	18	?-24	19	25.	19	22	÷15	T5.	217 217	21
Someone	2	. 5	5	5	8	12	14	16	14	16	11	13	10	13
else bought it														
Bought														
Hotel: 1 = 1.					2		δ.		() O (8	. 15.	17	· 6	6
Bottleshop	1	2	1	1	2	1	4	3	8	5	9	5	5	3
Drive 1	√(i, • • • • • • • • • • • • • • • • • • •		字i, 文章		25		4	2. 2.		1	11; 21;	<i>J</i>	7.5 2.5 2.5 2.5	

Source. White, Hill, & Segan, 1997; p. 118.

Note. Percentages may not add to 100%, as only the most common responses are displayed here.

The table above displays the sources of alcohol for 12-17 year old Australian high school students (White, Hill & Segan, 1997) – however this data was collected in 1993. Thus, data from a more recent NSW survey (1997) are presented in the tables below, for comparison purposes (Schofield et al., 1998).

Table 3.2. Sources of Alcohol for NSW High School Drinkers (%)

								Age (years))						
				12	1	13	1	4	1	15	1	6	1	7	To	tal
			m	\overline{f}	m	f	m	f	m	\overline{f}	m	\overline{f}	m	f	m	\overline{f}
Parent/s	- :	-	66	64	51	49	38	40	32	29	25	26	21	21	37	36
Sibling			4	5	6	7.	6	, 6 ,	. 5 i	7.5 20.5	-5 ÷	≥6/3 8%3	3.	4	-5. -55	6
Friend			10	13	18	21	22	24	23	27	25	25	21	22	21	23
Took from			#4 2.7		8	7.5	9 =	9	7	÷6.	4	-\2	2	-1	6	5
	eone	to	2	1	4	5	12	12	17	21	18	16	18	23	13	16
Bought sel	f		7.4		13	2		2	9.	₹.6	175	到10 第10	314	-25 -25		77
Other	Gela. VLAGLI		2	0	1	2	1	1	1	0	1	2	1	0	1	1

Source. The NSW component of the 1996 Australian School Students' Alcohol and Drug Survey, cited in Schofield et al., 1998.

Table 3.3. Sources of Last Self-purchased Alcoholic Drink (%)

						Ag	e (yea	urs)						
		12		13		14		15		16		17	T	otal
	M	f	m	F	m	f	m	\overline{f}	717	f	m	\overline{f}	m	f
Walk in bottle	7	-	4	-	22	21	41	39	31	27	32	18	29	23
shop														
Hotel, pub or	inglight .	ALAL.	8	- 11 12	11		18	- 16	26	16	29	24	22	19
tavern									\$ 35.					
Drive-through	-	-	4	-	8	9	16	12	14	22	17	18	14	17
					_									
Club	7.		8	11	10		7	4	_5	41	6	21	<u>`</u> 6.	15.4
				141				- di-27		March 1				
Disco / dance	32	64	21	30	16	26	2	12	7	6	2	4	7	9
Licensed store	· 72	10 10 10 10 10 10 10 10 10 10 10 10 10 1	8	*=8 · · ·	15	9	治7 %	5:	?6 ∶	6	. 8-	4	8	57
or supermarket				建						2.18	語上學	Edir.		
Restaurant	18	-	11	22	5	12	-	7	1	6	3	8	3	8
		DW #74 7												
Sporting event	197 ×		17 整理		· 美5章	7 9	5.5	7.52E	47	4.5	3	12.3	4:	2.1
		\$4.5°				10.3	5 ja			10 m			7-1/W)	3
Other	21	36	34	19	8	16	4	3	6	-	1.	2	6	3

Source. The NSW component of the 1996 Australian School Students' Alcohol and Drug Survey, cited in Schofield et al., 1998.

Location of Youth Drinking

Increasing emphasis is being placed on the situational factors surrounding consumption of alcohol, in contrast to the long term focus on psychosocial variables (Mayer et al., 1998). In Mayer et al's recent study they found strong and consistent associations between situations and drinking behaviour. For instance, adolescents who reported one or more occasions of having had five or more drinks in a drinking session in the past 30 days were more likely to report drinking with friends and strangers and less likely to report drinking with parents. They also reported drinking in larger groups where most of the people were underage, and they were more likely to have drunk in another person's home or in an open field rather than at home. In contrast, a separate study by Jones-Webb (1997) found that young people who reported drinking in public places drank more often than those drinking in private settings.

Convenience Stores

There is some evidence that convenience stores may be an important commercial source of alcohol for youth, although it is noted that most data are derived from north American or New Zealand studies (Wagenaar et al., 1993). Convenience stores and grocery stores have also been found to sell alcohol to under age persons more frequently than liquor stores, and that on-sale outlets that derive a larger proportion of their revenues from alcohol sales showed a lower propensity to sell to underage people. It has been found that outlets that do not primarily depend on alcohol sales such as convenience stores and groceries may be less likely to have adopted practices that may reduce the probability of selling to underage people. Concern over the extension of liquor licenses to mini-marts in the United States included the fact that the attendants are often young persons who may find it difficult to decline selling alcohol to other young people (Ryan and Segars, 1987). It has been further suggested that successfully addressing the problem of commercial access to alcohol by youth may require more attention to these types of outlets than has been the case previously (Wolfson et al., 1996).

Questions arise regarding whether different types of alcohol outlets contribute to different levels of community problems. For example, do purchases from off-premise licenses result in more problems. Among concerns most often listed are drink-driving and underage consumption. It has also been suggested that purchases from such outlets may involve more impulse buying, especially among those travelling by car. This is considered especially important in Queensland where positive RBT results are 2 to 3 times higher than the national average. Ryan and Segar (1987) found that the locations of consumption after purchasing alcohol from an off-premise outlet were drinking at home, at a party, stored for later, drank at a public place, drank in their car, or drank at their worksite (in decreasing order of preference).

Increasingly, it is noted that commercial outlets have an important role to play in regulating the availability of alcohol to youth. Concern has been expressed in north America over the ease with which young people can procure alcohol from licensed outlets (Preusser and Williams, 1992; Forster et al., 1994). Similarly, studies in the same locations indicate that young people also perceive access to alcohol through

commercial sources to be relatively easy (Wagenaar et al., 1993). This is an area of growing concern in Australia (White et al., 1997).

It is this concern about ease of availability, together with other factors, which contributed to the Victorian government's recent decision to not extend liquor licenses to milk bars, convenience stores and mixed business in most cases in its revision of the liquor act (State Government of Victoria, 1998). The Victorian government noted that over the past decade over 90 general stores had been licensed in small communities. It was stressed that such decisions were made on the basis of balancing underaged drinking against the amenity of the regional adult community and the tourist industry, with stringent conditions for those exceptions where licenses had been granted.

3.3 HEAVY DRINKING

In addition to the downward trend towards earlier, more frequent and heavier drinking among young people is the issue of heavy drinking generally. The most recent available information (Makkai and McAllister, 1998) indicates that in 1995, 29% of females and 47% of males over 20 years drank heavily at least once per week (see table 1). However, as can be seen, there has been a general reduction in the number of days per week on which males and females overall drink heavily (note that this finding does not hold true for younger people).

Table 3.4. Frequency of Heavy Drinking: 1991-1995

-\-	1991	1991 (%)		3 (%)	1995 (%)		
	Females	Males	Females	Males	Females	Males	
Every day			75 12 15 E	33 May 5 Miles		13 24 4	
4-6 days per week	5	7	3	6	4	9	
2-3 days per week		= 121	对条约2位第		440.6		
1 day per week	17	18	14	17	18	22	
:1-3 days per month		24.2	25122977	28		高型28 两型	
Less often	33	23	40	28	40	26	
序译基础设置设置(N)	章 (7.52)記	==(906)=	5器5(855))器	£\$(1028)	震(858)計	建(1005)影	

(Source: Makkai and McAllister, 1998, p21)

Overall, a substantial proportion of male drinkers consume alcohol at very heavy levels. In the NDSHS (1996), 8% of male current drinkers reported drinking more than 12 drinks in a session in the previous fortnight, compared with 5% of females who had drunk heavily in that period (i.e., more than 8 standard drinks). Similarly, Makkai & McAllister (1998) found 11% of females, and 24% of males reported consuming very harmful amounts of alcohol.

¹ Heavy drinking is defined as consuming more than 2 standard drinks for females, and 4 standard drinks for males.

PREFERRED BEVERAGE TYPE

Patterns of consumption should also be considered in relation to beverage preferences. Preference type changes over time and by sex. Table 2 indicates differences in beverage preferences over time, and as a function of age.

Table 3.5. Type of Alcohol Usually Consumed - 1995

		Age (yrs)	
Beverage type	14-19	20-34	35 +
.Wine ****		40.4	54 54
Beer	47	46	29
Light Beer - 1752	LED TO THE SERVICE	gentaries to	建建29 时
Spirits	70	49	26
Other Relative	\$ 25 TO \$ 15 TO		TANA H

(Source: NDSHS, 1996)

Data from the National Drug Strategy Household Survey (NDSHS, 1996) indicates that the preferred beverage of 20-34 year olds overall is spirits (49%), closely followed by regular beer (46%), then wine (40%). Among those over 35 years, beverage preference shifts to wine (54%), followed by regular and light beer (29% each).

Gender differences have also been observed (NDSHS, 1996). Among current male adult drinkers, the most preferred alcoholic beverage is regular beer (53%), followed by wine (36%). Light beer and spirits are equally preferred (34%) by men. However, the most common beverage choice for women is wine (58%), with spirits preferred by 41%. The least preferred beverage options for women are regular and light beer (17% and 13% respectively).

Among young people (14-19 yr olds), the preferred beverage is spirits (70%), followed by regular beer (47%) (NDSHS, 1996). Data from the 1993 NDSHS (Makkai and McAllister, 1998) indicate that spirits were the preferred beverage of choice for female adolescents (42%), followed by wine (26%). Regular beer was preferred by only 17% of females in this age group, in contrast to 54% of 14-19 year old males. Interestingly, light beer was preferred by only 7% of males and females in this age group.

It should be noted that beverages such as alcoholic sodas/ciders were not included as a separate beverage choice in the NDSHS surveys. However, in a very recent national survey which examined specific beverage preferences of adolescents and young adults, 15-17 year old females (25%) preferred to consume alcoholic sodas/ciders than males (8%) (Shanahan & Hewitt, 1999).

3.5 Drinking Location

The age and sex of drinkers are also important determinants for location of drinking. The NDSHS (1996) data indicate that current drinker's own home was preferred more by older persons than younger persons, as were restaurants and cafes. In contrast, persons aged 14-19 were most likely to consume alcohol at parties, or at a friend's house. Pubs/clubs were preferred more by males than females, with the reverse pattern for restaurant/cafes. More uncommon venues included the workplace (reported by 6% of current drinkers, and 9% of those aged 14-34), parks and other public places (3% of current drinkers, but 10% of persons aged 14-19), and in motor cars or other vehicles (2% of all current drinkers, but 10% of those aged 14-19).

Table 3.6 Venues at which alcohol is most commonly consumed

	14-19 yrs	20-34 yrs	35+yrs
	(%)	(%)	(%)
OWN HOME	45	62	79
. Friend's house			46
Parties	77	. 57	40
Restaurants/cafes		224	47
Pubs, clubs,	48	65	39
winebars			

(Source: NDSHS 1996, p.29).

Other locations cited in a survey of 15-17 year olds as common places for drinking included suburban parks, beaches, and bushland (Shanahan & Hewitt, 1999). These latter preferences by very young drinkers usually necessitate off-premise purchases and travel to a particular destination.

3.6 ALCOHOL CONSUMPTION, SOCIO-ECONOMIC STATUS AND EXPENDABLE INCOME

Factors such as education and employment status have long been recognised as mediators of alcohol consumption patterns. Australians who drink more frequently at hazardous and/or harmful levels are more likely to have fewer educational qualifications. Likewise, unemployed drinkers are more likely to drink at hazardous and/or harmful levels than those employed in either manual or non-manual sectors of the work force (Makkai, 1994; Makkai & McAllister, 1998; Single & Rohl, 1997). This pattern has also been observed in international studies (Van Oers et al., 1999).

Those with fewer educational qualifications and the unemployed, as a general rule, have less expendable income. Hence, for these drinkers the availability of less expensive alcohol products is salient. Similarly, young people also generally have less expendable income, and they too fall into the heavier drinking categories. The availability of less expensive alcohol products has significance for each of these groups of vulnerable or at risk drinkers.

3.7 Alcohol and Indigenous Australians

Indigenous Australians comprise approximately 3% of the total Queensland population, the largest concentration of indigenous people in Australia. And, although relatively small in population size they are culturally diverse and geographically dispersed. Indigenous communities range from those living in discrete communities, in outback country towns, to urban dwellers living contemporary lifestyles in major cities or provincial towns. The impact of alcohol varies widely and is often shaped by the nature of the community and various cultural and environmental factors. Overall, the health and social status of indigenous Australians compares poorly to that of non-indigenous Australians. Alcohol plays a major contributory role in this compromised health status.

Alcohol has long been a problem within many Queensland Aboriginal and Torres Strati Islander communities. Problematic alcohol use is seen as both a cause and a symptom of a wide range of medical, social, and environmental health conditions that have adversely effected these communities. In a recent national survey 95% of indigenous people nominated alcohol as the most serious problem confronting their community, ranked above unemployment, poverty, racism, and deaths in custody (Commonwealth of Australia, 1996). In the same study, alcohol was nominated as the drug causing most deaths, and excessive drinking as the drug causing most concern to Aboriginal and Torres Strait Islander peoples.

Contrary to popular opinion, a smaller proportion of the indigenous community are current drinkers (62%) compared to the non-indigenous community (72), with a greater proportion of ex-drinkers (22%) compared to the general community (9%). Among those who do drink, however, alcohol is often consumed in a more hazardous fashion than in the general community, as is illustrated in the table below.

Table 3.7: Amount usually drunk when alcohol consumed

Amount usually drunk when alcohol consumed	Torres Strait Islan	an Aboriginal and ders who currently 4 survey)*	Proportion of urban gene population who currently (1993 survey)**		
	Males	Females	Males	Females	
I – 2 drinks	9%	16%	44%	68%	
3 – 4 drinks	9%	17%	31%	20%	
5 – 6 drinks	11%	18%	14%	7%	
7 – 8 drinks	10%	11%	5%	3%	
9 – 12 drinks	18%	17%	2%	1%	
13 or more	42%	21%	3%	0%	

*Base = all respondents who currently drink (n = 1852; weighted total = 29,782)

Source: National Drug Strategy Household Survey 1994. Urban Aboriginal and Torres Strait Islander Peoples Supplement.

^{**} Base = all 1993 respondents who currently drink (n = 2170; weighted total = 8,442,000)

There are a wide range of alcohol-related harms experienced among the Aboriginal communities. As noted, even though indigenous Australians are more likely to be non-drinkers than non-indigenous Australians, of those aboriginals who do consume alcohol, a high proportion drink at hazardous to harmful levels (Perkins et al., 1994). Aboriginals are more likely to binge drink than non-indigenous Australians. In a study by Perkins and colleagues, 75% of males and 86% of females reported binge drinking in the previous week (defined as more than 6 standard drinks for females and 10 for males). As a result, harms associated with alcohol for this population are more likely to be episodic in nature (or, single occasion).

Alcohol-related injuries

Thus, a high proportion of alcohol-related injuries, including motor vehicle accidents, occur within the indigenous group (CDFHS, 1998). For example, more than 83% of fatal road accidents involving aboriginals in WA between 1980-1990 were alcohol-related. Other studies have estimated that up to 50% of indigenous injuries are alcohol-related (Gladman et al., 1997). One West Australian study revealed that indigenous males and females were 9 times and 13 times (respectively) more likely than non-indigenous males and females to be hospitalised for alcohol-related injuries (CDHFS, 1998).

Gladman et al (1997) have mapped out the injury incidents in a given indigenous community and they note that the pattern of alcohol related injuries corresponds with the days and hours of opening of the canteen the only legal source of alcohol). They also differentiated between domestic violence injuries and alcohol related assaults by gender. See figures below. The level of injury is both predicable and corresponds with the pattern of alcohol consumption within the community.

Alcohol-related violence and aggression (including assault) have also been identified as particular problems within the aboriginal community. Other alcohol-related harms include psychological problems (i.e., psychoses and propensity for self-harm). Finally, it has been estimated that alcohol contributes to approximately 10% of indigenous deaths. Alcohol-related deaths are 3-5 times greater among the indigenous than non-indigenous Australian community (CDHFS, 1998).

Hence, increases in the availability of alcohol may have further dire consequences for indigenous Australians. Special consideration needs to be given to the negative impact that alcohol has on this already high risk sub-set of the community overall. In terms of general health status, lower levels of alcohol consumption among many aboriginal people is a social imperative.

3.8 Ecological Models of Drinking

Ecological models of drinking assume that drinkers' behaviour influences and is influenced by environmental factors that can both encourage and discourage drinking. Relationships among alcohol availability, drinking and problems associated with alcohol can be examined form an ecological perspective. An ecological approach to the study of drinking behaviour considers individual reactions to the motivating and constraining forces that affect patterns of alcohol consumption and alcohol-related problems (Gruenewald et al., 1993).

Models of the development and maintenance of alcohol use and abuse among human populations tend to emphasise one of two complementary perspectives. Some models concentrate on the biological, psychological, and social forces that motivate people to d rink (such as genetic predisposition for alcoholism, physiological and psychological tolerance for alcohol, reduced impulse, and social norms that encourage alcohol use). Other models concentrate on the social and economic constraints that discourage people from drinking (such as social norms that discourage alcohol use or abuse, and limits on income or on the physical availability or price of alcohol). No one would claim that either position is a fully satisfactory explanation of drinking behaviour. Nonetheless, it is not unreasonable to take the view that the models may act as counterbalances whereby the forces thought to motivate an individual to drink are likely to be off-set by social and economic constraints on drinking. Ecological models, in contrast, emphasize that drinkers interact within an environment of motivating and constraining forces. Drinking occurs in a variety of environmental contexts, and drinkers' behaviours determine, and are determined by, these various contexts.

Prohibition in remote settings

The social and geographical context if drinking is crucially important. The following is an example of a study undertaken which illustrates this point:

Barrow, is a village of some 400 people in the most isolated northerly part of the USA. There are no roads into Barrow. It is accessible only by air. The village has a long history of heavy whisky drinking dating from the arrival of whalers and heightened with the discovery of oil. A liquor store opened in 1973 and was closed three years later in response to concern stemming—from alcohol problems. In 1976, following a local election, the sale of alcohol was made illegal and in 1994 this restriction was augmented by a ban on the importation and possession of alcohol. The ban was repealed in the following year, but then re-imposed in 1996. The reported study covered the period 1993 -1996. Hospital records were reviewed and most patients seen for alcohol-related problems had been acutely intoxicated with other conditions such as seizures, delirium tremens, hypertension, acute indigestion, gastrointestinal bleeding, domestic violence, road accidents and other types of trauma. The number of such hospital visits declined significantly when the alcohol ban came into force.

Chiu et al (1997) concluded that in a geographically isolated community where concern about alcohol problems and their prevention is significant, banning alcohol can be an effective public health intervention. These investigators suggest that similarly isolated communities may also benefit from such an approach to dealing

with extreme problems with alcohol. Such proposals, however, need to be weighed up against alternative harms, such as bootlegging and potentially hazardous potent home brews that can have their own particular forms of harms. Similarly, in other remote, but not totally isolated communities the imposition of bans or restrictions on access to alcohol has resulted in unexpected harms. In one case in remote rural Australia, a local community introduced severe restrictions on alcohol availability, in an attempt to curtail extreme problems associated with excessive alcohol use. While the strategy was successful in many respects it had the unanticipated consequence of increasing alcohol-related road trauma as locals drove to the next town, some hours drive away, to buy and consume alcohol and then drive back in an intoxicated state.

