

15 August 2023

Committee Secretary  
Public Affairs and Estimates Committee  
Parliament House  
Spring Street, East Melbourne VIC 3002

Via email: [PAEC@parliament.vic.gov.au](mailto:PAEC@parliament.vic.gov.au)

Dear Secretary,

Re: Responses to Questions on Notice - Inquiry into the Victorian Auditor General Office's reports no. 99 and no. 213

Thank you to the Committee for the opportunity to provide oral evidence to the Committee's *Inquiry into the Victorian Auditor General Office's reports no. 99 and no. 213*. A response to the four questions taken on notice is below.

**1. What are solutions to harms associated with online delivery that are not so much relying on the person delivering it (i.e., preventing harms before point of delivery)?**

1.1 Evidence on effectiveness of regulation of online sale and delivery of alcohol is limited<sup>1</sup>. There are no studies comparing effectiveness of different regulatory provisions.

1.2 The following regulatory measures could address harms associated with online alcohol and home delivery. These are derived from research led by UNSW PhD-student Stephanie Colbert, for whom I am a primary supervisor:

1.2.1 **Require online alcohol retailers to verify that people buying alcohol are 18 or older using an independent age verification mechanism;**

1.2.2 **A mandatory 2-hour delay between order and delivery** to prevent impulsive and potentially high-risk purchases. Our survey results<sup>2</sup> suggest that fast delivery services (those delivering in under 2 hours from the time of purchase) present heightened risks compared with regular slow delivery services. In our survey, around 20% of people had used one of these services to extend a drinking session because they had run out of alcohol; this behaviour was associated with six times higher odds of drinking at hazardous/harmful levels. Advocacy organisations have recommended that governments

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<sup>1</sup> Colbert S, Wilkinson C, Thornton L, Feng X, Richmond R. Online alcohol sales and home delivery: An international policy review and systematic literature review. *Health Policy*. 2021 Sep;125(9):1222-1237. doi: 10.1016/j.healthpol.2021.07.005. Epub 2021 Jul 18. PMID: 34311980.

<sup>2</sup> Colbert, S., Wilkinson, C., Thornton, L., Feng, X., Campaign, A., & Richmond, R. (2023). Cross-sectional survey of a convenience sample of Australians who use alcohol home delivery services. *Drug and alcohol review*.

introduce a mandatory two-hour delay between order and delivery of alcohol to prevent impulsive and potentially high-risk purchases<sup>3,4</sup>.

- 1.2.3 **Require alcohol retailers to provide an option for customer self-exclusion.** Currently in Australia, only alcohol home delivery services in NSW are required to offer an option for customers to self-exclude from their service, and only if the service offers same-day delivery<sup>5</sup>. This requirement could be adopted in Victoria. It could also be improved with greater nuance, such as the inclusion of an option for time-limited self-exclusion (e.g., the option to self-exclude for one day only), or an option to self-exclude from ordering more than one delivery per day. This would give people who use alcohol home delivery services more options to make decisions about alcohol purchasing ahead of time, to support their management of their alcohol consumption.
- 1.2.4 **Stop online alcohol retailers promoting incentives for minimum spends or purchases of alcohol online,** such as free or discounted alcohol or delivery, which encourage people to shop impulsively and buy larger volumes of alcohol. In our marketing study<sup>6</sup> we found that most emails and text messages contained some form of offer, promotion, or discount. Discounted or free delivery when purchasing over a certain threshold was most common, with almost half of emails advertising this type of offer. The literature from general online retail suggests that companies commonly design their 'free delivery' threshold to slightly above the average purchase amount to induce 'order padding', whereby customers deliberately inflate their orders to qualify for free delivery. Data from market research company, Roy Morgan, reports that customers of online alcohol retailers in Australia spend \$124 per week compared to only \$71 when buying in store (74.6% more online)<sup>7</sup>. It is unknown whether order padding could be influencing the higher spending for online alcohol purchases, but it is a possibility. It does appear online alcohol retailers are frequently promoting free delivery options in their marketing material. To minimise incentives that may lead consumers to purchase more alcohol than they otherwise would have, regulators should consider restricting online alcohol retailers' ability to offer free delivery. An option is to include a specific provision outlining the minimum delivery fees licensees must charge customers for delivery. Until 2021, the Canadian state of Ontario's Liquor Licence Act contained such a provision<sup>8,9</sup>.

