

11 August 2023

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

Via email: 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

Alcohol Change Vic (ACV) thanks 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 question taken on notice is below.

1. Have the changes made to the licensing and compliance of liquor industries in Victoria since 2017 had an impact on the minimisation of the harms associated with liquor consumption? If so, how?

The initial audit undertaken by the Victorian Auditor General's Office into the operation of the VCGLR 2017 identified numerous deficiencies in the regulator's operation, including:

- Failing to test applications against legislative requirements
- Failing to provide adequate reasoning for decisions
- Failing to proactively identify matters against applications
- Failing to adequately confirm the accuracy of applicant information
- Failing to adequately monitor licences for changes in directors or associates
- Failing to provide adequate guidance to licensing officers regarding uncontested applications
- Limited and underdeveloped application of a risk-based approach to licensing
- Assessing its own performance on speed of processing rather than quality
- Poor data integrity related to compliance activities
- Failing to engage in risk-based compliance activities

The regulator was found to be undertaking its activities in a manner that emphasised speed and administrative compliance over meaningful impact and harm minimisation. The follow-up audit in 2019 reported that a number of recommendations were either complete, or in progress. Since the 2019 follow-up, the impacts of the pandemic and the splitting of the VCGLR into two bodies complicates an assessment of the changes recommended to the regulator in the 2017 audit.



However, there are a number of pieces of evidence that can suggest the impacts of the changes to licensing and compliance. These include the number of refused applications, the number of advertising and promotion banning notices issued, and the ongoing level of alcohol-related harm in Victoria.

The table below uses data from previous VCGLR annual reports (noting the most recent report is from 2020-21) and shows that the number of licence applications refused has not significantly changed from 2017.¹ This could be due to higher quality applications, and does not capture harm minimisation licence conditions that may have been imposed by the Commission. However, the fact that the refusal rate has been roughly consistent since prior to the initial audit suggests that licence applications may still not be being meaningfully assessed against the legislative requirements of the *Liquor Control Reform Act 1998*.

Table 1. Refusal and objection rates for liquor licence applications by the VCGLR 2015 – 2021.

| Year | Granted | Refused | Objections |
|---------|---------|---------|--------------|
| 2020-21 | 94% | 1.5% | 3% |
| 2019-20 | 95.26% | 0.85% | Less than 1% |
| 2018-19 | 97% | 1% | 1.5% |
| 2017-18 | 97% | 1% | 1% |
| 2016-17 | 94% | 2% | 1.8% |
| 2015-16 | 96.5% | 1% | 2.3% |

The number of active licences in Victoria has continued to increase over this period. The below graph shows the number of active licences at June 30th of each year, from publicly available licensing data.² There has been a 20% increase in the number of liquor licences and permits in the state from 2016 to 2022, outstripping 8.6% population growth over the same period.³



Additionally, while the regulator was recommended to undertake risk-based compliance activities which arguably should have increased the number of breaches of licence detected, the number of licences on the demerit list, and the number of total demerit points has not increased over time. The table below shows the total number of licences on the demerit point register, and the total number of demerit points on the register for a given year. This data is only available to the 2020-21 VCGLR annual report.¹

Table 2. Number of liquor licensees with demerit points and the total demerit points issued by the VCGLR 2015 – 2021.

| Year | Licences | Total points |
|---------|----------|--------------|
| 2020-21 | 45 | 26 |
| 2019-20 | 35 | 54 |
| 2018-19 | 57 | 76 |
| 2017-18 | 54 | 71 |
| 2016-17 | 60 | 72 |
| 2015-16 | 59 | 68 |

Finally, advertising and promotion banning notices issued under the *Liquor Control Reform Act*, section 115A have not increased, as seen in the table below.

Table 3. Advertising and promotion banning notices issued by the VCGLR 2012 – 2023.

| Year | Banning notices |
|----------------|-----------------|
| 2023 (to date) | 0 |
| 2022 | 0 |
| 2021 | 0 |
| 2020 | 1 |
| 2019 | 1 |
| 2018 | 1 |
| 2017 | 0 |
| 2016 | 0 |
| 2015 | 2 |
| 2014 | 3 |
| 2013 | 2 |
| 2012 | 2 |

When combined, these data suggest that there has been no significant change in licensing or compliance outcomes since the changes recommended in the 2017 audit.

The recent lifting of the freeze on new late-night licences being granted in inner city Melbourne may also undermine the work to reform the regulation of alcohol. A well-established body of evidence demonstrates that the risk of alcohol-related harms increases with late-night trading hours.^{4, 5} Alcohol Change Vic provided this feedback to the Victorian government during the consultation in the lead up to the lifting of the freeze. While the recently released guidelines for

granting of late-night licences to accompany the lifting of the freeze are welcomed, the impacts of the reform will need to be carefully monitored going forward.