SECTION 4

4.1 Alcohol Related Harms

Numerous studies, going back to the turn of the century, have examined the relationships between access to alcohol, per capita consumption and alcohol-related harm (Bruun et al., 1975; Makela et al., 1981; Single et al., 1981; Moore and Gerstein, 1980; Moskovitz, 1989; Edwards et al., 1984; and Holder and Edwards, 1995; Stockwell, 1997). However, it is now increasingly acknowledged that there are a range of benefits (as well as harms) to be derived from alcohol consumption. For instance, recent studies have shown that moderate drinkers are less likely than abstainers to develop coronary heart disease, and in addition, that light or moderate drinkers exhibit fewer medical complaints overall than abstainers.

In spite of the increasing recognition of the substantial role that alcohol plays in a wide range of individual and social harms, it is frequently argued that alcoholic beverages should not be treated differently to other products or retail goods. Although some may consider, or wish to treat, alcoholic beverages like milk, candy or bread, alcoholic beverages are held to be in a different league when it comes to the potential for damages and disruption (Giesbrecht, 1995). Giesbrecht (1995) further argues that with the possible exception of tobacco, alcohol is the single substance that is directly responsible for and implicated in more disruption of families, friendships, household income, work place efficiency, road and waterway safety than any other substance.

It has been argued that alcohol is not a beverage like others and should be regulated differently from liquid beverages such as milk, orange juice and tea. Some maintain that if it were the case that there was no difference between these classes of beverages (ie alcohol and others) then where are the milk-related car accident statistics, the police reports of orange-crazed youths running amuck outside fruit stands, and the data on tea-related hospital costs? (Solomon, 1994). Solomon holds that "unfortunately, alcohol is not a beverage like all others and it is folly to regulate it as if it were".

However, underlying contemporary public policy is a much broader view of alcohol-involved problems. Alcohol problems are now described by most countries and the World Health Organization (WHO) as public health concerns. The mid-1970s saw major shift in focus away from an exclusive orientation toward the problems of the relatively few alcohol dependent individuals towards an emphasis and concern for the population overall. Kettil Bruun et al.'s (1975) seminal work in the mid seventies marked a significant change in thinking from that which had preceded it for several decades. Previously, emphasis had been placed on the alcoholic and the need to provide treatment services to the exclusion of policies affecting the availability of alcohol. Hence, there has been increasing attention paid to public health issues and alcohol use and closer consideration has been directed to strategies that may impact on health concerns. Some of the key areas of consideration are detailed below with supporting evidence for their efficacy.

Alcohol use is widespread within the Australian community - indeed some have described its use as endemic (Makkai and McAllister, 1998). However, its use is also associated with an extensive array of problems. Traditionally, alcohol-related harms have been perceived as those types of problems resulting from long term chronic heavy alcohol use. There is now growing awareness of the types of problems experienced by light to moderate drinkers who occasionally binge drink, and a better understanding exists of the types of harms they are likely to incur from infrequent bouts of immoderate drinking (Stockwell et al., 1996). The range of possible problems that may result from alcohol use include those summarised below.

Legal, Social and Medical Problems of Intoxication

Legal problems	Social problems	Medical problems
Drunkenness Vandalism and criminal damage Car theft Assault Drinking and driving Manslaughter Homicide	Parental disputes Arguments with friends Aggression to self or others High risk sexual activity Absenteeism from work or school Social isolation Poor academic performance	Hangover Nausea Gastritis Head injury Spontaneous abortion Sexual disease transmission Self-poisoning (overdose)

A very wide range of alcohol-related harms have been identified – including road trauma, accidents, drownings, fight and fire injuries, falls, and acute medical complications (Cherpitel, Meyers & Perrine, 1998; Hingson & Howland, 1987; Marshall et al, 1998; Treno & Holder, 1997). Alcohol contributes to a large number of hospitalizations, 2-3% of deaths in Australia, and is a known causal factor in over 40 serious health conditions, including cirrhosis of the liver, gastritis, and alcohol poisoning (English and Holman et al., 1995). There is also increased acceptance of the view that alcohol-related problems have largely been underestimated because of the traditional focus on alcohol dependence (Asvall, 1994).

Alcohol-related harms can also be categorised in the following way:

Acute and chronic problems

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Not all alcohol-related problems are chronic in nature - many (indeed, most) are acute. Acute problems result from ingestion of a specific dose (usually large, but not always) on a given occasion or in a particular context or circumstance. Acute problems could include falls due to impaired balance or risky behaviours (eg unprotected sex, violence) as a result of drinking. Chronic problems result from longer term use. Cirrhosis of the liver is the most well known problem resulting from high level long term use, and, of course, alcohol dependence.

Harmful patterns

Different patterns of consumption confer different types of harms and hold different types of risks. For example, two people may consume exactly the same volume of alcohol over a given time period, but one may consume it in small daily amounts, accompanied by food and in a socially conducive setting. The other may drink less regularly but consume very large amounts at each drinking session.

Problems for the drinker or other/s

Many problems stemming from alcohol use are not experienced by drinkers themselves. Rather, some alcohol-related problems are sustained by other members of the community. This may occur through drunk driving where other non-intoxicated road users (vehicular or pedestrian) sustain injury, or where alcohol contributes to domestic, work and social problems related to specific acts (e.g., violence) or omissions (absenteeism).

Physical alcohol-related harms

Alcohol can cause damage to nearly every tissue and body system, and if consumed at high enough levels over a sufficient exposure period, can result in long-term disability or chronic disease, excess mortality and expensive health care demands (Lieber, 1982).

Physical problems include:

- nervous system damage;
- brain damage and peripheral neuritis (Victor et al., 1989);
- · high blood pressure,
- heart disease, and stroke (Preedy and Richardson, 1994);
- abdominal complications such as pancreatitis (Sherman and Williams, 1994);
- cancers of the oropharynx, larynx, oesophagus, stomach, liver, rectum, and female breast (International Agency on Research for Cancer, 1988).

In general, types of problems associated with alcohol use have been characterised as those relating to:

Category of Problem

Example of Problems Experienced

- Dependence
- withdrawal symptoms,
- loss of control,
- social disintegration etc
- Regular use
- cirrhosis of the liver,
- cognitive impairment
- pancreas damage
- heart and blood disorders
- ulcers etc
- Intoxication
- alcohol-related violence,
- risky behaviours,
- road trauma,
- falls etc

Harm and Single Occasion of Use vs Long Term Use

A further typology of harms associated with alcohol use has been offered by Rehm and Fischer (1997). They compare problems experienced as a result of a single occasion of use versus problems resulting from long-term use. In doing this, they cover various types of harm which may be sustained including physiological, psychophysiological/mental, personal and social, wider social and cultural reactions.

The conceptual schema of Rehm and Fischer's (1997) is presented in the table below:

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	Single-Occasion Use	Long=term*Use
Physiological	Overdose	Mortality (eg. liver cirrhosis)
to the fact of the		Morbidity (eg. gastritis, pancreatitis)
Psycho-	Changed consciousness and	Dependence,
physiological and	control (hangover/suicide)	Depression
mental	Injury to drinker	
Immediate	Severe family and workplace	Disruption of social and
Personal and Social	disruption, injury to others,	economic relations
Environmental =	violence	
(behavioural aspect)		

Quantifying Alcohol-Related Harms

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The proportion of the following harms that have been attributed to alcohol (ie the etiological fraction²) is shown below. Nearly all of these major categories of alcohol related harms are disproportionately experienced by younger people (ie those under 34 years of age). Younger people are also often the heavier and riskier drinkers in the community.

Harm	Aetiological Fraction (%)
Road injuries	37% (males) 18% (females)
Fall injuries	34% (males) 34% (females)
Fire injuries	44% (males) 44% (females)
Drowning	34% (males) 34% (males)
Suicide	12% (males) 8% (females)
Assault	47% (males) 47% (females)
Child abuse	16% (males) 16% (females)

When originally estimated (in the late 1980's) calculations of aetiological fractions included any alcohol consumption as a risk factor. The estimates were subsequently revised to differentiate for low risk, hazardous and harmful consumption levels. This was undertaken partly in light of the potential health benefits to be derived from consumption at low levels.

Alcohol and Injury

A large literature exists on alcohol-related injuries presenting at emergency departments in hospitals. In one such study, 52% of patients with major trauma were found to have positive BALs (Cornwall et al., 1998). Two thirds of patients with stab wounds had been drinking prior to sustaining injury, as were 47% of gunshot victims, 52% of patients involved in MVAs, 38% of fall victims, and 58% of pedestrian injuries.

Drinking Location and Injury

Such studies have also found that the context in which alcohol is usually consumed may mediate the role of alcohol in sustaining injuries (Cherpitel et al., 1993; Cherpitel, 1995; 1996; 1997). In an examination of drinking styles of patients presenting with alcohol-related injuries to hospital, Cherpitel and colleagues (1993) found that location at which drinking occurred was related to location of injury. Overall, drinkers were more likely than non drinkers to report being injured at someone else's home, or in a restaurant or bar. Further, those who drank at a restaurant or bar were more likely to be involved in motor vehicle accidents than non-drinkers.

Alcohol, Violence, and Aggression

Scientists and nonscientists alike have long recognised a two-way association between alcohol consumption and violent or aggressive behaviour (Reiss and Roth, 1994). Not only may alcohol consumption promote aggressiveness, but victimisation may lead to excessive alcohol consumption. Violence may be defined as behaviour that intentionally inflicts, or attempts to inflict, physical harm. Violence falls within the broader category of aggression, which also includes behaviours that are threatening, hostile, or damaging in a nonphysical way (Moss and Tarter, 1993).

One study of New South Wales Police data (Ireland, 1993) identified the following levels of alcohol-related incidents: offensive behaviour (70%), offensive language 70%), street offences (77%), and assaults (73%). In a review of the north American literature, Roizen (1997) summarised the percentages of violent offenders who were drinking at the time of the offence as follows:

- up to 86% of homicide offenders,
- 37% of assault offenders,

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- 60% of sexual offenders,
- up to 57% of men and 27% of women involved in marital violence
- 13% of child abusers.

These figures are the upper limits of a wide range of estimates, and are comparable to the Australian figures cited above by Ireland (1993). In a community-based study, Pernanen (1991) found that 42% of violent crimes reported to the police involved alcohol, although 51% of the victims interviewed believed that their assailants had been drinking. Studies which have examined alcohol-related injuries of a violent nature presenting at emergency departments, indicate that frequent heavy drinking, as well as drinking prior to injury, is more common among violent injuries than injuries from other causes (Borges, Cherpitel, & Rosovsky, 1998; Shepherd, 1998; Treno, Gruenewald & Jonhson, 1998).

One USA study designed to assess the characteristics of participants in domestic violence found that drugs or alcohol were involved in 90% of incidents requiring police intervention (Brookoff et al, 1997). That domestic violence – particularly against women - is associated with a history of alcohol abuse by male partners, as well as intoxication at the time of the incident, has been supported elsewhere in the literature (Kyriacou et al., 1998).

Additionally, there is evidence that the risk of homicide and suicide is greater for those with a problematic history of alcohol use (Rivara et al, 1997). This risk is greater for males, and is even further increased by living alone. Of interest is that non-drinkers who live in houses with drinkers may also be at increased risk of homicide. Further, a person who intends to engage in a violent act may drink to bolster their courage or in hopes of evading punishment or censure (Collins, 1989; Fagan 1990). The motive of drinking to avoid censure is encouraged by the popular view of intoxication as a "time-out," during which one may not be subject to the same rules of conduct as when sober (MacAndrew and Edgerton, 1969; Zack and Vogel-Sprott, 1997).

Alcohol and Crime

A recent NSW study (Stevenson, 1996) confirmed that total alcohol sales were significantly and positively correlated with the rates of three crime types: malicious damage to property, assault, and offensive behaviour. The correlation held true regardless of type of alcohol. Stevenson (1996) also analysed sales and criminal activity by type of outlet. He found the following pattern of association:

Type of Outlet	Criminal Activity Correlation:
Hotel sales	Assault
Off-licenses, clubs and hotels alcohol sales	Offensive behaviour
Sales volume by off-licenses, hotels and restaurants	Malicious damage to property

On the basis of the above data, Stevenson (1996) argues that a reduction in alcohol sales in areas that exceeded the state average, would result in a 22% reduction in offensive behaviour, a 9% reduction in malicious damage and a 6% reduction in assault in those areas.

4.2 Costs of harms related to alcohol

The question of the costs associated with alcohol use in Australia has been the subject of extensive investigation. Several key reports have been published in recent years which highlight the extent of the economic impact of alcohol use in Australia. The principal work undertaken in this area has been executed by two health economists Professor David Collins of Macquarie University and Ms Helen Lapsley of the University of New South Wales (Collins and Lapsley, 1996). It is noted that their work in this area has been used as a model for more recent work undertaken in Canada (Single, 1997) and parts of Europe (Kopp, 1999). Further, it has stimulated attempts to develop agreed upon international guidelines (see for example, 'Proposed International Guidelines for Estimating the Costs of Substance Abuse (Single et al., 1995)

Moreover, the 1996 published report of Collins and Lapsley refined and further developed work that they had previously completed "thus it becomes possible for the first time to identify changes in the costs of drug use over time." They further maintain that a substantial increase in the total economic costs of drug abuse between 1988 and 1992, in current and constant dollar terms is shown to have taken place.

Collins and Lapsley (1996) estimate the following:

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THE COSTS OF ALC	COHOL USE, 1992 (AT CU	RRENT PRICES)
	Alcohol Sm	% increase since 1988
Tangible	3,537	26%
Intangible	958	27.3%
Total	4,495	

There are several different methodological approaches used to determine costs associated with alcohol use. Three major distinct methods have been identified. These are: 1) the Cost-Of-Illness approach which dates back to the mid-1960's and incorporated all opportunity costs to the economy which resulted from illness or death caused by alcohol; 2) the External Cost Approach in which all private costs and all external costs are excluded; and 3) the Demographic Approach which involves the construction of a hypothetical present-day abuse-free population. The latter approach also includes estimates of the intangible costs of use (ie pain and suffering). Demographic Approach was the approach used by Collins and Lapsley. economic analyses presented by Collins and Lapsley (1996) are based on the exhaustive epidemiological work of English, Holman et al (1995) which involved a comprehensive meta-analysis of the dimension of the relationship between alcohol and all major causes of illness and death. Aetiological fractions were calculated for all major causes of death and illness. Aetiological fractions are the proportion of cases of a particular disease which have been calculated to be caused by use of a particular substance. Aetiological fractions for alcohol use were calculated for drinking levels above the NHMRC levels defined as hazardous or harmful (previous calculations had not made such a differentiation).

4.3 Beverage Type and Associated Harms

While there is an extensive and largely definitive research literature on alcohol and harm, there is less clarity about which types of alcoholic beverages are associated with greater or lesser harm or types of harms. There are several reasons for this lack of certainty which are outlined below.

Smart (1996), in a substantial review paper, identified from the research literature the following consistent findings about the effect of specific alcohol beverages:

- That after spirit consumption blood alcohol concentrations rise more quickly than after beer
- That for most behavioural tasks beer creates less impairment than brandy at the same dose
- Brandy also leads to more emotional and aggressive responses
- Those who drink beer or beer and spirits have more alcohol related problems than other drinkers
- Beer drinkers are more likely than others to drink and drive, to be arrested for drink-driving and to be in alcohol related accidents.

Smart (1996) concluded that beer and spirits lead to greater problems than does wine. However, he also noted that further work needs to be undertaken in relation to the above conclusions and their application to women, with whom considerably less research had been undertaken.

Youth and Beverage Type

In a Canadian study, adolescents who drank beer and spirits, or a combination of alcoholic beverages, were more likely to drink more heavily, experience more drinking related problems, and other problems such as delinquency compared with peers who drank other specific beverage types – e.g., wine (Smart & Walsh, 1995). Further, adolescents who drank only wine were by far the least likely to exhibit alcohol-related problems. Wine was described as the beverage of moderation for adolescents. However, as is also the case in Australia, only very few adolescents preferred wine only and most preferred multiple beverage types. Importantly, males were over represented in the beer, and the beer and spirits preference group. The latter were also the drinkers who most frequently reported operating a motor vehicle within an hour of having two or more drinks.

Beverage Type or Drinker Characteristics?

There remains difficulty in attributing greater harms to particular beverage types. There is evidence, for instance, which suggests that people who drink different types of alcoholic beverages differ in important ways. Berger & Snortum (1985) found that beer was the beverage type most often consumed by low income earners with limited education, whereas wine was most often consumed by more highly educated people with greater incomes. Importantly, beverage preference also appears to differ according to patterns of consumption. Overall, wine was found to be the most preferred alcoholic beverage for light drinkers, and beer was the beverage of choice for moderate to heavy drinkers. Moderate women drinkers were found to most commonly consume wine, whereas women who drink heavily were more likely to prefer spirits. As has also been found in previous studies, those who consume mostly

beer (28%) were more likely than wine (8%) or spirit (16%) drinkers to drink to intoxication levels that would impair driving. Interestingly, the study found that beer drinkers were more likely to have driven while intoxicated in the previous year than wine or spirit drinkers. Overall, the study found that beer drinkers are more likely to drink and drive than either wine or spirit drinkers of the same age, sex, education level, income and marital status.

Similarly, Cherpitel (1997) has reported that patients presenting to hospital emergency rooms (accident and emergency) with alcohol related injury are more likely to have consumed alcoholic beverages other than wine. Those presenting with alcohol related injuries were also more likely to have been drinking at home. In a recent Australian study, Stockwell et al (1998) examined the consumption of different alcoholic beverages as predictors of local rates of night-time assault and acute alcohol related morbidity. They found that the beverages most commonly associated with night-time assaults and alcohol related morbidity were cask (not bottled) wine, and regular-strength (not low-alcohol) beer. These beverages were also noted to be the cheaper available alcohol products. Further, consumption of all beverage varieties except bottled wine was significantly associated with rates of acute alcohol related morbidity. Other studies have indicated that wine drinkers are more likely to be older, female, educated, affluent, to drink socially at private homes, drink less frequently and less per occasion than beer or spirit drinkers (Single and Wortley, 1993; Gruenewald, et al., 1995).

Alcohol Beverage Type, Violence and Aggression

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There has also been research undertaken to address whether beverage type matters with respect to violence (Norstrom, 1998). Assaults and homicides are usually examined separately, as the contextual variables for each tend to be different. In relation to assaults, they mostly occur in public places and often between individuals who do not know each other. Homicides, in contrast, tend to take place in private contexts, among family members, friends or acquaintances. Norstrom's (1998) Swedish study found that assault rate was related to consumption of beer and spirits in bars and restaurants, while the homicide rate is linked to consumption of spirits in private places.

Although data on the question of alcohol and aggression are not definitive, there are indications that distilled alcohol (ie spirits) is more likely than brewed alcohol (ie beer) to evoke aggression (Smart, 1996). However, it has also been noted that beverage-specific effects have more to do with the social definition of the beverage than with the pharmacological properties of the substances (Graham et al., 1996). Overall, certain patterns of problems appear to be fairly consistently associated with particular beverage types. However, it remains unclear whether it is inherent properties of the beverage, or the characteristics of the drinker and the setting that are the main causal factors.

Section 5.

5.1 Alcohol Availability and Consumption

This section of the report addresses our current knowledge base regarding the extent to which controls over the availability of alcohol in any community have an impact on levels and patterns of consumption. The underpinning concepts of alcohol control availability are outlined together with a brief description of the principal alcohol availability control strategies and their reported effects. In addition, some of the more contentious and controversial aspects of alcohol availability are addressed.

