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Dear Mr Ryan

### **SUBMISSION TO THE NSW SMALL BARS REVIEW**

On behalf of the NSW ACT Alcohol Policy Alliance (NAAPA), I welcome the opportunity to provide a submission the opportunity to a submission to the Small Bars Review (the Review).

NAAPA is an alliance of 48 health, community, law enforcement, emergency services and research organisations working to promote evidence-based actions to prevent alcohol-related harms in NSW and the ACT. Members include the Australian Medical Association NSW, the Police Association of NSW, the Royal Australasian College of Surgeons and residents' groups from across NSW.

Alcohol abuse is associated with a host of short and long-term harms to drinkers, their friends and family, government and society more broadly. In addition to adverse outcomes in the short-term, such as assault<sup>1,2,3</sup> and injury,<sup>4</sup> dangerous patterns of alcohol consumption can result in a range of chronic disease and disabilities across the lifetime.<sup>5</sup> Each day in NSW, alcohol is responsible for 32 emergency department presentations, 149 hospitalisations and four deaths.<sup>6</sup>

The scale and variety of harm that alcohol causes to innocent third parties distinguishes it from other health and lifestyle risks, such as smoking and gambling. These harms include street and family violence,<sup>7,8,9</sup> road traffic accidents,<sup>10</sup> and child maltreatment.<sup>11</sup> Alcohol is involved in between 23 per cent<sup>12</sup> and 65 per cent<sup>13</sup> of family violence incidents reported to police. Between 2002-03 and 2011-12, 36 per cent of perpetrators of intimate partner homicides had used alcohol.<sup>14</sup> In addition, more than one fifth (22 per cent) of Australian children are negatively affected by the drinking of others.<sup>15</sup>

### **Small bar licence features and requirements**

It is important that alcohol sales are regulated in an appropriate and consistent manner to reduce the harm associated with alcohol consumption. Restricting trading hours has been demonstrated as one of the most effective methods in reducing the harm associated with alcohol.<sup>16</sup> Research demonstrates that an increase in pub trading hours is associated with an increase in harms,<sup>17</sup> and alcohol-related assaults increase significantly after midnight.<sup>18,19</sup> Extended trading hours increase the availability of alcohol, which is associated with an increase in assault,<sup>20,21</sup> family and domestic violence,<sup>22</sup> road crashes,<sup>23</sup> child maltreatment<sup>24</sup> and harmful consumption.<sup>25</sup> Australian and international research demonstrates that for every additional hour of trading, there is a 16 to 20 per cent increase in assaults and, conversely, for every hour of reduced trading there is a 20 per cent reduction in assaults.<sup>26,27</sup> Despite the common belief that

small bars are inherently safer than larger venues, evidence does not support this view on a per capita basis. The automatic extension of trading hours to 2am therefore presents an unjustified risk to the community.

Similarly, the exemption of small bars from the Community Impact Statement requirements of the *Liquor Act 2007* fails to recognise the cumulative risk presented by increased density of small bars. Research has consistently demonstrated that increased outlet density (both hotel, on- and off- licence types) also contributes to increased alcohol harms.<sup>28</sup> The assumption that the density of small bars does not present the same risk as larger venues is unfounded, and should not be the basis for exemptions from such regulatory measures as Community Impact Statements. Requiring stakeholders to oppose new small bars at the development application phase (rather than requiring applicants to demonstrate evidence of appropriate community consultation when applying for liquor licences) negates aspects of the *Liquor Act 2007*. For example, harm minimisation is identified as a principle of the Act and is an important consideration in the approval and renewal of liquor licenses. NSW Liquor and Gaming is therefore responsible for ensuring that a harm minimisation approach has been adopted when making licensing decisions, rather than putting the onus on the community. Scope for rejection of applications for small bar licenses at the development applications phase is more restricted, with councils less equipped to incorporate concerns regarding harm from alcohol sales.