Further reforms to support harm minimisation

This combined data suggests that compliance and enforcement responses alone are likely inadequate to meaningfully minimise harm associated with alcohol in Victoria. Evidence demonstrates that alcohol-related harms can be modified by regulating availability, pricing, and promotion of alcohol.⁶ A comprehensive approach that addresses these elements is required. While recent changes to the *Liquor Control Reform Act 1998* that have expanded the definition of harm are welcomed, there are a number of additional evidence-based legislative changes that would have significant impacts on alcohol related harms in Victoria. These proposals were included in our additional written submission, and some in the oral evidence provided to the Committee. They include:

- Legislating the power for Liquor Control Victoria to undertake controlled purchase operations with underage persons.
- Amending the *Liquor Control Reform Act 1998* to require that high-risk licence types including remote seller licences, late-night venues, and larger packaged liquor outlets smaller than 750 square meters must undertake a community impact assessment and demonstrate that the licence will not be detrimental to the wellbeing of the community.
- Update the offence in section 108(4)(b) of the *Liquor Control Reform Act 1998* to make the obligation for a licensee to eject an intoxicated person from the premises subject to a duty of care to ensure that people who are intoxicated are safe on the premises or upon leaving the premises and do not pose a risk of harm to others.
- Amending the *Liquor Control Reform Act 1998* to expand the definition of intoxication in the act to include intoxication resulting from the consumption of alcohol or other substances, as in other jurisdictions
- Providing local councils and community members the legislative basis to object to a new liquor licence because it will be detrimental to the safety and wellbeing of the community

Additionally, further regulatory reforms that will support harm minimisation include:

- Updating the *Ministerial Guidelines on Cumulative Impact* to address the cumulative harm caused by licence density and alcohol-related harms within a geographic area, including the overlay of remote seller licences
- Strengthening guidelines regarding harm reduction measures in late-night venues' licence conditions, in light of the lifting of the freeze

Alcohol Change Vic's written submission to the committee's inquiry provides further details on these recommendations.

2. Information regarding NSW Bureau of Crime Statistics reporting on alcohol-related assaults and other crimes

The NSW Bureau of Crime Statistics reports on the location, including the type of licensed premise at which assaults and other crimes occur.

In a report titled "The nature of assaults recorded on licensed premises," Fitzgerald, Mason and Borzycki (2010)⁷, described the location of the assault as being on-premise (76%) or indirectly linked to the premise (21%); occurring near the premise, such as on the footpath and being directly linked to the staff, patrons, or persons refused entry.

These data were connected to named premises and there was substantial media around which premises in NSW were the most violent, with those most violent premises being subject to fines and additional licensing conditions.

In Victoria it seems badly managed venues are only occasionally fined; the costs easily absorbed; and poor management practices continued.

One possible approach is the former NSW initiative where liquor outlets associated with more than 10 violent incidents in a year are publicly listed and subject to a range of restrictions, mainly around the service of alcohol, until the annual number of violent incidents have been reduced. The scheme appears to have driven venue owners and managers to implement measures to reduce violent incidents.

The NSW scheme resulted in violent incidents in listed venues dropping by 86 per cent since its inception in 2008, when 48 venues were associated with 1,270 violent incidents. In 2018 there were 12 listed venues associated with 183 violent incidents.¹⁰

Liquor Control Victoria and Victoria Police need to be given effective tools to drive behaviour change in liquor outlet owners that are happy to put their profits ahead of community well-being. Effective tools are those that can be used in a timely manner, do not require unrealistic levels of proof that the venue is responsible for harm and impose a sanction that is sufficient to deter a liquor outlet owner from regarding it as simply a cost of doing business.

3. Does the Mediterranean Alcohol-Drinking Pattern reduce alcohol harms?

The Committee asked if the Mediterranean Alcohol-Drinking Pattern reduces alcohol harms. The Mediterranean Alcohol-Drinking Pattern involves drinking in moderation, with a preference for red wine, drinking with meals and avoiding binge drinking. Research has indicated that such a drinking pattern reduces the risks of all-cause mortality from alcohol consumption.⁹



There is evidence that some cohorts of younger people in Mediterranean countries have shifted their drinking patterns far from the Mediterranean tradition. Socialisation was found to be the main motivation for the pattern of alcohol consumption.¹⁰

However, the WHO has warned that no level of alcohol consumption can be considered safe for our health. They have pointed out that half of all alcohol-attributable cancers in Europe are caused by "light" and "moderate" alcohol consumption – less than 1.5 litres of wine, less than 3.5 litres of beer or less than 450 ml of spirits per week. Such a drinking pattern is responsible for the majority of alcohol-attributable breast cancers in women, with the highest burden observed in countries of the European Union. The WHO state that there are no studies that would demonstrate that the potential beneficial effects of light and moderate alcohol consumption on cardiovascular diseases and type 2 diabetes outweigh the cancer risk associated with these same levels of alcohol consumption for individuals.¹¹

The WHO reported that the European Region has the highest alcohol consumption level and the highest proportion of drinkers in the population. Over 200 million people in the region are at risk of developing alcohol-attributable cancer. Disadvantaged and vulnerable populations have higher rates of alcohol-related death and hospitalisation, as harms from a given amount and pattern of drinking are higher for people who are financially disadvantaged and their families compared for more wealthy drinkers.

Please do not hesitate to contact us to follow up on any of the information provided here.

Sincerely,

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