Factors Which Influence Alcohol Consumption

Drinking behaviour is complex and is influenced by a multitude of factors. It is also recognised that the use of alcohol is not exclusively determined by the individual. Rather, levels and patterns of consumption reflect group and cultural norms and modes of behaviour. The complex array of factors which may impinge on whether an individual drinks at all, how much they drink, and where they choose to drink, are influenced by factors such as:

- price, promotion, access
- law enforcement
- public health pressures (e.g., anti drink driving messages)
- cultural norms
- religiosity and religious persuasion
- individual factors (including socio-economic status)
- psycho-social factors (such as drinking expectancies)
- elements of the drinking environment
- economic factors.

Controls Over Alcohol

Controls over the consumption of drugs through the use of laws has a long history. As early as 4000 years ago, the Code of Hammurabi contained four articles on the regulation of alcohol. Similarly, the Aztecs closely regulated the use of alcohol. It has only been in recent times that codes have moved away from the regulation of use to controls over availability, obtaining revenue for the state, and standardised selling practices. Regulatory codes are now being viewed as tools for the prevention of alcohol-related problems (Arif and Westermeyer, 1988).

There is considerable international variability regarding the numbers and types of retail sales outlets allowed to sell beer, wine or distilled spirits in any given jurisdiction. In addition, a range of control measures exist which incorporate limits or regulations on outlets such as hours and days of sale, prices and taxes, nature of the sales premises, promotion and advertising and other features. Types of control measures, their efficacy and intended outcomes are described below. In many jurisdictions controls over alcohol availability have been influenced by what is known as the "availability theory".

Availability Theory

Alcohol control policies have traditionally been predicated on the view that increased availability equals increased consumption; and that increased consumption equals increased alcohol-related problems. The "availability theory" of alcohol consumption in essence holds that:

- 1. increased availability results in increased consumption, and that
- 2. increased consumption results in increased alcohol-related problems.

The basic tenets of traditional alcohol policy include the following:

- Alcohol problems are highly correlated with per capita consumption and that this relationship appears to hold over time and across space
- Decreases in per capita consumption produce reductions in alcohol problems, whether those decreases result from purposeful action - for example, from an alcohol tax increase - or from a non-public policy action, for example, a strike by alcohol workers.

This position is highlighted by Bruun and colleagues who maintain that "changes in the overall consumption of alcoholic beverages have a bearing on the health of the people in any society." Further, they argued that "Alcohol control measures can be used to limit consumption: thus, control of alcohol availability becomes a public health issue" (Bruun et al., 1975, p.90). Perception of the cultural climate as an important contributor to alcohol-related problems and of public policies as effective prevention strategies also fit well with the public health model (Mosher and Jernigan, 1989; Ashley and Rankin, 1984; Room, 1984; Bennett et al., 1992).

Edwards et al. (1994) hold that: a large number of studies have been undertaken which examine the basic premise that restrictions on alcohol availability can have significant effects on alcohol consumption and on associated problems. Those studies which address the availability of alcohol have usually found that when alcohol is less available, less convenient to purchase, or less accessible, consumption and alcohol-related problems are lower.

Further evidence to support this position comes from various sources including changes in consumption and cirrhosis deaths following price changes and drinking and driving fatalities; the impact of wine rationing during the Second World War in Paris reducing liver cirrhosis mortality; and the impact of price increases for spirits in Denmark during the First World War in curtailing alcoholic psychosis (Bruun et al., 1975; Giesbrecht, 1995). Prohibition on alcohol consumption has also been widely examined. The years immediately after the introduction of prohibition into the USA saw a drop in liquor consumption to an historic low point. Liquor consumption dropped to about 30% of pre-prohibition levels in the early 1920's. This was most noticeable among ethnic groups and other lower classes. Studies in Nordic countries, the USA, and elsewhere, have also generally shown that when there are major changes in the direction of privatisation of alcohol supply, consumption increases (Nordlund, 1981; Holder, 1988; Wagenaar and Holder, 1995).

Holder (1992) has noted that restrictions limiting availability of alcohol "have most effect where alternatives do not exist". There are a number of recent examples where other forms of prohibition or bans on alcohol have been introduced into specific communities. Two studies were recently undertaken in a remote part of Alaska which

reported that a total ban on the sale of alcohol was reflected in lower rates of hospital visits for health problems caused by excessive drinking, and of deaths due to injuries associated with alcohol use (Chiu et al., 1997; Landen et al., 1997). While these findings may seem unremarkable, they represent exceptional examples of such data being collected in an isolated area where alternative alcohol policies have been introduced over a short period of time.

Gruenewald, Millar & Treno (1993) describe "alcohol availability" as encompassing four dimensions: 1) physical; 2) social; 3) economic; and 4) subjective. Studies that examine the physical availability of alcohol and its effect on alcohol consumption and alcohol-related harms, have mainly focussed on data from geographic or per capita measures of outlet densities, and generally lack methodological sophistication. However, Gruenewald et al suggest that of the studies that are methodologically sound, the majority indicate that increased alcohol availability is associated with increased consumption, and alcohol-related problems (cites cirrhosis and traffic fatalities as examples).

Methods of controlling physical availability are usually centred on public policies e.g., regulation of minimum drinking age, alcohol beverage prices, numbers and types of outlets at which alcohol is sold, alcohol trading hours (and days), and advertising restrictions. Gruenewald et al. report that studies examining the impact of increasing availability of spirits, wine and beer (respectively) in American states, was correlated with increased consumption, and alcohol-related problems. Outlined below are some of the key control strategies used in most countries around the world. However, before progressing to look at such strategies in closer detail, it is important to note the dissenting voices with regard to the alcohol availability theory.

Anomalies and inconsistencies

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In contrast to the general view that increased availability results in increased consumption, a number of notable exceptions to this traditional tenet of alcohol availability have been identified which need further exploration. If the above theoretical model of alcohol availability held true and was consistently reliable there would not exist some important anomalies in the research literature. For example, countries like Australia and Canada and indeed a number of other countries in the developed world, have experienced a general downward trend in mean per capita consumption levels since the late 1970's. This wave of decreased consumption has been occurring at a time when there has been considerable deregulation of the alcohol industry, generally greater availability of alcoholic beverages, and increased numbers of outlets.

Does Increased Availability Always Mean Increased Consumption?

There is now good evidence from recent developments in countries such as Australia and New Zealand that stands in stark contrast to the traditional alcohol available theories. Since the late 1980's, New Zealand nearly doubled its number of licensed liquor outlets without a proportional increase in associated problems. Similarly, recent Australian analyses indicate that states such as Victoria, where a 17.6% increase in the outlet density of licensed premises was recorded between 1990/91 and 1994/5, have not found a concomitant increase in the mean consumption of alcohol (Rumbold et al., 1998). Over the same time period mean per capita alcohol consumption dropped by 14.2% (see figures below). Rumbold and colleagues

concluded that there was no significant association between changes in the number of outlets and consumption.

A similar pattern has been identified in New Zealand. In April 1990, New Zealand amended its liquor act and implemented the revised Sale of Liquor Act. The revised Act allowed for greater availability of liquor outlets and a general liberalisation of alcohol availability. The number of liquor licences increased from 6,247 in 1988 to 11,048 in 1996. However, since the introduction of the Act aggregate alcohol consumption levels have steadily declined (a total of 17.9% decrease in consumption over 10 years), a continuation of a downward trend which commenced in the early 1980's. In part, this decline has been attributed to an increase in the real price of alcohol. Hence, New Zealand's revised Act also stands in contrast to the availability control theory.

Such findings raise important questions about the complex nature of the supplyproblem relationship and indicate the need for careful consideration of a wider range of factors which may impact on public health and community well-being which extend well beyond the number of liquor outlets.

This apparent anomaly can, in part, be explained by the aging of the population in most developed countries. Older aged persons are known to consume less alcohol than younger people (although whether this is cohort effect or a true decline is still a moot point). So, some of the decreased consumption can be attributed to an age effect in the population. Another factor is the impact of community education campaigns about safe and low risk drinking levels. Australia, together with many other countries, has engaged in active safe drinking campaigns and some of the decline in consumption can be attributed to the success of these programs.

From Availability Theory to "Patterns" of Consumption

Another important development has been the shift in emphasis away from mean consumption levels to patterns of use. Alcohol consumption levels for any given population (be it for a whole country or a community) are usually assessed in terms of overall mean consumption levels. That is, of the total amount of consumed alcohol which can be measured, an average consumption figure for all members of that population is calculated. Using consumption data in this traditional undifferentiated way has major limitations (Rehm and Fischer, 1997; Roche, 1997). In the present context, it is especially important as it fails to differentiate between levels of consumption for key segments of the community. It fails to indicate, for instance, that while overall consumption may be decreasing (for whatever reasons) the level of alcohol use among the young, and sometimes the very young, is increasing as highlighted earlier in this report (NDSHS, 1996). Further, that levels of binge drinking and episodes of intentional drunkenness are increasingly common among young drinkers. Similarly, the patterns and levels of alcohol use among women, and again especially young women, have also changed substantially over the past decade. Greater emphasis is generally being placed by epidemiologists and policy makers alike on patterns of use, not merely mean levels of consumption.

Patterns of use focuses on the where, when and how of consumption and not just the volume. Moreover, this emphasis on patterns (not volume) of consumption also recognises that the harms associated with consumption should be the focus of

attention not consumption per se (Grant and Litvak, 1998). Mean consumption levels, as opposed to patterns of consumption, are not sufficiently helpful in identifying problems associated with alcohol use. This has important implications for control policies as there is now good evidence to indicate that different patterns of consumption, and especially more appropriate drinking environments, are conducive to reduced levels of harms. Again, such improvements in health consequences have been achieved without a focus on reducing mean consumption levels. Excellent examples now exist of strategies which have significantly reduced harms associated with alcohol use but have not altered that amount of alcohol consumed. Random breath testing and road trauma is one of the best examples of this approach as illustrated below.

Does Reduced Consumption Always Equal Reduced Problems?

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One argument is that reduced alcohol consumption is not necessarily required to reduce problems associated with alcohol use. Empirical evidence to support this position is found in the data on the reduction of alcohol-related road trauma and random breath testing (RBT) in Australia. The evidence of the efficacy of RBT is probably the most persuasive of any form of community invention and prevention approaches (Homel, 1993). Significant improvements were achieved with respect to alcohol-related road trauma, including both morbidity and mortality, without changing (or even attempting to change) the overall level of alcohol consumption among the targeted communities.

RBT stands as an exemplar of both a successful community intervention and also as a challenge to the notion of a blanket reduction in consumption as the preferred and only option to achieved reduced alcohol-related problems. Various other forms of interventions have subsequently been successfully undertaken from a harm minimisation perspective and these will be compared below with traditional control approaches which necessitate reduced consumption.

5.2 Harm Reduction and Control Strategies

Availability and Controls Over Alcohol

As noted in previous sections of this report, the level of alcohol consumption by young people in Australia has increased substantially over the past decade. Moreover, levels of binge drinking, and other forms of potentially hazardous consumption by young people have also increased to concerning levels. A variety of strategies have been developed to contain the inappropriate use of alcohol by young people and to minimise potential harmful consequences from alcohol use. Some of these strategies include:

- · Monitoring the operations of licensed premises
- Enforcing the liquor laws
- Assisting licensees and the community in understanding liquor laws
- Providing training in the responsible serving of alcohol
- Providing training and education programs to inform licensees of their responsibilities
- Stringent identification requirements to gain entry to licensed premises
- Creation of new offences for manufacture and distribution of false identification.

Alcohol control advocates maintain that a number of outlets and practices of outlets may affect the likelihood of alcohol sales to persons under the minimum legal drinking age. For example, practices such as posting warning signs, restricting entry to people over a given age, requiring identification of everyone who appears under a given age. Other strategies, including having a manager on the premises at all times, and requiring formal training of staff, may result in higher levels of compliance with store policies, the legislation, and local ordinances. Enforcement strategies include on-the-spot infringement notices issued to youth by police for the purchasing, possession or consumption of alcohol. Other strategies have also been suggested such as monitoring car parks and refusing sales to persons accompanied by under age young people in an effort to prevent adults (or those of legal drinking age) purchasing alcohol on behalf of younger people. However, research on the effectiveness of outlet policies and other strategies in terms of limiting access of alcohol to young people is very limited.

In terms of limiting young people's access to alcohol there are a range of possible strategies which have been found to have varying degrees of effectiveness. These strategies focus on controls placed around the product or 'agent' (alcohol) and its ready availability within a given community, and to specific subsets of individuals. These strategies include the following:

The density of sales outlets (internsion aumbers and location)

The research data are mixed. In isolated areas with few other recreational facilities, increasing outlets can have more detrimental effects. But outlets which discourage drunkenness and facilitate moderate drinking are less of a concern

Hoursand daysolisate	Generally, increased hours and days of sale result in greater consumption and often increased levels of alcohol-related problems
Prioring and taxations and taxations are the second are the second are the	Alcohol is demonstrated to be price sensitive
Location time and actions to the state of th	Increasing interest in local level activity in both determining the number and nature of alcohol outlets and also in responding to alcohol-related problems
Advertising residictions (*)	Advertising is acknowledged as having a potentially powerful impact on behaviour (even if the association is difficult to prove). Hence, advertising of alcohol products has specific restrictions regarding targeted young people, using them in visual advertisements, etc
Regulations over conditions of sales (egyproximity to schools churches)	Use of alcohol correlates highly with exposure to the product and its visibility in the community

Responsible Server Programs

In addition, host responsibility and responsible management practices are increasingly seen as the key to improving the drinking environment (Saltz, 1987; Single, 1994). However, it should be noted that the thrust of server training has to-date been on reducing sales to intoxicated persons, not to reduce sales to underage persons. Bar staff continuing to serve 'obviously intoxicated' patrons has also been identified as a predictor of harm (Stockwell et al., 1993). As such, on-license premises offer important opportunities for effective prevention and enforcement efforts (Room 1984; McKnight and Streff, 1994). Responsible server programs have become a common way to reduce alcohol-related harms over the past decade. Such approaches have been found to be quite effective especially if combined with enforcement (Stockwell, 1997; Saltz, 1987; Putnam et al., 1993).

Server training, now mandatory in some states in the USA, educates alcohol-servers to alter their serving practices, particularly with underage customers and those who show obvious signs of intoxication. Server training explains the effects of alcohol, applicable laws, how to refuse service to obviously intoxicated patrons, and how to assist customers in obtaining transportation as an alternative to driving. Some, but not all, studies report more interventions with customers after server training than before. One evaluation of the effects of Oregon's mandatory server-training policy indicates that it had a statistically significant effect on reducing the incidence of traffic crashes in that State (Holder and Wagenaar, 1994).

It should be noted that regular server/seller training, which is often advocated as a means by which to reduce drink-driving and alcohol sales to young people, is found to occur less frequently with off-sale outlets (Wolfson et al., 1996). In one study, the

difference between level of staff training for on-sale and off-sale outlets was 32% and 21%, respectively, for seller training.

Characteristics of outlets that have been identified with the successful purchase of alcohol by young people include the following:

- Older outlets tended to sell to young people (compared to newer establishments)
- · Convenience and grocery stores were most likely to sell to young people
- Outlets with a chain affiliation were less likely to sell to young people
- Outlets with a monitoring system to encourage employee compliance with the age-sale-of laws were substantially less likely to sell than other outlets
- Female sellers tended to be somewhat less likely to sell to young people than males
- Being a member of a general business association and deriving a larger proportion
 of revenues from alcohol sales were associated with a reduced propensity to sell
 alcohol to young people.

(Wolfson et al., 1996).

The types of practices that may be successful in reducing sales to young people, such as monitoring systems, incentives for employees who detect underage people attempting to purchase alcohol, regular server/seller training, and regular manager training, are reported by only a minority of outlets. Those who are cynical of this prospect, or at least highlight the difficulties of containing alcohol sales to minors, cite the failures encountered in tobacco sales.

Food and alcohol availability and harm

Various practical solutions have been proposed to reduce harms associated with the consumption of alcohol. One such strategy is the provision of food at licensed premises. A number of studies have illustrated an ameliorating effect of harms from alcohol when food is provided on site (Ligon et al., 1995; Stockwell et al., 1992; ..) Consumption of food while drinking is well established as a means by which to minimise intoxication.

There is now an accumulation of research over twenty years which demonstrates a relationship between various environmental factors and aggression and harm in licensed environments (Graham et al; 1980). Such factors include overcrowding, the quality of dancing bands, loud music and little provision of food. Lower levels of harms associated with drinking settings such as restaurants and clubs, compared with nightclubs, hotels and taverns, has been in part attributed to the nature of the clientele (Stockwell et al., 1992).

Recent studies have demonstrated that high risk consumption and harmful outcomes are more common for single male drinkers under 25 who have not eaten and who were drinking at either hotels or nightclubs (Stockwell et al., 1995). Similarly, studies focussing on risky single-occasion drinking (RSOD) have also highlight the important role that can be played by the provision of food, in amongst a range of other harm reduction strategies (Murgraff et al., 1999).

Server Liability

Alcohol servers are also increasingly held liable for injuries and deaths from traffic crashes following the irresponsible selling and serving of alcohol. Researchers have

found a positive effect of potential server liability on reducing rates of alcohol-related fatal crashes in Texas (Wagenaar and Holder, 1991). However, civil law suits are very seldom used against licensees in Australia (Hauritz et al., in press). This removes one of the major incentives for licensees to introduce harm minimisation strategies such as server training. It is argued that this makes it even more important to scrutinise the extent to which liquor licensing laws are enforced on a routine basis (Homel and Tomsen, 1991; Stockwell, 1994).

Enforcement and Role of Adults

It has been suggested that additional control strategies might include increasing the liability of adults who provide alcohol to young people (Mosher and Jernigan, 1989). Because most young people drink in private places (e.g., their homes, homes of friends and acquaintances, or other private settings) the possibility has been raised of targeting large parties. Open house assembly ordinances exist in some jurisdictions which are aimed at holding adults responsible for drinking parties held on their property. Enforcement of noise ordinances can also help to detect large parties and allow police to break up parties where necessary (Mayer et al., 1998).

Community Interventions

The most wide-ranging and well-resourced attempt to date to reduce alcohol-related accidental injures and deaths through community-based methods has been the work of Holder et al. in California (Holder et al., 1997). They conducted a five year project in three experimental communities which consisted of five mutually reinforcing components: community mobilisation; promotion of responsible beverage service for bar staff and managers/licensees of on-premise alcohol outlets; deterrence of drinking and driving through local enforcement; reduction in retail availability of alcohol to minors; and reductions in the number and density of alcohol outlets to limit general access to alcohol. A 10% reduction in alcohol-related traffic accidents, a significant reduction in underage sales of alcohol, and increased adoption of local ordinances and regulations to reduce concentrations of alcohol outlets was found.

A general principle of the project was to offer both incentives and disincentives that would encourage compliance with harm reducing strategies, such as server training and dealing appropriately with intoxicated patrons. However, voluntary Responsible Beverage Service training did not result in significant improvements in this area and it has since been argued that this illustrates the need to ensure that such training is mandatory (Saltz and Stanghetta, 1997).

In contrast, very recent work on a similar community action project in Fremantle, Western Australia has found disappointing results. On all key indicators relating to alcohol problems and licensed premises, significant improvements were not achieved or sustained through the co-operative components of accords (Hawks, 1998). Such discouraging findings were contrary to expectations and give even greater weight to the potential role that can be played by appropriate legislation and the enforcement of such legislation.