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<sup>3</sup> Cancer Council Western Australia. Policy Brief: Best practice regulation of the online sale and delivery of alcohol 2022 [Available from: [https://cancerwa.asn.au/wp-content/uploads/2022/11/2022-11-18\\_Cancer-Council-WA-policy-brief\\_Best-practice-regulation-for-the-online-sale-and-delivery-of-alcohol.pdf](https://cancerwa.asn.au/wp-content/uploads/2022/11/2022-11-18_Cancer-Council-WA-policy-brief_Best-practice-regulation-for-the-online-sale-and-delivery-of-alcohol.pdf)].

<sup>4</sup> Foundation for Alcohol Research and Education & Public Health Advocacy Institute of Western Australia & Public Health Association of Australia. Policy position: Online sales and delivery of alcohol n.d [Available from: <https://www.phaa.net.au/documents/item/3740>].

<sup>5</sup> NSW Government. NSW Liquor Act 2007 No. 90 2022 [Available from: <https://www.legislation.nsw.gov.au/#/view/act/2007/90/full>].

<sup>6</sup> Colbert S, Wilkinson C, Feng X, Thornton L, Richmond R. You've got mail: Drinks are on sale! A study to assess volume and content of direct marketing received from online alcohol retailers in Australia. *Int J Drug Policy*. 2022 Jul;105:103705. doi: 10.1016/j.drugpo.2022.103705. Epub 2022 Apr 27. PMID: 35489211.

<sup>7</sup> Roy Morgan. Online alcohol sales soar in 2020, but will this market continue to grow in a post-COVID environment? 2021 [Available from: <http://www.roymorgan.com/findings/8661-online-alcohol-shopping-2019-march-2021-202103150525>].

<sup>8</sup> Liquor Licence Act 1990 (Ontario). [Available from: <https://www.ontario.ca/laws/regulation/900718/v21>].

<sup>9</sup> Colbert S, Wilkinson C, Thornton L, Feng X, Richmond R. Online alcohol sales and home delivery: An international policy review and systematic literature review. *Health Policy*. 2021 Sep;125(9):1222-1237. doi: 10.1016/j.healthpol.2021.07.005. Epub 2021 Jul 18. PMID: 34311980.

- 1.3 **Ensure effective monitoring of online sales and delivery of alcohol.** Our commentary piece<sup>10</sup> advocates for the following measures:
- 1.3.1 Require alcohol delivery businesses to report data to the liquor regulator on the number, time of day, and locations (by postcode) of alcohol deliveries, and the volume and retail sale price of alcohol delivered.
  - 1.3.2 Require alcohol delivery businesses to keep records on refused deliveries (e.g., because the recipient is younger than 18 or intoxicated).
- 1.4 Please find attached the National Alliance for Action on Alcohol (NAAA)'s Benchmarking Tool for the Regulation of Online Sales and Home Delivery of Alcohol. The NAAA has developed this benchmarking tool based on consideration of what would be best practice positions for regulation of online sales and delivery of alcohol to reduce harm.

