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# Liquor Licensing: Research and Policy

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DPMP Symposium, March 16



## Presentation outline



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- Brief history of liquor licensing in Victoria
  - Focussing particularly on deregulation from the 1980s onwards
- Recent Victorian trends in consumption and harm
- Summary of my work examining effects of availability in Victoria
- Implications for policy





# History of liquor licensing in Victoria



- Originally incredibly liberal – in 1880 there was about one hotel for every 200 adults
- Strong temperance movement led to increasing government intervention into the alcohol market
- Throughout the first half of the 20<sup>th</sup> Century was amongst the most conservative states in Australia on alcohol issues





# History of liquor licensing in Victoria



- Licences Reduction Board formed in 1906
  - Closed more than 1,000 hotels up to 1916
- Support for total prohibition (at the local level) reached more than 40% in a 1918 poll
- 6 o'clock closing introduced in 1919 (along with NSW and Tasmania)
- More than 60% of the population voted to retain early closing in 1956 (after other states had extended hours)





# History of liquor licensing in Victoria



- In the 1960s, the slow march of liquor liberalisation began
  - Introduction of first restaurant licences in 1960
  - Phillips Royal Commission (1963), led to 10pm closing (from 1966)
  - Davies Inquiry (1976), led to further minor relaxations of hours and restrictions in 1980
  - Niewenhuysen Review (1986), led to new system, under the Liquor Control Act 1987





# Niewenhuysen Review and



# Liquor Control Act 1987



- Licensing system review commissioned by the government
  - Led by an economist
  - Broad terms of reference with a focus on deregulation
  - Recommended sweeping reforms
- New Act implemented the majority of the recommendations, making new licences easier to obtain, relaxing trading hours and removing many restrictions on licensees
- Intended to introduce a European style drinking culture to Victoria





## Further liberalisation



- Two amendments in 1993 and 1995, increasing trading options for licensees and introducing tougher penalties for breaches
- New Act in 1998, following yet another review
  - Focussed largely on making Victoria compliant with National Competition Policy
    - E.g. Removal of 'need' criteria, lifting of 8% restrictions (initially just for pubs, packaged liquor phased out)
  - But also:
    - Loosening of restaurant restrictions (meaning 'on-premise' licences now include bars, nightclubs as well as restaurants)
    - Further relaxation of trading hours regulation – 24 hour trading



## From 1998 until ~ 2007



- National Competition Commission pressure resulted in the removal of 8% cap for packaged liquor in 2000
- Increased reliance on planning regulations at the local level rather than state level regulation
  - But no public health focus in planning legislation
- Shift of LLV from State Development to Dept of Consumer Affairs
  - Gradual decline through bureaucratic hierarchy