Multi-pronged strategies

Holder and colleagues' five year project reported above which involved community mobilisation; promotion of responsible beverage service for bar staff and managers/licensees of on-premise alcohol outlets; deterrence of drinking and driving

through local enforcement; reduction in retail availability of alcohol to minors; and reductions in the number and density of alcohol outlets to limit general access to alcohol, showed a 10% reduction in alcohol involved traffic accidents, a significant reduction in underage sales of alcohol, and increased adoption of local ordinances and regulations to reduce concentrations of alcohol outlets (Holder et al, 1997). Holder et al's project was not targeting specific groups, but rather it was based on the assumption that changes to the social and structural contexts of alcohol use can alter individual behaviour.

Patterns and Locations of Drinking

Beyond the question of mean consumption versus patterns of consumption is the broader question of the location of drinking. Consumption of alcohol in public places for example has generated increased attention in recent years. In Australia in recent times, a shift away from "drinking venues" has been noted; that is, venues in which the focus is exclusively on drinking, to venues in which drinking occurs on association with other activities such as licensed cafes, bistros and restaurants have become common (Rumbold et al., 1998).

Price and Availability

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The greatest amount of evidence concerning public policy has been accumulated on the price-sensitivity of alcohol sales. It suggests that the demand for alcohol, as for other products, is responsive to changes in price and that as price increases, demand declines, and vice versa. Price of alcohol products has been examined for some decades as a potential mechanism by which to control consumption. The conclusion reached by Bruun et al in 1975 was that in many respects, alcohol beverages behave like other commodities on the market, so that their consumption is affected by the price level. This position continues to be largely supported. Research generally finds that alcohol taxes and prices affect alcohol consumption and associated consequences (Leung and Phelps, 1993). Both moderate and heavy drinkers are affected by price changes. Nonetheless, it is also important to bear in mind that there is a very wide range of elasticity values for alcohol across different countries and cultural settings (Godfrey and Maynard, 1995). Similarly, price elasticities also vary according to beverage type.

In relation to young people it has been noted that increased beer prices can lead to reductions in the levels and frequency of drinking and heavy drinking among youth (Coate and Grossman, 1988; Grossman et al., 1987). Grossman and colleagues (Coate & Grossman, 1988; Grossman et al., 1987) and others (Laixuthai and Chaloupka, 1992) have found that higher prices for beer were associated with a lower frequency of beer consumption among youth and that the difference was more pronounced for heavier consumers (one to seven drinks per week) than for lighter consumers (less than one drink per week).

Cook (1981) studied the impact of 39 changes in State taxes on distilled spirits between 1960 and 1975. In 30 of the 39 instances, sales of distilled spirits fell after the tax increase. Reduced sales were accompanied by reduced traffic fatalities. Higher taxes on beer have also been found to be associated with lower traffic crash fatality rates, especially among young drivers (Rehm, in press; Saffer and Grossman, 1987), and with reduced incidence of some types of crime (Cook and Moore, 1993).

Density of Alcohol Outlets

There is a substantial body of research which supports the view that regulating and restricting the geographic and population distribution of alcohol outlets could beneficially reduce problem rates (Gruenewald et al., 1993). Such research has shown a relation between the number and density of liquor outlets and level of alcohol consumption (Gruenewald et al., 1993). For instance, studies have shown that when wine stores are opened or wine retail monopolies eliminated, wine consumption increases (Edwards et al., 1994). Adrian et al (1996) examined the effect of allowing sales of wine in corner stores in Quebec, Canada. They found that while there was increased wine consumption, consistent with the availability hypothesis, but that this was not large enough to be regarded as a significant structural change in wine-buying behaviour.

However, in more recent years it has been argued that the relationship between consumption and problems may not be as simple as that presented above. There is some evidence to suggest for instance that dispersing alcohol outlets and forcing the purchaser to travel greater distances may actually increase problems such as drunk driving and alcohol-related traffic fatalities rather than decrease them.

A number of effects were noted by Wagenaar and Langley (1995) with respect to the availability of wine through grocery stores including a decline in the retail price of wine, attributed to increased competition. Consumers, and especially women, also reported greater comfort in purchasing wine from grocery stores than from separate liquor stores and also being less aware of their actual expenditure on alcohol as the cost was buried in the overall grocery bill (Wyllie et al., 1993). Reservations expressed about the expansion of alcohol sales to grocery stores included concern that there would be a reduction in the social restraining norms that exist around the use of alcohol (Wagenaar and Langley, 1995).

Hours and days of sale

As noted above, changes in alcohol availability have been monitored in many countries over long periods of time. Most of the studies of changes in hours of sale and opening days for alcohol outlets have demonstrated increased drinking associated with increased number of hours, and increased drinking with elimination of days of sale. Significant changes, such as the shift to the introduction of alcohol sales on a Sunday in various localities has been repeatedly found to result in increases in road deaths and injuries and/or violence (Smith, 1988; Peberdy 1991).

Extended trading hours have also been investigated in Western Australia (Chikritzhs and Stockwell, 1998). It was found that a shift occurred in the peak time for intoxicated drivers on the road to after midnight, corresponding with the later closing times, and also an increased blood alcohol level of drivers involved in crashes who had last drunk at licensed premises.

Similarly, night clubs in Surfers Paradise trialed extended and staggered closing times to prevent the simultaneous disgorging of large numbers of intoxicated young men (primarily) onto the streets at 3am (Homel, 1997). Some degree of success was achieved. However, there was a subsequent negative community reaction, largely from elderly retirees who were early risers and who were discomforted by encountering intoxicated young men at 5am and 6 am in the local shopping malls and

on the beaches. Community pressure was subsequently exerted to revert to the previous earlier closing times.

Legal Drinking Age

The legal age for consumption of alcohol varies considerably from country to country. The rationale underlying a legal drinking age is that younger people are neither physically nor emotionally ready for the use of a psychoactive substance such as alcohol and that they generally will not have developed the necessary internal controls needed to minimise any harmful consequences stemming from its use.

Surveys from the United States undertaken prior to the enactment of uniform drinking age law showed that adolescents from states with higher drinking ages were more likely to abstain from drinking and less likely to be heavy drinkers (Maisto and Rachal, 1980). They also reported fewer incidents of drinking and driving and less frequent intoxication. Other studies have also shown a significant relationship between early drinking and later heavy drinking and alcohol-related problems (Fillmore et al., 1991; Chou and Pickering, 1992).

Studies have routinely found that lowering the drinking age increases adolescent drinking and driving whereas raising the drinking age decreases adolescent drinking and driving (eg Cook and Tauchen, 1984; Smith et al., 1984; Arnold, 1985; Wagenaar, 1986a, 1986b; Saffer and Grossman, 1987). Similarly, studies show significant decreases in self reported drinking and purchases of alcoholic beverages by adolescents when drinking age is raised (Williams and Lillis, 1986; Coate and Grossman, 1988; Smith and Burvill, 1986; Chaloupka, 1993).

A recent evaluation of the uniform MLDA by O'Malley and Wagenaar (1991), using the National High School Senior Survey, found that raising the legal drinking age reduced alcohol consumption and lowered involvement in alcohol-related fatal crashes for persons under the age of 21. Moreover, lower levels of consumption persisted into the early twenties, after all respondents were of legal drinking age. These studies suggest that raising the MLDA is an effective policy in helping to prevent traffic crashes.

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Appendix C
Australian State & Territory
Liquor Regulation
Summary of Key Findings

Liquor Licence Types by Australian State

icence Type	General License	Hotel License	Packaged Liquor License	On- premises License	Off- premises License	Caterers License	Cabaret /Night Club License	Resident- ial License		Producer / Wholesale r License	ant	Occasiona l License		Special Facility/ Special License	Limited License
lucensland	~			~	~			V	~	~				V	V
'ictoria	~		~	~	V			V	V	V			<u> </u>		~
lew South Wales		~		~	~	V	V							-	
outh Australia		~					~	~	~	~	~			~	~
Vestern Australia		V	~				V		~	-	~	~	V	~	
lorthern 'erritory*	~	V	~	~	~	~	~	~	~	V	~	~	V	V	~
asmania	~			~	~		,		V					~	
ustralian Capltal 'erritory	~			V					~					~	

Northern Territory - Licence is designed around application requirements

State	Licenses	Authority to sell	Restrictions	Trading Hours
Qld Part 4 – Licences and Permits	General License	Division 2 – General Licence To sell liquor on the licensed premises for consumption on or off the premises and the provision of entertainment on the premises May obtain approval to operate detached bottleshops away from the premises	Licence only granted if chief executive is satisfied that The primary purpose of the business to be conducted on the premises is the sale of liquor for consumption on or off the premises; and the provision of entertainment on the premises; and the business includes the provision of meals and accommodation Residents must consume alcohol in designated times or in units or a section of the premises as approved Detached bottleshops if granted must be within 5km by road from the main premises May operate up to three detached bottleshops Must pay premium for general license	■ 10am to 12midnight Monday to Sunday except special days Take-away up to midnight Residents and guests at any time Outside hours residents must consume in approved area

State	Licenses	Authority to sell	Restrictions	Trading Hours
Qld cont'd	Residential License Examples: Motels, Resorts and Guest Houses	Division 3 62.(1) Authorises licensee to sell liquor to residents and guests at any time on the premises for consumption on the premises Off premises limited to residents only Limited to not more than 9L on any day for consumption off the premises; during hours specified by the licence or the chief executive Patrons genuinely intending to partake of a meal in a restaurant area open to the public		■ 10am to 12midnigh Monday to Sunday except special days Residents and guests any time, ou of hours in residents unit or designated area

State	Licenses	Authority to sell	Restrictions	Trading Hours
Qld cont'd	On-premises License	Division 4	Functions	■ 10am to 12midnight
	There are a number of on licence	Subdivision 2 Functions	May apply to cater for functions	Monday to Sunday
	premise licences these include:	Only supply to persons attending a	away from the premises.	except special days
	■ Functions – Function rooms	bona fide function on the premises	Cabarets	Exceptions
	and Reception Lounges.	for consumption on the premises.	Can apply for approval to sell	On-premises
	■ Cabarets – Nightclub	Subdivision 3 Cabarets	liquor between 10am and 5pm for	(presentations) – 1hr
	■ Meals - Restaurant	Only sold to patrons between 10am	patrons not intending to dine.	before the
	■ Commercial Carrying of	and 5pm who are eating a meal and	The number of non-dining patrons	presentation, during
	Passengers – Tourist Boat or	patrons between 5pm and 3am with	must not exceed 20% of the total	intermission and 1hr
	Train.	or without a meal where	number of patrons who can be	after the presentation
	■ Presentations – Theatres and	entertainment is provided.	seated.	terminates. Not before
	Entertainment Centres	Subdivision 4 Meals	Meals	10am unless after a
	■ Tourist Attraction - Theme	For consumption on the premises and	Can apply for approval to sell	performance that
	Parks	to patrons partaking of a meal for 1 hr	liquor for patrons not intending to	finishes after midnight
	■ Food and Beverage –	before and after the meal. May only	dine.	On-premises
	TAFE's and Hospitality	remove liquor that has been opened	The number of patrons must not	(commercial carrying
	Colleges	and served with the meal.	exceed 20% of the total number of	of passengers) - 1hr
	Other Activity – Squash	Subdivision 5 Commercial	patrons who can be seated.	before commencement
	Clubs and Indoor Cricket	Carrying of Passengers	Licensees may permit BYO at their	of the journey, during
	Centres.	For consumption on the premises and	discretion.	the journey and for 30
		to passengers for 1hr before and 1/2hr	Commercial Carrying of	minutes after the
		after completion of the journey.	Passengers	termination of the
		Subdivision 6 Presentations	May apply to cater for functions	journey
		For consumption on the premises and	away from the premises.	On-premises (cabaret)
		to patrons for 1hr before and after the	Presentations	- Monday to Sunday
		presentation.	May apply to cater for functions	10am to 5pm with
		Subdivision 7 Tourist Attraction	away from the premises.	meals 5pm to 3am
		From designated liquor outlets for	Tourist Attraction	without meals
		consumption in defined areas only	May apply to cater for functions	<u> </u>

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State	Licenses	Authority to sell	Restrictions	Trading Hours
		and only to patrons of the attraction	away from the premises.	
		Food and Beverage Training	Food and Beverage Training	
		For consumption on the premises of	May apply to cater for functions	
		institutions which provide instruction	away from the premises.	
		and training in the food and beverage	Other activity	
		/ hospitality industry.	May apply to cater for functions	
		Other activity	away from the premises.	
		At the chief executives discretion.	·	

State	Licenses	Authority to sell	Restrictions	Trading Hours
Qld cont'd	Producer/Wholesaler License .	May be supplied wholesale to A licensee or permit holder Persons authorised by any other state or territory for the sale and supply of liquor Someone exempt from holding a licence in Qld A person exempt from holding a licence in another state or territory For sampling or promotional purposes or to staff (up to 2.5% of sales) A person authorised by a law of another country to sell liquor. Producers may sell or supply for consumption on the premises to: Persons eating a meal on the premises A visitor, if the sale is a souvenir of the visit.		Wholesalers — as permitted by the Trading (Allowable Hours) Act Producers — hours between 7am and 12 midnight as approved by the chief executive

State	Licenses	Authority to sell	Restrictions	Trading Hours
Qld cont'd	Club License	On the premises to To members, guests, those with reciprocal rights People who live at least 40k m from the club Visiting sporting teams and officials Visitors who pay to play the sport of the club People attending a function conducted by the club that is not the business of the club People attending a function by a private person or company. Off Premises to Members and those with reciprocal rights Visiting sporting teams and officials Visitors who pay to play the sport of the club	■ Must not sell more than 18L per day to a qualifying person Obligations ■ A register must be maintained for both members and visitors	■ 10am to 12midnigh Monday to Sunday except special days
	Special Facility License Casinos and tourist developments.	 Supplied in accordance with conditions of licence document for consumption on or off the premises 	Must pay premiums for license	■ In accordance with trading hours prescribed in the licence document

Department of Tourism, Sport and Racing Public Benefit Test of Queensland Liquor Act, 1992 KPMG Consulting

State	Licenses	Authority to sell	Restrictions	Trading Hours
Qld cont'd	Limited License Caterer, Mining Canteen or the Restaurant Sale of Liquor Coffees.	■ To persons specified in the agreement ■ In specified quantities		In accordance with trading hours prescribed in the licence document

State	Licenses	Authority to sell	Restrictions	Trading Hours
Victoria Part 2 Division 1 – Categories of Licences and Permits	General License Section 8	To supply liquor during ordinary trading hours and other determined times for consumption on and off the premises To supply liquor on the licensed premises to a resident of the licensed premises or guest for consumption on the premises	Must meet conditions of the Planning and Environment Act 1987	■ Ordinary Hours - The hours between 7am and ilpm on each day, other than Sunday, Good Friday or Anzac Day and - The hours between 10am and ilpm on Sunday and - The hours between 12noon and 11pm on Good Friday and
	On-premises Licence Section 9	To supply liquor on the licensed premises during ordinary trading hours and at other determined times for consumption on the licensed premises	 Must meet conditions of the Planning and Environment Act 1987 The predominate activity is the serving of meals for consumption on premises and Tables and chairs must be placed so as available for at least 75% of patrons attending the premises at any one time 	Anzac Day Ordinary Hours The hours between 7am and I Ipm on each day, other than Sunday, Good Friday or Anzac Day and The hours between 10am and I Ipm on Sunday and The hours between 12moon

State	Licenses	Authority to sell	Restrictions	Trading Hours
				and 11pm on Good Friday and Anzac Day
	Club Licence (full or restricted) Section 10	Full license - Supply liquor on premises during ordinary trading hours and at other specified times to a member of the club for consumption on and off the licensed premises and to an authorised gaming visitor or guest of a member for consumption on the premises - A restricted license - Supply liquor at times determined by the Director and to a member of the club, an authorised gaming visitor or guest for consumption on the premises	 Must keep on premises A members register A register of authorised gaming visitors Must meet conditions of the Planning and Environment Act 1987 Note extended hours restrictions within Act Under a restricted license Supplies of liquor for the club must be purchased from a person who holds a general licence or a packaged liquor license Restricted licence based on Number of members Standard of facilities Number of staff Turnover of liquor and Days of operation 	Hours Any time on any day other than Sunday, Good Friday or Anzac Day and The hours between 10am and 11pm on Sunday and The hours between 12noon and 11pm on Good Friday and Anzac Day

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State	Licenses	Authority to sell	Restrictions	Trading Hours
Victoria cont'd	Packaged Liquor License Section 11	To supply liquor on the licensed premises in sealed containers, bottles or cans during ordinary trading hours and at other predetermined times for consumption off the premises	 Director must be satisfied that predominant activity to be carried on in the area set aside as the licensed premises is the sale by retail of liquor for consumption off the licensed premises If located in a supermarket may pay at any checkout if the person receiving payment is of or over the age of 18 years Must meet conditions of the Planning and Environment Act 1987 Note extended hours restrictions within Act Note - restrictions on body corporates 	The hours between 9am and 11pm on each day, other than Sunday, Good Friday, Anzac Day or Christmas Day and The hours between 10am and 11pm on Sunday and the hours between 12noon and 11pm on Anzac Day
	Pre-retail License Section 12	Supply liquor at any time and on any premises to a person who holds a licence under this act	1	

State	Licenses	Authority to sell	Restrictions	Trading Hours
Victoria cont'd	Vignerons License Section 13	To supply on the licensed premises during ordinary trading hours and at other determined times liquor produced on the licensed premises in accordance with the licence for consumption on or off the premises and Supply at any time and on any premises liquor produced on the licensed premises in accordance with the licence to a person who holds a licence under this Act.	Must meet conditions of the Planning and Environment Act 1987 Note extended hours restrictions within Act Note - restrictions on body corporates Condition that wine, cider, brandy or perry produced be made from fruit grown in Australia and in the case of Wine be at least 70% grown or fermented by the licensee Cider or perry at least 25% grown by the licensee Brandy is at least 70% made from wine distilled by the licensee	Ordinary Hours The hours between 7am and 11pm on each day, other than Sunday, Good Friday or Anzac Day and The hours between 10am and 11pm on Sunday, Good Friday and Anzac Day
	Limited License Section 14	To supply at times determined by the Director and specified in the license	 Licence granted if Director satisfied that the scale and scope of the supply of liquor is limited in nature Must meet conditions of the Planning and Environment Act 1987 Note - restrictions on body corporates 	As determined by the Director

State	Licenses	Authority to sell	Restrictions	Trading Hours
Victoria cont'd	BYO permit Section 15	Authorises liquor to be consumed, possessed or controlled on the premises in respect of which the permit is granted at the times determined by the Director and specified in the license	 Must not cause undue detriment to the amenity of the area A condition that the premises are a restaurant or a club and Must meet conditions of the Planning and Environment Act 1987 Note - restrictions on body corporates 	

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State	Licenses	Authority to sell	Restrictions	Trading Hours
NSW Part 3 Licenses	Hoteliers License	Primary purpose - To sell liquor by retail on the premises whether or not for consumption on the premises	 Section 21 Can only be sold to residents at times that others may be sold to. An application can be sought to amend this. Light meals must be available at times that liquor is available. 	 Section 24 Sam to midnight except Sunday or restricted day On a Sunday from 10am to 10pm that is not a restricted day or 24 December 24December and not a restricted day 10am to 10pm and from 10pm to midnight if for consumption on the premises with or ancillary to a meal on a restricted day from noon to 10pm except Good Friday for consumption on the premises on 31December from 5am to 2am the next day for consumption on the premises Section 25 Variations may be made for extensions from midnight to 5am the next day if no frequent undue disturbance will occur Section 25 Variations for sale on Sundays may be granted from 5am or from 10pm to no later than midnight if to meet the needs of tourists or other special needs as long as it doesn't result in undue disturbance

State	Licenses	Authority to sell	Restrictions	Trading Hours
NSW cont'd	Off-license	To sell liquor only for consumption off premises	■ Section 22 ■ An off-licence for a vigneron shall not sell liquor unless produced substantially or on behalf of the licensee and sold at the premises of production	 Section 26 From 5am to midnight on a day that is not Sunday or a restricted day 10am to 10pm on a Sunday that is not a restricted day or 24 December 8am to 10pm on a Sunday that is 24 December and not a restricted day Section 27 Variations (retail) for sale on Sundays may be granted from 5am or from 10pm to no later than midnight if to meet the needs of tourists or other special needs as long as it doesn't result in undue disturbance

State	Licenses	Authority to sell	Restrictions	Trading Hours
NSW cont'd	Cicenses On-license There are a number of on licence premise licences these include: Airport Function Public hall Restaurant University Vessel or aircraft	To sell liquor for consumption on the premises	Restrictions Section 23 On-licence at a function Permanent on-licence (function) Temporary on-licence (function) — not more than 3 functions per year Only granted to a person on behalf of a non proprietary association or a person in respect of a trade fair Packaging must be opened Licensee or nominated person must be present at all times Restaurants Iiquor shall be sold, and consumed in the restaurant only Iiquor can be sold and consumed without a meal at no more than 30% of the seated dining capacity at any time. Motels may only sell to bona	Section 29 On-licence (function) Sold 30 minutes before commencement to 1 hour after or in the case of the function continuing past midnight to 3am or a time fixed by the court Section 31 On-licence (restaurant) On a day not being Sunday or a restricted day from noon to midnight Sunday or restricted day noon to 10pm 24December and not a restricted day from noon to midnight 31December and not a restricted from noon to 2am where including a motel liquor may be sold at any time to a lodger in their room or a specified area Sections 33,34,35 Note: trading hour differences and variations for on-licences for (theatre), (university), (vessel or aircraft) within act.