**2. How does the association between outlet numbers (density) and indicators of harm, vary by the type of outlet (for example 'if you put 50 pubs in town as opposed to 50 Dan Murphy's, would it be a different outcome?'**

- 2.1 It is well established that the density of pubs and bars in Australia is related to rates of violence. There is also evidence that off-premise (or packaged) outlet density is related to violence, although studies that use data on alcohol sales, or venue size find that the volume of sales rather than the number of outlets is what matters for harm rates<sup>11</sup>. Taken together, the evidence is suggestive that granting licences for large chain outlets, which are likely to sell more alcohol at cheaper prices than smaller outlets will increase the risk of negative consequences in a neighbourhood more substantially than other kinds of packaged liquor outlets. There are at least four studies that suggest sales matter more than density<sup>12</sup>.
- 2.2 Intimate partner violence (IPV) refers specifically to violence between adult partners in a relationship – other kinds of family violence (in particular child abuse and maltreatment) have been studied separately. The only Australian longitudinal study of IPV found that packaged liquor outlet density was an important predictor of IPV rates<sup>13</sup>.

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<sup>10</sup> Callinan S, Coomber K, Bury K, Wilkinson C, Stafford J, Riesenbergs D, Dietze PM, Room R, Miller PG. In order to assess the impact of home delivery expansion within Australia, researchers need regulators to collect and share data on sales. *Drug Alcohol Rev.* 2023 Mar 27. doi: 10.1111/dar.13648. Epub ahead of print. PMID: 36974378.

<sup>11</sup> Livingston M, Wilkinson C, Room R. Community impact of liquor licences: an Evidence Check rapid review brokered by the Sax Institute ([www.saxinstitute.org.au](http://www.saxinstitute.org.au)) for the NSW Ministry of Health, 2015.

<sup>12</sup> Liang W, Chikritzhs T. Revealing the link between licensed outlets and violence: counting venues versus measuring alcohol availability. *Drug and alcohol review.* 2011;30(5):524-35. Hobday M, Chikritzhs T, Liang W, Meuleners L. The effect of alcohol outlets, sales and trading hours on alcohol-related injuries presenting at emergency departments in Perth, Australia, from 2002 to 2010. *Addiction (Abingdon, England).* 2015;110(12):1901-9.; Smith, C., & Morrison, K. (2015). Disaggregating relationships between off-premise alcohol outlets and trauma. *Foundation for Alcohol Research and Education: Deakin West, Australia*; Foster, S., Hooper, P., Knuiman, M., Lester, L., & Trapp, G. (2018). Associations between proposed local government liquor store size classifications and alcohol consumption in young adults. *Health & place, 52*, 170-173.

<sup>13</sup> Livingston M. A longitudinal analysis of alcohol outlet density and domestic violence. *Addiction (Abingdon, England).* 2011;106(5):919-25.

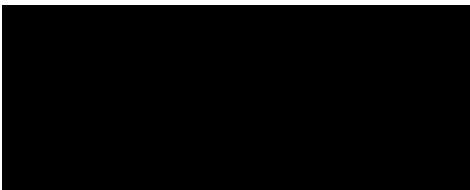
**3. How does the association between outlet numbers (density) and indicators of harm, vary by the type of on-premise outlet types specifically (e.g. pub versus smaller boutique venue)?**

**3.1** There is one study that looks at this question in an Australian (Melbourne) context<sup>14</sup>. The study, which matched venue capacity as listed on all liquor licences in Melbourne from 2010 to 2016 with police-recorded on-premises assaults occurring in venues on Friday and Saturday nights, found greater capacity was found to be strongly associated with an increased risk of violence incidence at the venue. Therefore, this is some evidence that smaller venues are associated with less violence than larger on-premise venues (ie. smaller boutique venues would be safer than pubs with a larger patron capacity).

**4. I would be happy to provide that report to the committee.**

4.1 The report can be found here: Ritter, A., Wilkinson, C., Vuong, T., Kowalski, M., Barrett, L., Mellor, R. & Sommerville, K. (2020). Distilling our changing relationship with alcohol during COVID-19 DPMP Monograph No. 29. Sydney: UNSW Social Policy Research Centre.  
<http://doi.org/10.26190/5f84c1dba9f36>

Yours sincerely,



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<sup>14</sup> Miller, Peter; Curtis, Ashlee; Millstead, M; Harries, Travis; Nepal, S; Walker, S; et al. (2021). Size does matter: an exploration of the relationship between licensed venue capacity and on-premise assaults. Deakin University. Journal contribution. <https://hdl.handle.net/10536/DRO/DU:30152916>

16 August 2023

Committee Secretary  
Public Affairs and Estimates Committee  
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Thank you to the Committee for the opportunity to provide oral evidence to the Committee's *Inquiry into the Victorian Auditor General Office's reports no. 99 and no. 213*. A response to the two additional questions to the four taken on notice is provided below.