The definition applied to small bars, the 60-person capacity limit, is both appropriate and consistent with other jurisdictions that distinguish between venues on the basis of their capacity for regulatory purposes; for example Queensland.<sup>29</sup> Changes to this definition, in combination with regulatory exemptions granted to small bars, will increase adverse risk to the community. As such, the current limit of 60 patrons should be maintained.

#### **Recommendations:**

1. Remove automatic extension of trading hours for small bars to adequately recognise risk associated with late trade.
2. Remove Community Impact Statement exemptions for small bars to ensure adequate provision for community input to liquor licensing decisions.
3. Maintain the 60 patron limit for small bars.

#### **Factors affecting the update of small bar licences**

The range and magnitude of costs associated with alcohol consumption are large. In a 2013 report, the NSW Auditor-General argued that “the community should not have to continue to pay such a high price for the impacts of alcohol abuse”.<sup>30</sup> In total, the cost of alcohol to the NSW Government was estimated to be \$1.029 billion per annum, with the largest costs borne by the NSW criminal justice system (\$474 million), community services for out-of-home care and child protection services (\$263 million), and NSW Health for alcohol-attributable hospitalisations (\$87 million). A further \$204 million was estimated to be lost in productivity due to illness. The report provided support to both supply and demand initiatives to reduce the impact, with reduced availability cited as one recommended option.

In addition to substantial costs to the NSW Government, the cost of alcohol to the NSW community (including incarceration, violence, health burden on the individual and lost productivity) was estimated at \$3.9 billion annually.<sup>31</sup> Overall, it was recommended that options should be examined to recoup some of the costs from individuals whose alcohol abuse requires a response from government services.<sup>32</sup>

One effective approach to recovering costs is through targeting alcohol industry business models that facilitate harmful consumption. Risk-based licensing fees address market failures that result in some businesses creating externalities by maximising their profit at the expense of the taxpayer. For these

reasons, NAAPA supports the application of risk-based license fees in NSW. As such, license fees for small businesses should remain lower than those for larger venues.

While risk-based licensing is an effective approach to addressing market failures, the current fee regime is not sufficient to recoup costs associated with administration of the licensing system. At their current level, the amount recovered is only a small proportion of the cost of administration alone. For this reason, consideration should be given to increasing the rate of fees under the periodic licence fee scheme. Additionally, exemption of small bars from trading hour components of risk calculations fails to recognise the increased risk presented by extended trading hours for small bars. For this reason, it is recommended that the trading hours of small bars are incorporated into risk calculations under the risk-based licensing fee scheme.

**Recommendations:**

4. Increase the rate of fees under the periodic licence fee scheme to recover more of the expense associated with administration of the licensing system.
5. Extend scope of risk-based licensing calculations to include extended trading hours for small bars.

**Conclusion**

Evidence-based policy is essential to reducing alcohol-related harm and the associated public burden. Research has consistently demonstrated that restriction of outlet density and trading hours are the most effective policy interventions. Despite the common belief, evidence does not support the view that small bars are inherently safer for patrons on a per capita basis. Regulatory exemptions for small bars should not, therefore, be granted on this false assumption. This includes the automatic extension of small bar trading hours and exemptions from Community Impact Statement requirements. Risk-based licensing is an effective approach to holding venues financially accountable for the risk they present to the community. The current periodic licence fees are not sufficient to cover the cost of administration of liquor licences and should therefore be increased. Establishing an appropriate regulatory regime now will mitigate future challenges presented by outlet density and trading hours, reducing harm to individuals and the community more broadly.

The Foundation for Alcohol Research and Education (FARE) a member of NAAPA has commissioned a report prepared by the Adelaide City Council titled, *Safer places and small bars*, this report is currently being finalised. A copy of the report will be provided to the NSW small bars review when published.

Thank you for the opportunity to provide comment on the review. If you would like to discuss matters further, please do not hesitate to contact Mr Anthony Harrison, Senior Policy Officer at the Foundation for Alcohol Research and Education (FARE), on (02) 6122 8600 or [anthony.harrison@fare.org.au](mailto:anthony.harrison@fare.org.au).

Yours sincerely



MICHAEL THORN  
ON BEHALF OF NAAPA

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