State	Licenses	Authority to sell	Restrictions	Trading Hours
			fide guests and the supply must not exceed 2L/day liquor may only be sold by means of bar facilities located in the accommodation in which the liquor is to be consumed Public Hall – liquor may only be sold ancillary to a dinner, reception, convention, etc and by serving it to persons seated at tables Theatres – only to persons attending the theatre and within the prescribed licensed area	
	A caterers license	At an event at which catering services are provided, only for consumption on those premises	 Section 23 Must be supplied and consumed with edible refreshments supplied by the licensee 	 Section 35B May be sold 30minutes prior to the event or 6am whichever is later until 1hour after or in the case of the event continuing past midnight to 3am

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State	Licenses	Authority to sell	Restrictions	Trading Hours
NSW cont'd	A nightclub license	To sell liquor for consumption on the premises	Must not be sold between noon and 8pm on any day that is not a restricted trading day or between noon and 10pm on a restricted trading day except with a meal at a table. Only sold ancillary to entertainment and a light meal being available. Must pass public benefit test	 Section 35C Within the specified city areas and streets On any day that is not a restricted day from noon to 3am On a restricted day from noon to

State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia Part 3 Licenses	Hotel Licence – Section 32	For consumption on or off the premises To sell at anytime ancillary to a meal in a designated area	 Must remain open between 11am and 8pm on each Monday to Saturday Must provide a meal between noon and 2pm and 6pm and 8pm on any day Must show need for a hotel and meet all necessary planning and building approvals Operation must not detract from community 	 Authorised to operate between 5am and midnight on any day except Sundays and restricted days Sunday between 11 am and 8pm or if New Years between 11am and midnight On Christmas day between 9am and 11am Anytime to a lodger Extended trading authorisation is available under Act Must remain open between 11am and 8pm on each Monday to Saturday
	Residential Licences – Section 33	 To a lodger on or off the premises To a diner ancillary to meal To function attendees in a designated area 	 Must provide accommodation Must provide lodgers with a breakfast or dinner if so requested between specified hours Regulations Section 8 - 2c) Licence not required to serve alcohol for cottage or bed and breakfast accommodation for a maximum of 8 persons 	

State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia cont'd	Restaurant Licence – Section 34	consumption on the licensed premises at anytime on premises ancillary to a meal provided by the license	consume liquor wi	thout ted at a cood is censee ut food
	Entertainment Venue Licence – Section 35	for consumption on premise in a designated area ancillar to meal for consumption on premise where live entertainment is provided between 9pm on or day and 5am on the next and not falling in restricted times as specified by the Act	the provision of liventertainment entertainment entertainm	1

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State	Licenses	Authority to sell	Restrictions	Trading Hou	rs
South Australia cont'd	Club Licence Section 36	consumption on premises members and their guests to a lodger at anytime for consumption on or off the premises at anytime ancillary to a in a designated area at anytime to a person attending a reception for consumption in that area packaged liquor if not recavailable in the local area members	meal		on any day between 5am and midnight on Sunday between 11am and 8pm, if New Years between 11am and midnight Note Act for other restricted days
	Limited Club Licence - Section 36 3	 May not hold a gaming life For consumption on the premises by members and their guests A member may have not than 5 guests at any one than 	d more		

State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia cont'd	Retail Liquor Merchants – Section 37	For consumption off the licensed premises	 Must be entirely devoted to the business conducted under the licence and must be separate from premises used for other purposes This restriction may be granted exemption if demand does not justify separate premises Must show need for a hotel and meet all necessary planning and building approvals Operation must not detract from community 	On any day except Good Friday and Christmas Day between the hours of 8am and 9pm
	Wholesale Liquor Licence – Section 38	To a liquor merchant at any time for consumption off the premises Between the hours of 8am and 9pm on any day except good Friday and Christmas day to any other person	Can gain approval for on premises consumption (sampling) Must not be sold in an aggregate quantity less than 4.5Ltr (other than to a liquor merchant) At least 90% of turnover must be derived from sales to liquor merchants	Between the hours of 8am and 9pm on any day except good Friday and Christmas day

State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia cont'd	Producers Licence - Section 39	Liquor produced by the licensee for consumption off premises Liquor produced by the licensee for consumption in a designated dining area with or ancillary to a meal and is so for provided as a condition of the license To sell or supply samples for consumption on the premises approved by the authority	Regraded as produced by the licensee if Beer – brewed by or at the licensees direction Spirits - – brewed by or at the licensees direction Wine - fermented by or at the licensees direction or - blended with Australian primary produce and a substantial proportion was fermented by or at the licensees direction and the licensee assumed financial risk of production	
	Special Circumstances – Section 40	for consumption on or off the premises in accordance with conditions of license	 no other licence could adequately cover the situation the business would be prejudiced under another licence category 	

State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia cont'd	Limited Licence - Section 41	in circumstances that would otherwise be unlawful for special occasions or a series of occasions	 not for more than one month unless special circumstances may be granted to a holder of an existing licence or an unlicensed person not to be granted for a function not to be granted if a permanent licence is appropriate 	
Western Australia Division 2 Category A Licenses	Hotel Licenses Section 41	 Provides residential accommodation for any person (this can be varied by licensing authority) Breakfast for lodgers between 7am and 9am and dinner between 6pm and 8pm Sell for consumption on premises and packaged liquor 		 between 6am and midnight 31December after midnight to 2am the next day any time if the sale is to a lodger On a Sunday between 12noon and 9pm Between 9pm and 12midnight on New Years Eve and up to 2am on New Years Day Note Act for restricted days

State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia cont'd	Tavern License Section 41	 Known as a tavern licence if does not meet above conditions and does not seek licence offering accommodation or restricted license Sell for consumption on premises and packaged liquor 		between 6am and midnight 31December after midnight to 2am the next day anytime if the sale is to a lodger
	Restricted Hotel Licence Section 41	prohibits sale of packaged liquor to persons other than lodgers restricted sales for on premises consumption		as specified by the license
	Cabaret License Section 42	for consumption on the licensed premises only, ancillary to continuous entertainment provided by one or more persons		 between 6pm and 6am but only if the hours immediately prior to midnight were permitted hours On a Sunday up to 6am but only if the hours immediately prior to midnight were permitted hours On Sunday between 8pm and 12midnight
	Casino Liquor License Section 43	For consumption on the premises or other premises within the complex as approved		At the Gaming Commission discretion

State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia cont'd	Special Facility License Section 46 Purposes include - A workers canteen - A seafarers canteen - A theatre - A ballroom - A reception centre - Private of public transport - Historical or cultural preservation - Tourism - Post secondary or tertiary institutions or - Sports promotion	■ To meet the needs of a particular class or circumstance or purpose ■ Only if no other licence adequately provides for the purpose ■ Consumption on and if the licence so provides off premises and to sell packaged liquor ■ Packaged liquor can be sold in quantities that might be reasonably consumed in a day		As per the special facility license
	Liquor Store Licences Section 47	The sale of packaged liquor for consumption off premises to any person		■ Between 8am and 10pm

State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia cont'd Division 3 Category B Licenses	Club Licence Section 48	For consumption on the premises by members and guests Only sell amounts that would be reasonably consumed May sell packaged liquor for consumption off premises as long as licence is not a restricted club license	Sales to guests otherwise than ancillary to a meal or at a function, extends only to such persons, not exceeding 5 or such lesser number as may be permitted	 between 6am and midnight 31December after midnight to 2am the next day anytime if the sale is to a lodger if also a member between midnight and 12.30am the next day if ancillary to a meal on a Sunday up to 1am whether or not ancillary to a meal, between 10am and 10pm
	Club Restricted Licence Section 48	Prohibiting the sale of liquor for consumption off the premises Suppliers to be nominated by the club secretary consist of licensees who have hotels or liquor stores situated within 8km of the club unless unduly restrictive	Director may determine that the club can sell packaged liquor if not readily available in the area	as specified by the license

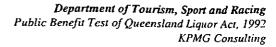
State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia cont'd	Restaurant Licenses Section 50	To sell for consumption on the premises ancillary to a meal eaten there With an extended trading permit in respect of accommodation may sell liquor to lodgers in a room or area specified not ancillary to a meal	 May apply for relaxation of the meal requirement which provides conditions requiring Restricted hours Be served and consumed at a dining table and not elsewhere That furniture and fittings be provided in a specific manner No charges levied Specified standard of premises and Records be kept for inspection 	At any time
	Exempted Producers Section 54	If a business that regularly sells wine produced by the business is a genuine producer, or has wine producing facilities	sold in sealed containers not less than 740ml not consumed on premises	sale to take place between 8.30am and 8.30pm on any day except Sunday, and restricted days between 10am and 6pm on a Sunday or restricted day

State	Licenses	Authority to sell	Restrictions	Trading Hours
South Australia cont'd	Producers License Section 55	 produced by the licensee on the premises being wine or spirits made from grapes for consumption on or off premises being spirits not made from grapes for consumption off premises being beer not less than 9ltr for consumption off premises 		■ At any time
	Wholesalers License Section 58	on or from licensed premises not less than 9ltr for consumption off premises	business must be at least 90% of licensees gross turnover	■ At any time
	Occasional Licenses Section 59	during a period not exceeding three weeks	not provided where the applicant has another license or where facilities enable the licence to be operated in a proper manner or where its to the public detriment	as specified by the license
Permits	Extended Trading Permits			
	Extended Area			

State	Licenses	Authority to sell	Restrictions	Trading Hours
Northern Territory	Liquor License Section 24	 As determined by the Commission Make application and licence designed to suit 	As determined by the Commission	As determined by the Commission
Tasmania	General License	For consumption on or off premises		between 5am and midnight on any day
	On-license	For consumption on premises		between 5am and midnight on any day
	Off-license	For consumption off premises	Not less than 9ltr or in the sae of Tasmanian Wine – any quantity	■ Between 8am and 6pm on any day except Sundays
	Club License	For consumption on or off the premises	To a member or a person introduced by a member or has reciprocal rights	Between 5am and midnight on any day
	Special License	 As per conditions on the license 		between specified times
	Out of Hours Permit	subject to conditions of permit		after midnight and before5am
	On-permit	for consumption on the premises		any times
	Off-permit	for consumption off the premises		any times
	Special Permit	subject to conditions of permit		any times
Australian Capital Territory	General License Section 26	For consumption on or off the premises		at any time or time prescribed
	On License Section 27	■ For consumption on premises		at any time or time prescribed
	Off License Section 28	in sealed containers for consumption off premises		
	Club License Section 29	for consumption on and off the premises	to members of the club and their guests	at any time or time prescribed

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State	Licenses	Authority to sell	Restrictions	Trading Hours
Australian Capital	Special Licenses	 as per conditions of the license 		at any time or time prescribed
Territory cont'd	Section 29A			





Appendix D
Economic Modelling
Re-Allocation Co-effecients

Table 1 (a)
Short-Term Re-allocation Scenario; Shift in sales revenue from Hotels and Clubs to Retail;
Brisbane-Moreton.

Regional Indicator	Direct	First-Round	Industrial Effect	Consumption Induced	Av. Reallocation	Short -term reallocation cost at 25% reallocation
Output	0	-0.14	-0.07	0.11	0.10	
Income	0.12	-0.02	-0.02	0.02	0.10	1
Employment	0.08	-1.82	-0.74	1.23	-0.17	
Value Added	0.14	-0.06	-0.04	0.06	0.04	

Table 1(b)

Industry Significance and Backward Linkage: Trade and Recreation and Personnel Services Sector: Brisbane-Moreton.

	Trade	Recreation and Personal Services
Backward Linkage	.9347	1.3511
Backward Spread	1.15	0.8142
Out of Sector Impact	0.417	0.455
Contribution to GRP*	16 %	4.8%

^{*} measured by value added

Table 2 (a) Short-Term Re-allocation Scenario; Shift in sales revenue from Hotels and Clubs to Retail; Central West

Regional Indicator	Direct	First- Round	Industrial Effect	Consumption Induced	Av. Reallocation	Short -term reallocation cost at 25% reallocation
Output	0	-0.18	-0.08	0.08	05	
Income	0.12	-0.02	-0.02	-0.02	0.08	
Employment	3.68	-2.05	-1.02	1.15	-0.08_	
Value Added	0.14	-0.08	-0.04	0.04	0.06	

Source: Derived from Regional Input-Output Tables for Central West at 1994-95



Table 2(b)

Industry Significance and Backward Linkage: Trade and Recreation and Personal Services Sector: Central West Region.

	Trade	Recreation and Personnel Services
Backward Linkage	.9670	1.58
Backward Spread	.6675	1.0043
Out of Sector Impact	37.5	40.8
Contribution to GRP		

Table3 (a)
Short-Term Re-allocation Scenario; Shift in sales revenue from Hotels and Clubs to Retail;
Darling-Downs

Regional Indicator	Direct	First-Round	Industrial Effect	Consumption Induced	Av. Reallocation	Short -term reallocation cost at 25% reallocation
Output	0	-0.12	-0.07	0.12	07	
Income	0.09	-0.02	-0.01	0.27	0.33	
Employment	0.65	-1.53	-1.79	1.46	0.21	
Value Added	0.15	-0.03	-0.03	0.04	0.13	

Source: Derived from Regional Input-Output Tables for Central West at 1994-95

Table 3(b)

Industry Significance and Backward Linkage: Trade and Recreation and Personnel Services Sector: Darling Downs.

	Trade	Recreation and Personnel Services
Backward Linkage	.9104	1.273
Backward Spread	.1.06	0.95
Out of Sector Impact	44.5	46.9
Contribution to GRP		



Table 4 (a) Short-Term Re-allocation Scenario; Shift in sales revenue from Hotels and Clubs to Retail; Fitzroy

Regional Indicator	Direct	First- Round	Industrial Effect	Consumption Induced	Av. Reallocation	Short -term reallocation cost at 25% reallocation
Output	0	-0.12	-0.07	0.12	07	
Income	0.09	-0.02	-0.01	0.27	0.33	
Employment	0.65	-1.53	-1.79	1.46	0.21	
Value Added	0.15	-0.03	-0.03	0.04	0.13	

Source: Derived from Regional Input-Output Tables for Central West at 1994-95

Table 4 (b)

Industry Significance and Backward Linkage: Trade and Recreation and Personnel Services Sector: Fitzroy.

	Trade	Recreation and Personnel Services
Backward Linkage	.9104	1.273
Backward Spread	.1.06	0.95
Out of Sector Impact	44.5	46.9
Contribution to GRP		

Table 5 (a) Short-Term Re-allocation Scenario; Shift in sales revenue from Hotels and Clubs to Retail; Far North

Regional Indicator	Direct	First- Round	Industrial Effect	Consumption Induced	Av. Reallocation	Short -term reallocation cost at 25% reallocation
Output	0	-0.15	-0.11	0.08	05_	
Income	0.12	-0.02	-0.02	-0.33	0.08	
Employment	0.57	-2.05	-1.25	1.48	-1.6	
Value Added	0.06	-0.06	-0.05	-0.25	-0.30	

Source: Derived from Regional Input-Output Tables for Central West at 1994-95



Table 5(b)

Industry Significance and Backward Linkage: Trade and Recreation and Personal Services Sector: Far North.

	Trade	Recreation and Personnel Services
Backward Linkage	.9104	1.273
Backward Spread	.1.06	0.95
Out of Sector Impact	44.5	46.9
Contribution to GRP		

Table6 (a)
Short-Term Re-allocation Scenario; Shift in sales revenue from Hotels and Clubs to Retail;
North West Region (Including Mount Isa and Longreach)

Regional	Direct	First-	Industrial	Consumption	Av.	Short -term
Indicator		Round	Effect	Induced	Reallocation	reallocation cost at 25% reallocation
Output	0	-0.13	-0.03	0.08	08	
Income	0.12	-0.01	-0.01	0.02	0.12	
Employment	1.1	-1.19	-0.34	1.04	0.61	
Value Added	0.16	-0.03	-0.08	0.07	0.12	

Source: Derived from Regional Input-Output Tables for Central West at 1994-95

Table 6(b)

Industry Significance and Backward Linkage: Trade and Recreation and Personal Services Sector: Northern West region.

	Trade	Recreation and Personnel Services
Backward Linkage	.8222	13084
Backward Spread	.6930	0.7109
Out of Sector Impact	30.3	41.6
Contribution to GRP	5.9	2.3

Table 7 (a)
Short-Term Re-allocation Scenario; Shift in sales revenue from Hotels and Clubs to Retail;
Northern

Regional Indicator	Direct	First- Round	Industrial Effect	Consumption Induced	Av. Reallocation	Short -term reallocation cost at 25% reallocation
Output	0	-0.16	-0.13	0.04	-25	
Income	0.12	-0.01	-0.02	0.04	0.13	
Employment	2.32	-1.38	-1.14	1.58	1.38	
Value Added	0.14	-0.11	-0.05	0.07	0.05	

Source: Derived from Regional Input-Output Tables for Central West at 1994-95

Table 7(b)

Industry Significance and Backward Linkage: Trade and Recreation and Personal Services Sector: Northern

	Trade	Recreation and Personnel Services
Backward Linkage	.9104	13084
Backward Spread	1.06	0.7109
Out of Sector Impact	44.5	46.9
Contribution to GRP	7.2	3.3

Table 8 (a) Short-Term Re-allocation Scenario; Shift in sales revenue from Hotels and Clubs to Retail; Wide-Bay Region.

Regional Indicator	Direct	First- Round	Industrial Effect	Consumption Induced	Av. Reallocation	Short -term reallocation cost at 25% reallocation
Output	0	-0.18	-0.08	0.11	0.15	
Income	0.12	-0.01	-0.01	0.03	0.13	
Employment	0.08	-4.14	-1.18	1.24	-3.28	
Value Added	0.14	-0.09	-0.04	0.02	0.03	



Table 8(b)

Industry Significance and Backward Linkage: Trade and Recreation and Personnel Services Sector: Wide-Bay.