**1. Have the recommendations made by VAGO on the licensing and compliance actions towards liquor had any impact in minimising harm?**

It is very difficult to measure the harm reducing effects of the recommendations made by VAGO in 2017 and then in 2019. There is very little data on the harm minimisation efforts of the regulator. As stated in my witness opening statement there is a lot of scope for the Commission to further develop new measures and modify their reporting in order for their harm reduction potential to be measured and monitored. Based on the data that is available on the regulators compliance and licensing work it seems that VAGO's recommendations on the licensing and compliance actions towards liquor would have little effect of meeting the harm minimisation objective of the licensing act.

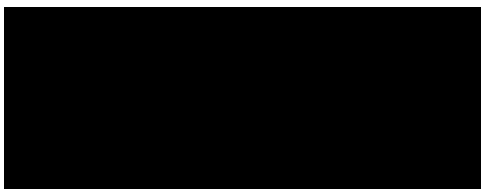
**2. What liquor harm risk factors should be considered when evaluating license applications? How does this compare to current Victorian practice?**

The Victorian RBL scheme includes incremental fee increases for venues based on late night trading, trading outside ordinary trading hours, non-compliance in the last 12 months, non-compliance in the last 36 months and venue capacity (see: <https://www.vic.gov.au/renew-your-liquor-licence>).

Risk factors that should be considered are outlet density, venue size/floor space (rather than capacity) and licence type.

- Substantial international research literature links the density of alcohol outlets in a neighbourhood to the rate of alcohol-related problems experienced that neighbourhood<sup>1,2</sup>.
- The evidence is suggestive that granting licences for large, packaged liquor outlets, which are likely to sell more alcohol at cheaper prices than smaller outlets will increase the risk of negative consequences in a neighbourhood more substantially than other kinds of packaged liquor outlets.
- The evidence is suggestive that purchasing alcohol online for home delivery is associated with higher access to alcohol by those underage than bricks and mortar stores and this type of availability is associated with risky drinking. This risk should be considered when evaluating 'remote sellers' licence categories.
- Non-compliance is only a useful consideration in a risk-based licensing scheme if enforcement can measure compliance. In the context of very few prosecutions for alcohol service, it is questionable whether venue operators will change serving behaviour based on the possibility of a license fee increase via RBL, because they are not being prosecuted for breaking the law. While the regulator was recommended to undertake risk-based compliance activities which arguably should have increased the number of breaches of licence conditions detected, the most recent public data from the 2020-21 financial year reports only a single successful prosecution for a liquor related offence. This suggests that licence holders remain insufficiently enforced and throw into doubt the effectiveness of the two compliance history considerations in the current Victorian RBL scheme.

Yours sincerely,



Dr Claire Wilkinson, Senior Research Fellow, Drug Policy Modeling Program, University of New South Wales; Centre for Alcohol Policy Research, La Trobe University

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<sup>1</sup> Livingston M, Wilkinson C, Room R. Community impact of liquor licences: an Evidence Check rapid review brokered by the Sax Institute ([www.saxinstitute.org.au](http://www.saxinstitute.org.au)) for the NSW Ministry of Health, 2015.

<sup>2</sup> A public health perspective on alcohol establishments: licensing, density and locations. Brief 8, November 2022. Available from [A public health perspective on alcohol establishments: licensing, density and locations \(who.int\)](https://www.who.int/publications/m/item/a-public-health-perspective-on-alcohol-establishments-licensing-density-and-locations)