	Trade	Recreation and Personal Services
Backward Linkage	.7657	1.3869
Backward Spread	.7593	1.1313
Out of Sector Impact	0.356	0.507
Contribution to GRP*	12.2 %	3.5%

^{*} value added

ATTACHMENT 2

Summary of Public Hearings

ATTACHMENT 3

Premium Calculation for General and Special Facility Licences

ATTACHMENT 4

List of Written Submissions

SUMMARY OF NCP PUBLIC HEARINGS-BRISBANE

1 March 1999

Trevor Clelland-Chair, National Competition Policy Liquor Act Review Panel

Mr Clelland commenced proceedings by delivering the attached opening address.

Patrick McKendry-Retailers Association of Queensland

- Sought clarification as to whether all written submissions were to be made public.
 Trevor Clelland advised they would not as many of the submissions contained
 "commercial in confidence" material.
- Asked if his Association could appear before the Panel again at one of the other centres throughout the State. Mr Clelland advised that they were at liberty to make an appointment through the normal channel.
- Referred to the Executive Summary of the Retailers written submission and then made the following statements:
 - It is impossible to come to the conclusion that the objects of the Act can only be met by maintaining the existing anti-competitive provisions in respect of the sale of take-away liquor by Hotels only.
 - All retailers (large and small) are united on this issue. They are very much interested in the Responsible Service of Alcohol issues and patron care. They believe that existing licensed operators have not got this aspect of the industry correct. Retailers in other States have a good track record on these matters.
 - The objects of the Act are not being met as the industry is not being developed to its optimum level. Concentration of ownership damages the industry.
 - The community has nothing to gain from the Hotel monopoly.
 - Recommends mandatory training of staff in respect of the service of alcohol.
 - The matter of gaming is an integral issue. The money being diverted to gaming is a significant threat to the retail industry. The reliance by Hotels on the sale of packaged liquor has decreased since the introduction of gaming machines. These machines have increased the profitability of Hotels at the expense of general retailing.
 - Retailers cannot compete if they cannot sell the same product.
 - The existing poor range of liquor available has resulted in Queensland being a large "importer" of wine from other States through the mail order system.
- At this point Mr Clelland asked if Mr McKendry could elaborate on issues such as how allowing Retailers to sell packaged liquor would increase the range of product available to the consumer and how it would increase employment. He was asked to give a Statewide perspective.

- Mr McKendry enlisted the assistance of a colleague from Price Waterhouse Coopers to indicate how the sale of liquor through supermarkets would increase employment, the following example was given; a study has shown that a business turning over \$100,000 may employ 5 staff, if this business was amended to operate as 2 businesses each with a turnover of \$50,000 they would each employ 3.5 staff. The proposal that an increase in the number of outlets selling supermarkets will increase employment is integral to the Retailer's submission.
- It was the opinion of the RAQ that detached bottle shop operations do not form part of the core business of Hotels-core business is conducted at the main premises being the supply of liquor, food and gaming.
- Research shows that females and the elderly would prefer to obtain their liquor whilst doing their grocery shopping.
- Gave an undertaking to provide written material substantiating his claims on investment and employment.
- In conclusion Mr McKendry advised that his organisation saw the future of packaged liquor sales resting with retailers.

James Visser-Restaurant & Catering Queensland

- Indicated that when preparing their report his organisation looked at the objects of the Act and balanced those with the needs of the public.
- Restaurants constitute the largest category of licensed premises and are the most discriminated against.
- Restaurants are responsible for 2.7% of liquor turnover in the State.
- Believes businesses should be either licensed or unlicensed. If you are licensed you should be able to satisfy clients needs without restriction provided you are still meeting your primary purpose.
- Public Need test needs to be strengthened.
- Restaurants have an overwhelmingly good record in the Responsible Service of Alcohol.
- Current restrictions on restaurants in respect of the sale of liquor are not understood by members of the general public.

In summary:

- Remove premiums
- Restaurants be permitted to sell take-away liquor to patrons dining in the restaurant.
- Maintain the Responsible Service of Alcohol legislation.
- Retain the Public Need test.
- Remove 20% provisions applying to restaurants and allow them to sell liquor in an unfettered fashion provided they are still meeting their primary purpose.

Margaret O'Donnell asked Mr Visser how he would strengthen the Public Need test. Mr Visser suggested that there should be a definition of Public Need in the Act.

Paul Brown-Leda Group

- At the outset he provided the committee with six bottles of wine which is supplied by the Liquorland group. This liquor was only sold by Liquorland, the customer could not tell if they were getting value for money as the product was not sold by anyone else. This in itself is anti-competitive. You must shop at Liquorland to get the product and there is no price competition.
- Hotels already supply an extensive range of product.

Colin Allerdice-Ecovale Pty Ltd

- The retailers are trying to get into liquor, pharmacy and newsagents-this shouldn't be allowed as look what happened to butchers and delicatessens.
- Liquor prices throughout the State are already extremely competitive. Queensland is already comparable with other States and there would be no price benefit.
- Retailers are prime employers of young people but so are Hotels.

• In short:

- Allowing sales in supermarkets will constitute a decline in employment as they will not need to employ extra staff.
- You will not get good advice or Responsible Service of Alcohol from staff at retailers as they are probably only Grade 11 students who are there for only a few hours per week.
- The Queensland model of selling liquor is a good example for the rest of Australia.
- Liquor Barns and detached bottle shops cover the existing need. There are in fact very few suitable detached bottle shop sites left.

- There will be no economic benefit to the State should liquor be sold through supermarkets.

Tony Condon-Currumbin Creek Tavern

- If supermarkets are allowed into the industry I would have to put off 9 of 28 staff.
- I would have leases for detached bottle shops which I could not operate.
- To get a product into supermarkets you must pay a fee. Hotel industry treats each product on its merits.

Chris Linden-Lonestar Tavern, Mermaid Beach

- Currently employs 66 people directly with liquor sales. If supermarkets enter the industry he could lose half of them.
- There is presently a large amount of capital expenditure in the industry. This would not be the case if supermarkets are allowed in.

Ross Mercer-Robina Tavern

• When supermarkets come into small country towns they effectively close down small business which subsequently leads to banks leaving the town.

Jenny Rolland-Liquor Licensing Consultants

- In respect of liquor licence applications:
 - The notice that applicants are required to display calls for objections only, not for persons in favour of the application.
 - When setting down "objection conferences" Liquor Licensing should contact the applicant as well as the objector/s to ascertain a suitable date.
 - Exactly who is a "member of the public" as defined in the Act must be clarified before the person is accepted as an objector.
 - Duplication of services must be avoided (eg) who is responsible for determining toilet facilities? Some Councils attempt to usurp the Division's authority on these issues.
 - Concerned about the inconsistencies in decisions that come from the Division.
 - Concerned about delays in replying to correspondence, processing applications and in giving approvals when only minor matters are outstanding.

Roy Metcalfe-Ashgrove Services Club

- Ridiculous that a person can leave a licensed premises, get hurt and the licensee is held responsible. Once they leave your premises they should be responsible for themselves.
- 18 litre restriction on sales to club members should be removed.
- 40 kilometre rule on visitation rights to clubs should be reduced to 20 kilometres.
- Sales of liquor should be restricted to existing outlets and not expanded to venues such as cinemas.
- Alcoholic ice blocks should be banned except when sold from licensed premises.

Rob Finlayson-Fitzgibbons Hotels

- Main concern is take-away liquor. Unless there is something fundamentally wrong with the existing system it should not be changed.
- Some years ago Hotels were given the option to operate detached bottle shops or lose out to supermarkets. Hotels through these detached bottle shops presently satisfy public need.
- Hotels made decisions on matters such as detached bottle shops on existing rulesthese rules should not change "mid stream".

Chris Cornell-Giants Buying Group

- Hotels are now reliant on take-away sales particularly since the drink driving laws were enhanced.
- Underage persons are more attracted to general retail outlets.
- A recent survey on the Gold Coast revealed that the Liquorland outlets were not cheaper than other licensed outlets therefore the consumer will not be better off.

Ray Weavers-Liquor King

- Agreed with other speakers who were against liquor sales from supermarkets.
- In other States there are not outlets in all retail stores-more so in areas that were not being serviced. This issue was addressed by the Hotel Industry in Queensland and the Government of the day by the introduction of detached bottle shops.

George Pippos-Hotelier

- The issue as to whether liquor should be sold through supermarkets has been addressed previously and was resolved through the introduction of detached bottle shops.
- It costs between \$50,000 and \$80,000 to establish a detached bottle shop. This amount multiplied by the number of detached bottle shops existing in the State represents a substantial investment by the Hotel industry.
- Gave examples that the turnover in detached bottle shops previously run by him and now conducted by Liquorland has dropped markedly because their margins are higher.
- Coles/Myers shareholders get a discount when purchasing from Liquorland but no other customer will.
- Need to clarify the situation of cafes trading as bars.
- Suggested a ceiling on the number of licences-applicants could then purchase a licence and move to respective areas.
- Government has a responsibility to ensure that existing businesses remain viable.

Gerald Brock-Grand View Hotel, Cleveland

- Enough participation in the industry to satisfy competition.
- The industry is labour intensive and provides good service and advice.
- Since 1992 there has been an increase in the number of restaurants that now trade as General Licences.
- Hotels are very much a part of the tourist industry in this State.

John Hembrow-Christine Corner Tavern, Gold Coast

• Irrespective of whether or not there is a change to the legislation we are already in a highly competitive market.

Zerny Sandh-Merrimac Tavern

- Basically agreed with other Hoteliers that had spoken.
- Gave a favourable appraisal of our situation compared with various places in Europe.
- We will lose a number of jobs if liquor is sold through supermarkets.

Paul Allen-Melbas, Surfers Paradise

- To "loosen up" the availability of liquor through existing premises will result in irresponsible serving practices.
- If supermarkets are allowed to sell liquor it will again result in irresponsible serving practices as retailers and hoteliers enter into discounting.

Sandy McDonald-Manly Hotel

- Runs the Hotel in a responsible manner as encouraged by Liquor Licensing Division.
 Opening up the industry to other competitors such as supermarkets would seem to be contrary to established policy.
- Employs 19 people in off-premises sales-there employment would be placed in jeopardy if there is a change to the current system.

Gary Gibson-Clubs Queensland

- Overall objective of Clubs is to serve the community. All income is used for the benefit of members and the community.
- Vast majority of clubs are small business entities.
- The current philosophy behind the Liquor Act is the correct one.
- No evidence that further expansion of take-away liquor sales will provide more competition or benefit the consumer.
- To allow sales through supermarkets gives the impression that alcohol is the same as any other product such as bread and milk. This gives the wrong message to young people.
- The restriction on take-away sales of 18 litres prevents clubs from meeting the needs of their members. It is an illogical and arbitrary restriction on clubs.
- Recommended that the 40 kilometre rule on visitation rights to clubs should be reduced to 15 kilometres.
- Non-proprietary clubs should be the only premises which are able to use the word Club in their name. When Cabarets use the name Club there is a tendency to get the premises confused and there is a lot more violence associated with Cabarets.

Michael White-Brackenridge Tavern

- To maintain a business all areas must operate profitably-if packaged liquor sales are reduced the overall standard of the business will drop and jobs will be jeopardised.
- Patron Care is a serious issue for all Hotels these days.

Sue Bellino-Australian Liquor, Hospitality and Miscellaneous Workers Union

- The Union covers all the workers from this industry in the State.
- If supermarkets are allowed to sell liquor there will be a decrease in employment.
- Changes to the Act should only be adopted if there is a positive benefit to the community.

Jim Stewart-Queensland Hotels Association

- At the core of the Liquor Act is responsibility-Hotels have ben subject to this for over 80 years.
- The objects of the current Act were arrived at after a lengthy review of the 1912 Act conducted between 1989 and 1991.
- Premiums are not a barrier to entry but part of the cost of entry in showing our bona fides.
- The QHA believes that public need should be strengthened and should be directly related to the objects of the Act.
- Should have minimum standards for premises-not a shed in an industrial estate. Should be a significant investment.
- Hotels have been responding to consumer demand since before the turn of the century.
 Hotels, the Act and Government have been able to respond to consumer demand.
- The QHA has welcomed Liquorland into the State. It is a case of whether you are prepared to pay the price for being a part of the industry, both financially and in respect of responsibility.
- We must remember that prior to 1992, when Hotels were built the Government dictated the size etc and the licensee was required to pay a premium and annual fee. This was done on the basis that certain privileges were associated with having a General Licence.

Reverend John Tully

- Spoke about addictions generally including alcohol.
- If supermarkets are allowed to sell liquor then a lot of the good work done in the industry regarding the Responsible Service of Alcohol will be undone.

2 March 1999

Trevor Clelland-Chair, National Competition Policy Liquor Act Review Panel

Mr Clelland commenced proceedings by delivering the attached opening address.

Gai Burton-National Federation of Independent Business

- Organisation keeps in contact with over 20,000 small businesses the majority of which are in Queensland.
- Opposed to any change to method by which packaged liquor is sold as it will decrease competition.
- Franklins, Woolworths and Coles have 87% of the food market which is anticompetitive.
- There is evidence that once big business (eg. Coles) forces out the nearest competitor the price of goods actually goes up.
- Hotels contribute to the tourist industry of the State.
- Could be 6,300 jobs lost in small businesses which support the Hotel industry.
- Adding one more drug to supermarket shelves would be socially irresponsible and would see the demise of a number of small businesses.

Tony Stokes-Chairman of RSL Clubs Association

- 18 litre limit on take-away sales to members is unnecessary. Prohibits clubs from satisfying the needs of their members.
- Clubs should have the option of trading anytime between 8.00 am and 2.00 am.

- There is no need to extend the sale of take-away liquor to supermarkets as the need is presently well satisfied. It would result in 100's of new outlets and the value of licences would be diminished.
- the 40 kilometre rule on visitation rights to clubs should be reduced to 5 kilometres.

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SUMMARY OF NCP PUBLIC HEARINGS - TOOWOOMBA

4 March 1999

Trevor Clelland - Chair, National Competition Policy Liquor Act Review Panel

Mr Clelland commenced proceedings by delivering the attached opening address.

Mr Richard Bowly, Southern Hotel, Toowoomba

- Alcohol is a drug.
- Seen enormous change over the years in the liquor industry, particularly the availability of alcohol through detached bottle shops.
- Garning is still the minority part of our business whilst liquor is still the main part.
- Retailers think liquor should be available in the same manner as milk and bread Lloyd Enkelmann is here from Public Health and he will indicate the dangers of this.
- Employs 41 people, of which 12 are in the bottle shop part of the operation.
- Tabled a map indicating his hotel and the seven detached bottle shops with which he must compete.
- In Toowoomba there are 40 hotels and 19 detached bottle shops for a population of 90,000 and this does not include other licensed outlets such as clubs.
- Retailers claim they will provide a better range. My business carries 2,500 lines of product.
- In Toowoomba all of the shopping centres are serviced by a detached bottle shop. If retailers are allowed to sell packaged liquor, the individual detached bottle shops will be squeezed out and liquor sold from large shops only.

Mr John Watt, Blue Mountain Hotel, Harlaxton

 Hotels are presently operating on the lowest possible margins. Should retailers be allowed to sell liquor, many hotels will go broke.

Mr Geoff Lewis, Burke and Wills Hotel, Toowoomba

My company, Fortland, presently has a portfolio worth \$30 million in the industry. This is a large investment; however, we have made a decision not to expand our bottle shop operations as we believe this part of the industry is well-serviced.

Mr Barry Smith, Cheyenne Hotel, Drayton

- Supermarkets have a monopoly on most things already. Food and beverage is the lifeline of our business as we don't sell other products that supermarkets do.
- Supermarkets have already put butchers and delicatessens out of business.
- Hotels are community minded and sponsor various community organisations.

Mr David Riki

Don't think supermarkets should sell anything other than what they already do.

Mr Ennio Moresco, National Hotel, Toowoomba

- There is already enough competition in the industry.
- Hotels provide more service than supermarkets which often run on skeleton junior staff.
- Need responsible persons selling liquor and gave example of a recent public event in Toowoomba where a number of minors were served alcohol by inexperienced staff.
- Supermarkets would be in a position to discount liquor and make money on other items.

Mr Stan Montefiore, Pittsworth Hotel, Pittsworth

Tabled a written submission attached to these minutes.

Mr Richard Mulhern, Royal Hotel, Toowoomba

- There are three partners in this hotel business. My part of the investment is all I have. If supermarkets are able to sell liquor, we will have to put off at least 30 % of the staff in the hotel.
- We rely on Government to protect small business.
- Toowoomba is already well-serviced with liquor outlets.
- Must have responsible persons selling liquor.
- It is ridiculous to suggest that hoteliers do not have an extensive knowledge of their product.

Mr Alan Lennard, Withcott Hotel, Withcott

- In 1992, we were told that detached bottle shops would be put into shopping centres so that liquor would not be sold in supermarkets.
- We can't sustain any more loss to the retail industry.

Mr Peter O'Callaghan, Federal Hotel, Toowoomba

 I employ 30 people of which 12-15 would be retrenched if supermarkets are allowed to sell liquor.

Mr Lloyd Enkelmann, Public Health Unit, Toowoomba

- I am an Alcohol and Drug Project Co-ordinator, with 25 years experience in this field.
- Concerned that opening up availability of liquor will have health consequences. There
 is no doubt that there is a link between access to liquor and consumption and the
 associated harm issues.
- Can see no reason to make it more accessible when it is already so attainable.
- Alcohol should not be treated as just another grocery item.
- Concerned that if sales allowed through other than existing licensed outlets, responsible management of sales will be difficult to enforce.

Mr Michael Coorey, Spotted Cow Hotel, Toowoomba

- Queensland licensing laws are better than any other state.
- Many people in the industry are already struggling. Allowing supermarkets to sell liquor will break them.

Ms Frieda Garrett of the CWA

- There are enough bottle shops in shopping centres and these are all well-controlled now.
- It will be easier for young people to get alcohol from supermarkets and won't be as wellcontrolled.
- Concerned about the welfare of children and women.

Mr Bob Della, speaking on behalf of Stanthorpe hotels and clubs

- If supermarkets were allowed to sell liquor in Queensland, 2-3 hotels and clubs in Stanthorpe would close with subsequent loss of up to 30-40 jobs.
- Mr Della tabled a letter from the Mayor of Stanthorpe which is attached to the minutes.
- Mr Della tabled a letter as President of the Warwick QHA.

Mr Paul McLaughlin, Palace Hotel, Warwick

- Our hotel is the only family investment.
- We employ 12 locals. Should liquor be sold in supermarkets, there would be a loss of hotels and supporting industries together with jobs.

Mr Ken Stone, Queensland Host Farm Association Inc

Mr Stone tabled a written submission.

Ms Bev Hearn, Tattersalls Hotel, Pittsworth

 She did not believe supermarkets would pass a test of public need in an area like Pittsworth.

Mr Stan Montefiore, Pittsworth Hotel, Pittsworth

The committee must look at the employment implications in rural Queensland.

Mr Jim Stewart, Queensland Hotels Association

- Endorsed what previous speakers had said.
- Intimated that the areas of concern to the QHA had been covered in the public hearings in Brisbane.
- Reiterated the employment implications of supermarkets being able to sell liquor in rural Queensland.

Mr Barry Anderson, Australian Association of Convenience Stores

- There are 900 business in this Association with an average of 10-15 employees per store.
- Convenience stores are 90% small business and independently franchised.
- They are basically mini supermarkets carrying similar lines to major supermarkets.
- Good track record in every detail of retailing.

Mr Barry Anderson, Australian Association of Convenience Stores (contd)

- One of the problems in servicing their customers is the inability to sell liquor.
- In most countries, convenience stores carry alcoholic beverages.
- Convenience stores are generally quite small and do not have the capacity to turn into large bottle shops.
- Doesn't know of any other business that is not subject to competition.
- Consumer should have the ability to choose where to go for liquor a hotel, a bottle shop, supermarket or convenience store.
- Recommends no regulations on packaged liquor sales other than normal social restrictions.
- The Government should increase statutory authority, eg training should be compulsory and penalties for a breach of the Act should be more severe.

Mr Darren Hudson, Toowoomba Sports Club

- The retailers have been suggesting they want a level playing field.
- I don't believe there is any such thing as a level playing field in this industry, particularly due to the different nature of services provided.
- Alcohol should not be treated as another item on the shelf as it is a drug of addiction. The
 existing industry has spent a great deal of money on training staff in the responsible
 service of alcohol.

Mr Jim Aspromourgos, Cabarets Queensland

- Gave a brief outline of how cabarets operate and how they came into existence.
- One of the inequities is that cabarets have to be built in a soundproof fashion whereas other licences such as hotels that provide entertainment do not.
- We seek exclusivity to trade to 3.00 am on "special" days.
- We seek to provide various types of entertainment the same as hotels, including gaming.
- We request 12-monthly review of 5.00 am trading and not 6-monthly as at present.
- Request not to allow restaurants to become pseudo nightclubs.

Mr Jim Aspromourgos, Cabarets Queensland (contd)

- Existing cabaret operators are struggling and restaurants should not be allowed to intrude on the late night entertainment market.
- Cabarets should still be able to use the name "club".
- If an application to trade to 5.00 am is refused, the premises should be allowed to continue trading to 5.00 am whilst an appeal is heard.

Ms Jean Roberts, a member of the public

- Don't need to allow supermarkets to sell liquor as we already have 125 liquor outlets in Toowoomba.
- A large number of residents in Toowoomba don't want liquor sold in supermarkets.
- Government should help people in small business succeed.
- We don't have to follow other States in respect of things that are undesirable.
- Morally wrong to increase the availability of liquor and help people on to "the wrong track".

Mr Terry Roney, small business operator

- Hotels and service stations sell everything that I can as a convenience store operator.
- They discount products I sell, such as cigarettes, to make other sales.
- One-third of my trade now goes into poker machines.
- I used to have six staff now two casuals.
- Hoteliers advertise the poker machines more than liquor.
- Convenience stores would only have a small impact on the hotel industry.
- Most detached bottle shops shut at around 5.00 pm; therefore they are not providing a good service to the public.
- Convenience store operators do a lot of product training which they would also do with liquor.
- Our market would be completely different to that of hotels.
- NB A number of petitions opposed to the sale of liquor through supermarkets were tabled and are attached to these minutes.

SUMMARY OF NCP PUBLIC HEARINGS-ROCKHAMPTON

8 March 1999

Trevor Clelland-Chair, National Competition Policy Liquor Act Review Panel

Mr Clelland commenced proceedings by delivering the attached opening address.

Kerry Jones-Club Hotel, Gladstone

- Was a licensee in Sydney and saw the impact the supermarkets had on Hotels there. In the early 1980's eight of the twelve leading liquor outlets were Grace Brothers operations.
- Off-premises sales represent over 70% of total sales.
- Employs 29 staff but if supermarkets are allowed to sell liquor this would be cut by about half.
- The industry is still suffering from the impact of poker machines (eg) After the first year of operation I netted \$44,000 from poker machines but bar trade was down \$240,000.

Merv Brown-Kalka Palms Hotel

- Over the last 8 years in Rockhampton I have witnessed the demise of small business at the hands of supermarkets (eg) butchers and service stations.
- At present there is a take-away liquor outlet in every shopping centre.

David Gibson-Allenstown Hotel, Rockhampton

- Can't see public getting any benefit. Prices can't be any cheaper. Can't be any more
 accessible as there is a detached bottle shop in every shopping centre. Can't get a
 wider range as most Hotels in Queensland carry an extensive range.
- Downside is unemployment-we would drop 10 staff out of a total of 25.
- We sponsor a number of clubs and community organisations.

Will Cordwell-Ascot Hotel, Rockhampton

- As the local QHA President Mr Cordwell tendered a number of apologies from persons unable to attend the hearing.
- Most Hotels sponsor a number of sporting clubs and community organisations.

- There is the personal service side of the Hotel industry that no other person can provide.
- I have three detached bottle shops each of which costs approximately \$80,000 to outfit.

Leo Zussino-Grand Hotel, Gladstone

- There is a responsibility on all licensees to serve liquor in a responsible manner.
- Grocers have a distinct advantage over Hoteliers as Hotels are over capitalised due to Government restrictions. Rental for a detached bottle shop is up to four times higher than the equivalent area of a Woolworths or Coles.
- If the review finds that customers are not disadvantaged by price, convenience or range then there should be no change to existing arrangements.

Steve Aylward-Queensland Hotels Association

Each year the QHA conducts the Awards of Excellence and one of the awards is the
most outstanding Community Service. Last year the winner was the Karumba Lodge.
Mr Aylward read a letter from the Karumba Lodge detailing an extensive list of
Community Service initiatives and he suggested that this is indicative of the majority
of Hotels around the State.

Terry Blenner

 A publican for 28 years in the UK. In England supermarkets had a devastating effect on Hotels when they were allowed to sell liquor. Underage drinking increased as supermarkets do not have the same commitment as Hotels. Prices eventually went up when the supermarkets put Hotels out of business.

Ron Griffiths

- Poker Machines took 30% off the value of Hotels.
- Hotels would simply not be able to compete with Hotels.

Keith Allan-Secretary, Gladstone RSL

- Was previously a Police Officer for 32 years and he recollected stories of Hotel licensees taking care of vagrants in certain circumstances. As a Police Officer had very few problems with Hotels.
- Hotels support community organisations including the RSL.

Recommended that supermarkets be kept out of the liquor industry.

Jill Gough

• Operates a butchery. Lost half of trade when supermarkets began selling meat etc. Had to put off half of her staff.

Donna Morrissy-Emerald Memorial Club

- Fully supports everything the Hoteliers have said.
- Confirmed what a previous speaker had said about increase in underage drinking problems in England when supermarkets commenced selling alcohol.

Ray Whiting

• Of the 48 Hotels in Rockhampton not all have gaming machines. Hotels would not survive on gaming machines alone if supermarkets are allowed to sell liquor.

Steve Rado-Railway Hotel, Yeppoon

- Introduction of poker machines devalued Hotels by 30%.
- 75% of my turnover is take-away sales. Should supermarkets be permitted to seel take-away liquor it will mean I have to put off 14 of my 30 staff.
- Supermarkets will not take over the community services provided by Hotels.

Johanna Blackburn-Kabra Hotel

- Concerned about families going bankrupt if supermarkets start selling liquor.
- Concerned about access to liquor by underage persons.

Sue Langdon-Victoria Tavern, Rockhampton

- Presently has 35 staff. Would lose 25 of them if supermarkets get to sell liquor.
- My Hotel does a lot of charity work.

Brian Beasley-Shearers Inn Restaurant

Doubts if there is a need for supermarkets to sell liquor.

Barry Payne

• Spoke of the automotive industry and how supermarkets now supply everything that service stations previously did.

Allan Hutton-Biloela Supermarket

• After hearing what has been said today I don't really want to sell liquor. I can see the large supermarkets driving the liquor industry into the ground as they have done to us.

SUMMARY OF NCP PUBLIC HEARINGS-MACKAY

9 March 1999

Trevor Clelland-Chair, National Competition Policy Liquor Act Review Panel

Mr Clelland commenced proceedings by delivering the attached opening address.

Rob Morgan-Tandara Hotel, Sarina

- The Town of Sarina has a population of 4,000 whilst the Shire has 10,000.
- Sarina doesn't have a major retailer, however, Mackay is only 30 minutes away.
- The re-development of the Sarina Leagues Club in 1995 had a devastating affect on Sarina Hotels.
- Supermarkets would treat liquor as simply another grocery item.
- My Hotel offers over 700 products.
- I sponsor over a dozen charities and sporting groups.
- Packaged liquor constitutes 45% of my total sales.
- If supermarkets are permitted to sell liquor I will not be able to compete. I have 22 staff and will lose at least 5.
- Additional outlets will be more difficult for authorities to police. There are enough convenient outlets now.

Barry and Michelle Allen-Denison Hotel, Bowen

- High levels of unemployment in Bowen. There are 8,500 people in the Shire.
- 6 Hotels and 3 Clubs in Bowen. There are 2 detached bottle shops in the only 2 shopping centres in town. In total there are 22 outlets in the area which is sufficient.
- We employ 37 staff, 10 of these in off premises sales. Would lose 7 or 8 staff if retailers are able to sell packaged liquor.
- In 1998 74% of our business was packaged liquor.
- We simply could not compete with Woolworths and Coles.
- There would be no benefit to the consumer if supermarkets are able to sell liquor.
 May in fact reduce outlets as some drive-ins and detached bottle shops may have to close.

- 4 of 8 convenience stores in Bowen have closed due to the influx of the large retailers.
- I pay 83c for a can of Coke from the Manufacturer but can buy it from Woolworths for 53c.
- The community in general is concerned about the marketshare of "the big 3".
- I am concerned about the impact on tourism as Hotels are the cornerstone of that industry.

Michael Brown-Queens Beach Motor Hotel, Bowen

- Referred to an article from the Manager of Woolworths which indicated that they
 would sell liquor at 3% profit as they do with other products. I do not believe that the
 public want liquor sold this cheap due to the social consequences.
- Large retailers selling liquor would undoubtedly cause a loss of jobs.

Mike Brunker-Mayor, Bowen Shire

- Population of 14,500 in the Shire.
- Since 1990 we have lost 2000 jobs in the Shire.
- Woolworths are good at selling groceries, publicans are good at selling liquor, I would like to see it stay that way.

Neil Stone-Central Hotel, Collinsville

• There is a population of 2,500 in Collinsville and we must already compete with Bowen.

Ken Webster-Member of the General Public but with 20 years experience in the industry.

- The production, sale and consumption of liquor has been strictly regulated by Government since British settlement.
- The responsibility attached to liquor has essentially been entrusted to licensed Hoteliers.
- The quantity and range of liquor available is sufficient and would not be improved if supermarkets were permitted to sell liquor.
- The upgrading of many licensed clubs has had an affect on the Hotel industry.

- The Government previously saw a need to introduce detached bottle shops to satisfy a need in the community. This has been an expensive exercise for Hoteliers and these would close if retailers are allowed to sell liquor.
- Children can purchase home brew from retailers now. Why would they show any
 more responsibility when selling liquor.

John Bush-Sarina Leagues Club

- Sarina is already well serviced with liquor outlets-if supermarkets are allowed to sell liquor it would be catastrophic.
- I support the QHA in their stand 100%

Steve Smith-Secretary/Manager, Mackay Golf Club

• Mr Smith tabled a written submission which is attached to these minutes.

John Paine-Austral Hotel, Mackay

- Owns and operates the Austral Hotel
- Packaged liquor is the biggest part of our business.
- Should supermarkets be permitted to sell liquor their would be a serious asset devaluation of the industry across the State.
- I sell between 2,300 and 2,500 different lines.
- Mackay prices are extremely competitive.
- We have recently closed a detached bottle shop which shows there may be too many outlets in Mackay already.
- Community service organisations will suffer if Hotels are forced to close.

Ian Taylor-Shamrock Hotel, Mackay

• When in South Australia a large retailer moved into the area where I had my Hotel which resulted in the loss of 2 staff within 6 weeks.

Keith Scott-Sarina Hotel

If retailers sell liquor we will lose jobs.

Richard Condon-Metropole Hotel, Proserpine

- Proserpine has a population of 3,500
- There are 5 Hotels and 3 clubs-all need is being satisfied.
- Personal experience in NSW-16 year old daughter worked for a large retailer and she was on the cash register at the liquor store. She had no knowledge of either the industry or the Liquor Act.

Gary Adamson-Kooyong Hotel, Mackay

• Presently establishing 3 detached bottle shops. If supermarkets are permitted to sell liquor we will lose jobs.

Michael Mills-Emerald Hotel

- Emerald has a population of between 10,000 and 13,000.
- 4 Hotels, 5 clubs and 5 motels. The 2 shopping centres both have detached bottle shops.
- We currently check ID for underage persons-supermarkets will not do that.
- In NSW the supermarkets do not employ as many people as we do, they do not have as vast a range and are not as price competitive.
- Supermarkets could only replicate what we do. Our detached bottle shops would close with the subsequent loss of 6 jobs.
- Community service organisations would not be supported by supermarkets.

John O'Neill-Reef Gateway, Cannonvale

- 60% of my trade is take-away liquor.
- I have a lease over a detached bottle shop for 10 years-if supermarkets are permitted to sell liquor I will not be able to keep the shop open.

Lach Maclean-Magees, Bowen

- I am both a liquor wholesaler and supermarket operator.
- If Government is serious about small business they would not even be considering the proposal of supermarkets selling liquor.

SUMMARY OF NCP PUBLIC HEARINGS-CAIRNS

11 March 1999

Trevor Clelland-Chair, National Competition Policy Liquor Act Review Panel

Mr Clelland commenced proceedings by delivering the attached opening address.

Norman Larsen-Hotel Owner

- Owner of the Manly Hotel (Brisbane) since 1962
- I maintain that to adhere to the Queensland Treasury PBT Guidelines, the NCP
 Guidelines and the objects of the Liquor Act the review must recommend that the
 status quo remain in respect of the sale of take away liquor.
- We already have cheaper prices than NSW and sufficient choice.
- De- regulation would have an affect on employment at the Hotel.

John Smith-Central Hotel, Port Douglas

- We have a large investment in the Hotel and a detached bottle shop which we did on the basis of existing legislation. Opening up liquor sales to supermarkets would be devastating and would also affect the local traders we support.
- Packaged liquor is 75% of sales and 50% of profit.
- We spend at least \$15,000 per year on local organisations.
- Employ 18 people-7 to 10 would lose their jobs if supermarkets are permitted to sell liquor.
- Queried as to whether the Government had any compensation packages for all the businesses that would be bankrupted should supermarkets be permitted to sell liquor.

Jo Buchanan/Jan Parr-Public Harm Reduction Group

- We are talking about a commodity that can cause harm to the community.
- We believe that the provisions of Regulation 19AB should remain and there should be a penalty for failure to adhere to those provisions.
- Support the removal of restrictions on restaurants supplying liquor, however, they must comply with the same requirements as Cabarets.
- Support the retention of the provisions of Section 116 relating to public need.

Tony Cunnington-Smithfield Tavern

- Employ over 50 people.
- Have a range of over 5,000 products.
- If supermarkets are permitted to sell liquor we will have to close our detached bottle shops.
- Selling liquor requires a great amount of expertise.

Joe Boardman-Railway Hotel, Almaden

- Trying to develop a tourist area with other Hotels in the District.
- Hotels like mine would cease to exist if supermarkets are permitted to sell liquor.
- A lot of damage would be done to the tourist industry if liquor is sold through supermarkets.

Reg Lillywhite-Graham Hotel, Mareeba

- Over recent years there has been a proliferation of detached bottle shops which has subsequently met the needs of shoppers.
- We already have sufficient competition in Queensland in pricing, product and service.
- I have not heard one complaint about competition.

John Pender-Mission Beach Resort

- Would like to echo points made by previous speakers.
- My premises subsidises the local bus service to the amount of \$25,000 per year.

Lou Piconi-Hambledon Hotel

- Has been involved in the grocery business for 42 years and the liquor industry for 13 years.
- Liquor prices are not cheaper in New South Wales or Victoria.
- The large retailers have many different sections to carry their business while they discount a particular item to remove a competitor.

- Over the past 6 years we have given over \$300,000 to local community organisations.
- There is already enough competition in Queensland.

Alan Porter-Dunwoody's Hotel, Cairns

- We operate 15 outlets in Cairns, Townsville and Innisfail.
- We employ 150 people.
- The market is not restricted-large retailers can enter the industry by purchasing existing Hotels.
- The existing liquor legislation is fine.

Dominic Davies

• If Section 116 is abolished there would be too many outlets. If supermarkets are permitted to sell take away liquor Hotels will enter Cabaret market. This would result in an increase in breaches of the Act as licensees compete for limited marketshare.

Shane Trimby-Cairns Venue Managers

- The Venue Managers Association has a code of conduct which has the industry working well in Cairns.
- Section 19AB needs to be strengthened.
- Has a concern about some restaurants trading as Cabarets. Some operators may resort to cheap drink promotions ets to attract customers.

Michael Garbour-Court House Hotel, Port Douglas

- Operates several licensed premises in Port Douglas.
- There are 3 main reasons why supermarkets should not be permitted to sell liquor:
 - negative impact on the community
 - devastating affect on the existing Hotel industry
 - devastating affect on industries supported by Hotels.

SUMMARY OF NCP PUBLIC HEARINGS-MT ISA

15 March 1999

Trevor Clelland-Chair, National Competition Policy Liquor Act Review Panel

Mr Clelland commenced proceedings by delivering the attached opening address.

John Hopkins-Arthur Petersens Special Care Centre

- Amazed that supermarkets want to sell liquor-we already have enough outlets.
- The population of Mt Isa has diminished by 6,000 over recent years therefore the need for liquor has diminished.
- The people who attend our centre are generally affected by liquor.
- Various Government grants of about 150,000 have been dedicated to solving alcohol problems in Mt Isa. Increased availability would exacerbate these problems.
- We don't need to make alcohol part of the weekly shopping.
- part of our alcoholic rehabilitation program consists of taking the person to supermarkets and teaching them how to budget. If liquor was available at supermarkets then alcoholics will be tempted to purchase it whilst doing their grocery shopping.

John Boyd-Hotel Boyd, Mt Isa

- Hotels are the hub of the community in respect of raising money for charities, sporting organisations etc.
- Prices in Mt Isa are similar to those of Liquorland in Brisbane.
- In the past, Queensland Hoteliers, on advice from Government, have invested heavily in detached bottle shops on the assumption that these would satisfy consumer demand for liquor in shopping centres.
- Any increase in the availability of liquor will result in over servicing and lack of policing.

Jim Telford-Leichhardt Hotel, Cloncurry

- If supermarkets are permitted to sell liquor we will have to put off staff.
- We had a detached bottle shop. However, when Woolworths purchased the shopping centre they refused to renew our lease and we had to put off 3 staff.

 Last year we gave in money or "kind" an amount of \$47,000 to local community service organisations. If supermarkets are permitted to sell liquor these kinds of donations would have to stop.

Nancy Dodds-Post Office Hotel, Cloncurry

- Will retailers support the Community as we do?
- Staff will need to put off.

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Tourists want to go to Hotels not to supermarkets.

Rayleen Stutley-Mt Isa Tavern, Argent Hotel & Mt Isa Hotel

- Mt Isa has a small tourist industry-supermarkets will not provide the same service to tourists that we do.
- Supermarkets have other products to carry them whilst they brought liquor in. We only sell liquor.
- At least 6 staff from each Hotel would need to be put off if supermarkets are allowed to sell liquor.
- We gave \$39,000 last year in donations to community service organisations.

Bob Jacobson-Carpentaria Buffalo Club

- No value in a proliferation of liquor outlets in Mt Isa.
- Referred to a number of Court incidents reported in the local paper that related to alcohol abuse.
- Referred to 2 other articles in the North West Star regarding supermarket liquor.
- Indicated that the people in Mt Isa have had their say. Mt Isa dose not have a detached bottle shop. When such an application was received there were a record number of objections.
- 18 litre restriction on the sale of take away liquor by clubs is anti-competitive. Should be able to sell in unlimited quantities.
- Spoke of the difficulty in ascertaining if a person is unduly intoxicated.
- Called for an end to investigations using an "agent provocateur".

Ben Gillic-Mount Isa Irish Association

- Didn't want to go over ground covered in other towns only to say that we in Mt Isa are of similar views.
- I doubt if the Panel has been inundated with reports from the general public that liquor
 is too expensive or not accessible enough. In short, the only people who want liquor
 available in supermarkets are the Directors of those supermarkets in Sydney and
 Melbourne.
- I have had complaints from members about not being able to purchase more than 18 litres. Also visitors complaining about being able to use all the facilities of the club but can't buy take away liquor.
- When Corporations get as big as Coles, Woolworths and Franklins they in fact become a threat to competition.
- The criteria that must be asked is "Will society be better off?" I do not believe it will.

Richard Lamb-Burketown General Store

- If I want to sell liquor from my supermarket I should be able to.
- In Burketown we have one pub and he charges what he likes.
- If a pub has a licence to sell liquor that's all they should be able to sell, not go into other businesses such as tourism.

Doug Coulsen-Hotel Boyd, Mt Isa

- I have a policy of employing mature staff whereas supermarkets only employ kids.
- If supermarkets are permitted to sell liquor then initially I would have to put off 6 staff. There is no way Woolworths etc would employ those staff.

SUMMARY OF NCP PUBLIC HEARINGS-TOWNSVILLE

16 March 1999

Trevor Clelland-Chair, National Competition Policy Liquor Act Review Panel

Mr Clelland commenced proceedings by delivering the attached opening address.

Jeff Knuth, MLA, Member for Burdekin (A copy of Mr Knuth's submissions and reference documents are attached to the minutes of this meeting)

- Not against alcohol but against the abuse of alcohol.
- Against the national Competition Policy generally as it destroys the social fabric of regional and rural Australia.
- On supermarket shelves alcohol will be treated as just another grocery item.
- Quoted figures linking liquor and crime. Reduction in availability will reduce crime.
- If supermarkets sell liquor it will also be a blow to small business including Hotels.

Paul Robinson-Sundowner Motor Inn, Wulguru

 Doesn't believe that licensees need to maintain Liquor Purchase registers as Wholesalers maintain records of liquor sales.

Patrick McKendry-Retailers Association of Queensland (Mr McKendry was assisted by Guy Elliot of Foodstore and Mark Ingham of Price Waterhouse Coopers). (A number of overheads were used during this presentation hard copies of which are attached to the minutes of this meeting).

- Whilst there are issues which divide the wider retail group they are united on the matter of liquor sales.
- The retail industry has come under fire from a number of areas over the past decade including gaming (eg) pubs and clubs discount meals which are sponsored by gaming machines thus affecting take away food stores. It is no coincidence that this is not happening in Western Australia where there are no gaming machines.
- The objects of the Liquor Act are not being served by its current provisions;
 - optimal development of the liquor industry is not being encouraged.
 - there is no connection between the creation of a barrier to entry and the promotion of harm minimisation.
- Reform is pro-investment and pro-jobs.

- Maintenance of the status quo does not promote the interests of consumers and therefore the liquor industry or the Queensland economy.
- Reform initiatives must distinguish between social interests and those of the public as a whole.
- There is no public benefit in maintaining the current restrictions.
- Showed an overhead indicating how a typical retail bottle shop would operate.
- Retailers see the existing provisions of the Act such as the fit and proper test being maintained.
- Under our proposal there would be 2 options. Either purchase an existing detached bottle shop or apply for a new licence.
- Our reform proposal will not preserve market power or transfer market power only to those who can afford to pay. Our proposal does not discriminate between potential market participants. Our proposal will remove barriers to entry.
- Our reform proposal will not promote irresponsible selling practices or place liquor on the same shelves as groceries. Liquor will be marketed as a distinct product in line with professional retail practices.
- Suggested that servers must be over 18 years of age and will be supervised by Managers or Supervisors or Owners.
- Our reform proposal will not promote the sale of liquor by minors. It will provide career opportunities for staff and, unlike hotels, retail outlets will need to employ significant specialist staff to advise customers and market liquor professionally.
- Trading hours would be consistent with current allowable trading hours for retail packaged liquor.

Mark Ingham-Price Waterhouse Coopers

- Our submission is that there would be a net public benefit should the existing barriers to entry be removed.
- There are far fewer sources of retail liquor supply than in States with liberalised markets.
- Our proposal will bring Queensland into line with other States and will spread sources
 of competitive supply.

- On the basis of benchmarks for liberalised liquor markets in Australia the demand for liquor in Queensland could support an additional 300-400 retail outlets.
- Compared to the liberalised packaged liquor markets in other States, the barriers to entry that exist in Queensland result in consumer demand for sources of supply not being satisfied.
- The economic benefits from retail investment would be:
 - Investment (Construction and fit-out)
 - Employment (Construction and ongoing)
- Possible scenarios:
 - 367 new establishments-additional construction investment.
 - conversion of existing establishments-fitout of existing outlets.
 - possible combination of construction and fitout.
- Creation of 1470 new full time equivalent positions
 - There will be benefits in employment, product range and information, outlet quality, access/convenience, liquor prices, assistance to the Queensland Wine Industry and State Government Revenue.

Alf Zeller-Malpass Hotel, Home Hill

- It is well documented as to the detrimental affect allowing liquor sales into supermarkets would have.
- I would have to retrench staff.
- Two detached bottle shops in Home Hill have recently closed down due to a lack of business.

Faye Buck-West End Hotel, Townsville

- I have 3 detached bottle shops in centres where Woolworths are and I employ 12 people in those shops.
- I only have 10 poker machines-only big players such as ALH make a lot of money

from gaming machines.

• In one particular detached bottle shop we have 2600 lines.

Graham Johnson-Hermit park Hotel

• Common sense says that if we let the "big three" into the market then they will destroy the small businesses

John Kelly-Upper Ross Hotel, Rasmussen (A copy of documentation referred to by Mr Kelly during his presentation, including a letter from the Premier, is attached to the minutes of this meeting).

- There seems to be an assumption that there is something wrong with the existing Act-I believe it is working well.
- We have 2 Hotels and 6 detached bottle shops employing 70 people.
- If supermarkets are permitted to sell liquor I will have to retrench 20-30 people.
- We have an extensive range of product.
- I recommend that the modern existing Liquor Act be maintained.

Peter Rowlings-Ross Island Hotel, Townsville

• Supermarkets will undercut Hotels until they are out of business.

Paul Casey-Rising Sun Hotel, Townsville

Hotels should not be penalised because they are successful with poker machines.

Jim Midgley-Crown Hotel, Charters Towers

- These hearings should focus on whether the sale of liquor through supermarkets would be to the benefit of Australia or just the "big three".
- Charters Towers has a population of 18,000 with 9 Hotels and 5 clubs. If supermarkets are permitted to sell liquor then Hotels will lose up to 50% of their take away trade. Up to 4 Hotels will no longer be viable and the remaining 5 will be devalued. Sixteen permanent and 20 part time positions will be lost. Local tradespeople and community organisations will suffer.
- We gave \$18,000 in sponsorship last year-Woolworths gave \$600.

Less than half of the Hotels in Queensland have poker machines.

Greg Dwyer-Brothers Leagues Club, Townsville

- Clubs are part of the Australian culture and would be threatened by any proposal to sell liquor through supermarkets and we fully support the QHA in their opposition to this issue.
- Queensland should not follow the poor example of other States.
- Does the Government have a re-imbursement scheme for those premises which go bankrupt.
- The present Act is very workable, however, we oppose the 18 litre limit imposed on clubs and we recommend that there be no restriction. We also recommend that the 40kilometre restriction on visitation rights to clubs be reduced to 5 kilometres.
- Over half of all clubs in Queensland do not have poker machines.

Rebecca Walls-Town and Country Hotel, Collinsville

- Our community has been affected by the decrease in the coal and meat industries.
- We only just cover costs with poker machines. Alcohol, particularly take aways, is how we make money.
- All shopping centres have detached bottle shops and liquor is therefore readily available to the consumer.

Tom Fitzgerald-Tattersalls Hotel, Townsville

 A recent article in Business Review Weekly suggested that the "big three" should be limited and not be expanding into products such as liquor.

Lawrence Pugnale-Clare Sports and Recreation Club

• If retailers are allowed into the industry then restrictions on clubs must be lifted (eg) visitors to clubs cannot purchase take away liquor.

Peter Jones-Queensland Hotels Association

Wé are experts in hospitality.

- We presently operate under an enlightened Act.
- When supermarkets were allowed to sell liquor in Victoria it was done as a convenience to customers with no consideration of social issues.
- When the matter of convenience to consumers was considered by the Queensland Government it came up with detached bottle shops. This was done because Hotels were already dispensing liquor in a responsible fashion.
- We have over 2,500 lines in our detached bottle shops.
- We heavily support community organisations-we believe that is part of being a member of the community.
- My group is entitled to another 4 detached bottle shop sites, however, there is just not the demand.

Tom McGuire-Queensland Hotels Association

- The retailers have never mentioned public need.
- Whilst retailers indicate reform will increase employment there will in effect be a net reduction in employment.
- Hoteliers deal with local tradespeople.
- There has been a community change over the years. Liquor is a drug and should be treated accordingly.
- With the benefit of hindsight I believe some other jurisdictions in Australia would like to revert to our laws.
- This is more than a "number crunching" exercise-we must look at the community as well.
- As a Panel, please look at strengthening the public need aspects of the legislation.
- If restaurants become bars the Liquor Licensing Division will have trouble policing all of the premises.
- Give Hotels some credit in that they are serving the community in a socially and economically responsible manner.

Jim Stewart-Queensland Hotels Association

• This process has been referred to as a reform of the liquor industry. The Act has in fact been reformed on a number of occasions over recent years.

13. PREMIUM CALCULATION FOR GENERAL AND SPECIAL FACILITY LICENCES

First issued 14 August 1992

LIQUOR ACT 1992 - SECTION 220

1. In determining a monetary value in relation to calculating premiums with the exception of premiums for special facility licences that are golf courses, the Chief Executive must have regard to the following table as a commencement point and then consider the matters detailed in Section 220 of the Act.

	EXTENT OF LOCALITY - POPULATION/CATCHMENT			
LOCALITY	1 - 10,000	10 - 20,000	20 - 30,000	30,000+
Brisbane, Suburbs	30,000	40,000	50,000	60,000
Gold Coast, North Coast, Cairns	30,000	40,000	50,000	60,000
Townsville, Bundaberg, Rockhampton, Mackay	20,000	30,000	40,000	50,000
Other Tourist Areas	20,000	30,000	40,000	50,000
Other Towns	15,000	20,000	25,000	30,000
Remote Areas	10,000	<u>-</u>	-	-

- 2. In addition, having regard to Section 220(f) relating to the number and size of liquor outlets, an amount of \$100/m² shall be charged for each public area of the premises, including bars, lounges, dining areas, bottle shops, drive-in bottle shops etc.
- 3. A deduction of 5% from the figure calculated in 2 may be made in recognition of unusable public areas.
- 4. In calculating premiums for special facility licences which are golf courses, the following matters will be taken into consideration:

Facilities / Services	Premium figure	
On-Premises facilities + on-course sales	· \$10,000	
On-Premises facilities + bar sales to the general public	\$20,000	
On-Premises facilities + bar sales + on-course sales	\$35,000	
Full facilities + takeaways	Use premium calculation table in accordance with points 2 and 3 above	

	LIST OF WRITTEN SUBMISSIONS
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1.	Salvation Army, South Qld Division
2.	Cabarets Queensland – an Association of Qld Cabaret Owners and operators
3.	Weller Hotels
4.	Bulk Liquor
5.	Retailers Association of Qld
6.	Westwood Store, Westwood (Salisbury, Brisbane)
7.	Manly Hotel, Manly
8.	Surfers Paradise Licensed Venues Association Inc, Gold Coast
9.	Australian Liquor Hospitality and Miscellaneous Workers Union – Qld Branch
10.	New Life Ministry at Street Level, Inc - Gold Coast
11.	National Federation of Independent Business Inc
12.	Tasqua Hotel Group
13.	Returned and Services League of Australia – (Qld Branch)
14.	Railway Tavern, Roma
15.	Giants Liquor
16.	Bowen Shire Council, Bowen
17.	Railway Hotel, Almaden (North Queensland)
18.	Mercator Pty Ltd, Cairns
19.	Tandara Hotel Motel, Sarina
20.	RSL and Services Clubs Association Qld
21.	Ashgrove Services Club Inc
22.	Brown, Paul – Milton
23.	Town & Country Hotel/Motel, Collinsville Glen Hotel, Mt Gravatt
24. 25.	Pearl Bay Pty Ltd, Port Douglas
26.	Staples, lan – Loganholme
27.	Australia Hotel and Royal Hotel
28.	Gill, Paul – Manly
29.	Power, Patricia – Edens Landing
30.	Tannum Tables
31.	Filmers Palace Hotel, Woody Point
32.	Grand Central Hotel, Proserpine
33.	Central Hotel, Longreach
34.	Metropole Hotel, Proserpine
35.	Commercial Hotel/Motel, Longreach
36.	Glose Hotel, Barcaldine
37.	Boathouse Café, Noosaville
38.	Union Hotel, Barcaldine
39.	Horner, Karl – Broadbeach Waters
40.	Lamington Hotel Motel, Maryborough
41.	Levandez, Linda - Wellington Point
42.	Queensland Golf Union
43.	Boomerang Hotel/Motel, Mackay
44.	Goondiwindi Memorial Club
45.	Aussies, Beenleigh
46.	Aussies, Beenleigh
47.	Aussies, Beenleigh
48.	Aussies, Beenleigh

	LIST OF WRITTEN SUBMISSIONS
49.	Casra's Tavern East Ingham Hotel, Ingham
50.	Raglan Tavem, Raglan
51.	Girudala Community Co-operative Society Ltd, Bowen
52.	Meadlow Holdings Pty Ltd, Brendale
53.	Andergrove Tavem, Mackay
54.	Queensland Country Women's Association
55.	Casra's Tavern Bar and Grill, Ingham
56.	Aussies, Beenleigh
57.	Marshall, R – Beenleigh
58.	Glamorganvale Hotel, Glamorganvale
59.	Selwyn Park Sporting Management Association Inc
60.	Grand View Hotel, Bowen
61.	Aussies, Beenleigh
62.	Aussies, Beenleigh
63.	Morrow, Terry – Gumdale
64.	Magee's, Bowen
65.	Community Access and Support Service, South Brisbane
66.	Kelly, De Anne – Mackay, Federal Member for Dawson
67.	Silvers Place Thai Restaurant, Labrador
68.	Gold Coast Branch Australian Democrats, Bonogin
69.	Joe's Waterhole Hotel, Eumundi
70.	Harp of Erin Hotel, Ipswich
71.	Harburg, Peter – Spring Hill
72.	Leichhardt Hotel, Mt Morgan
73.	Queens Beach Motor/Hotel, Bowen
74.	Ipswich Workers Club Inc, Ipswich
75.	Glenmorgan Bottle Tree Inn, Glenmorgan
76.	Blackwater Hotel Motel, Blackwater
77.	Sands Hotel, Cleveland
78.	Club Hotel Motel, Roma
79.	Queens Hotel Motel, Gladstone
80.	Haines, Les – Benowa Waters
81.	Albany Links Golf Course, Warner (Burpengary) Returned and Services League of Australia (Qld Branch)
82.	Boondong Hotel, West End
83.	Warwick East Bowls Club, Inc – Warwick
85.	Freemasons Hotel, Gympie
86.	Imperial Hotel, Gympie
87.	Payne, Reg
88.	Durack Tavem, Durack
89.	Gayndah Shire Council, Gayndah
90.	Watson, Neil – Hillcrest
91.	Bowen Tourism and Regional Development Bureau Inc, Bowen
92.	Smithfield Tavern, Smithfield (Cairns)
93.	Cannonvale Reef Gateway Hotel, Cannonvale (Airlie Beach)
94.	Hedley Group, Cairns
95.	Helensvale Tavern, Helensvale
96.	Central Hotel, Collinsville
97.	Glen Hotel, Upper Mt Gravatt

	LIST OF WRITTEN SUBMISSIONS
98.	Austral Hotel, Mackay
99.	Hotel Russell, Dalby
100.	Finlayson, Robert - Ormeau
101.	Central Hotel, Port Douglas
102.	Brackenridge Tavern, Brackenridge
103.	Tattersall's Club Hotel, Pittsworth
104.	Grape Management, Carindale
105.	Frigo, Ron – Southport
106.	Liquor Merchants of Qld Limited
107.	Denison Hotel, Bowen
108.	Grant, Kenneth – Palm Beach
109.	Croydon Club Hotel, Croydon
110.	Republic Hotel, Townsville
111.	Malpass Hotel, Home Hill
112.	West End Hotel, Townsville
113.	Coutts Commercial Tavern, Ayr
114.	Drug Arm, Brisbane
115.	Callow T & J – Home Hill
116.	Hotel Boyd, Mt Isa
117.	Ninderry Manor, Yandina
118.	Main Beach Progress Association Inc, Gold Coast
119.	Zenbar, Brisbane
120.	Warwick Shire Council, Warwick
121.	Ramsey, Phillip
122.	Denison Hotel Pty Ltd, Bowen
123.	Delisa Pty Ltd, Rasmussen (Townsville)
124.	Grand View Hotel, Cleveland Point
125.	Driscoll, Ken – Kedron
126.	Qld Retail Traders and Shopkeepers Association, Kelvin Grove
127.	Mustey, Michelle – Bowen
128.	Glen Hotel
129.	Qld Host Farms Association Inc, The Gums (Dalby)
130. 131.	Restaurant and Catering Qld
131.	Leda Hotel Group, Runaway Bay Liquor King
133.	Liquor King
134.	Cairns Venue Managers Association
135.	Clubs Qld
136.	Small Business Campaign
137.	Australian Association of Convenience Stores Incorporated
138.	Queensland Police Service
139.	Alcohol & Drug Foundation Qld
140.	Qld Health
141.	Woolworths
142.	Queensland Hotels Association
143.	Raglan Tavern
144.	Glamorganvale Hotel
145.	Mayor of Warwick, Bruce Green
146.	Deshon, R E
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	LISTOFWRITENSUBMISSIONS
147.	Club Hotel, Roma
148.	Mossman Memorial Bowls Club
149.	Fludder, N
150.	Mothers Union, Australia
151.	Gap Village
152.	About Property
153.	Ayr Chamber of Commerce
154.	Mayor of Thuringowa, Les Tyrell
155.	Burdekin Cultural Complex Board
156.	West End Hotel, Townsville
157.	Mossman Golf Club
158.	Heit, N
159.	Heit, B
160.	Garioch, D *
161.	Evans, G
162.	Ayles, The Revd Fr R F
163.	Smith, B
164.	Crocker, D&C
165.	Livingstone Shire Council
166.	Cairns City Council
167.	Teekman, G J
168.	Queensland Health
169.	Peers, D L
170.	Bunn, J
171.	RSL & Services Clubs Association Queensland
172.	Fellows, T
173.	Wynn, G
174.	Queensland Police Service
175.	Alcohol and Drug Foundation, Queensland
176.	Naylor, J W & H E
177.	Mackay Woman's Christian Temperance Union
178.	Simmonds, J
179.	Rendell, J
180.	Lleweiyn, C

In addition to the above over 450 responses were received to a "flyer" published by the Combined Retailers Group, suggesting that members of the public "have a say" in respect of the sale of packaged liquor from supermarkets.

Petitions with a total of over 190 signatures were also received.