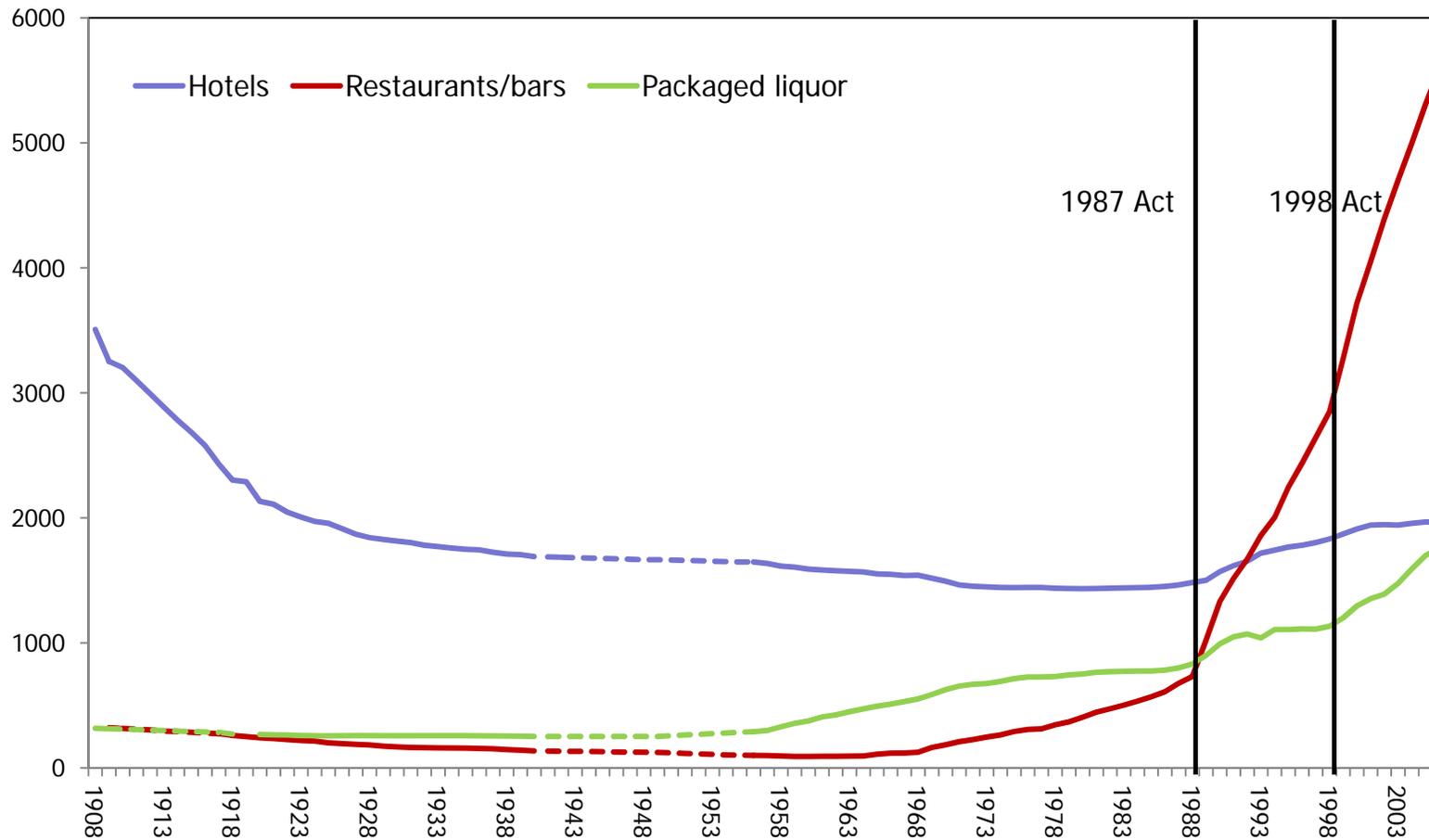
## Underlying philosophy

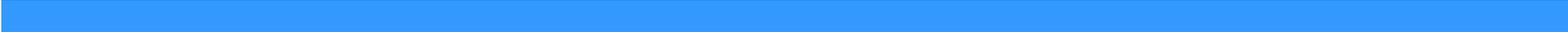
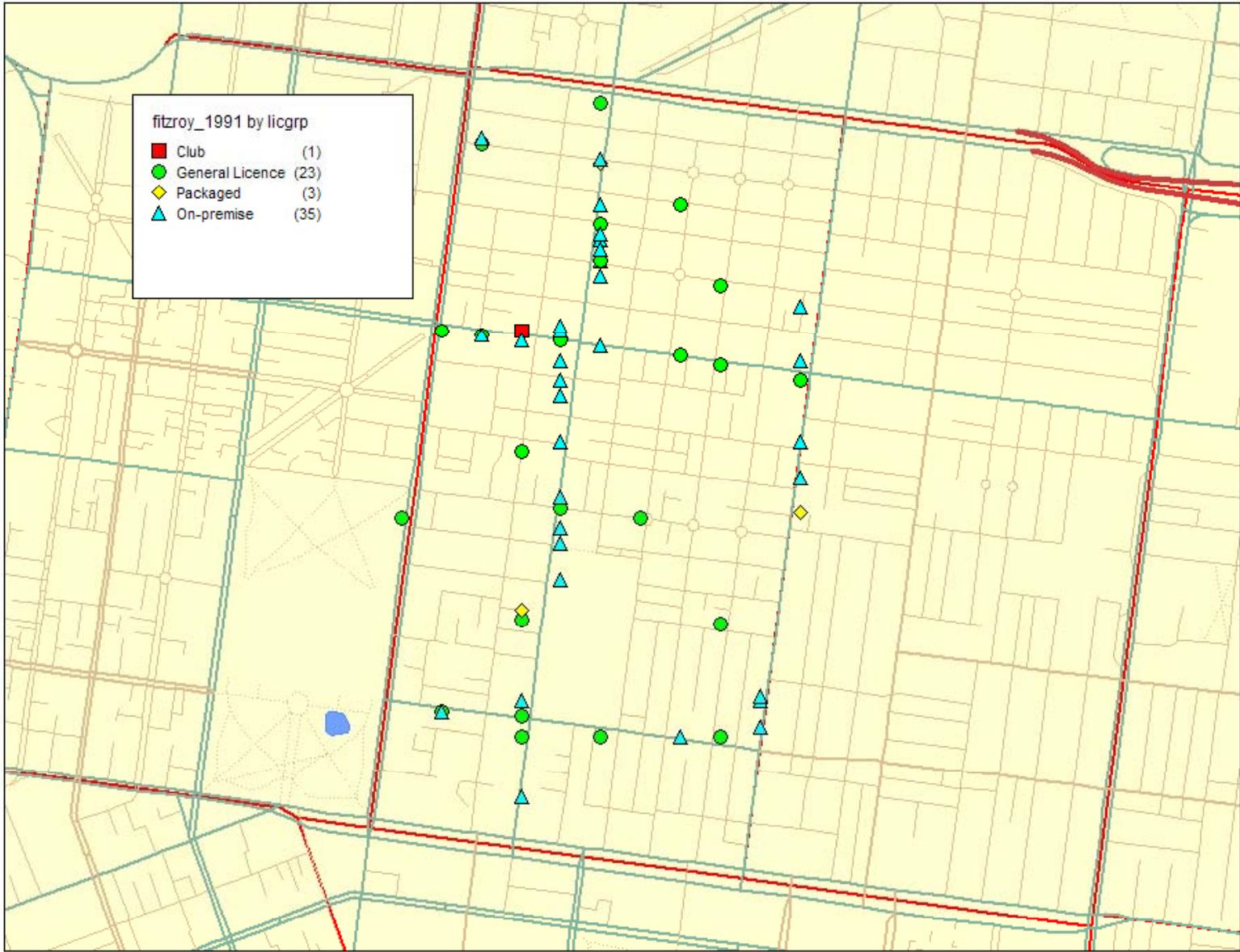


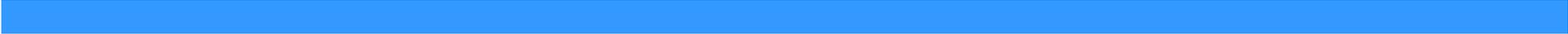
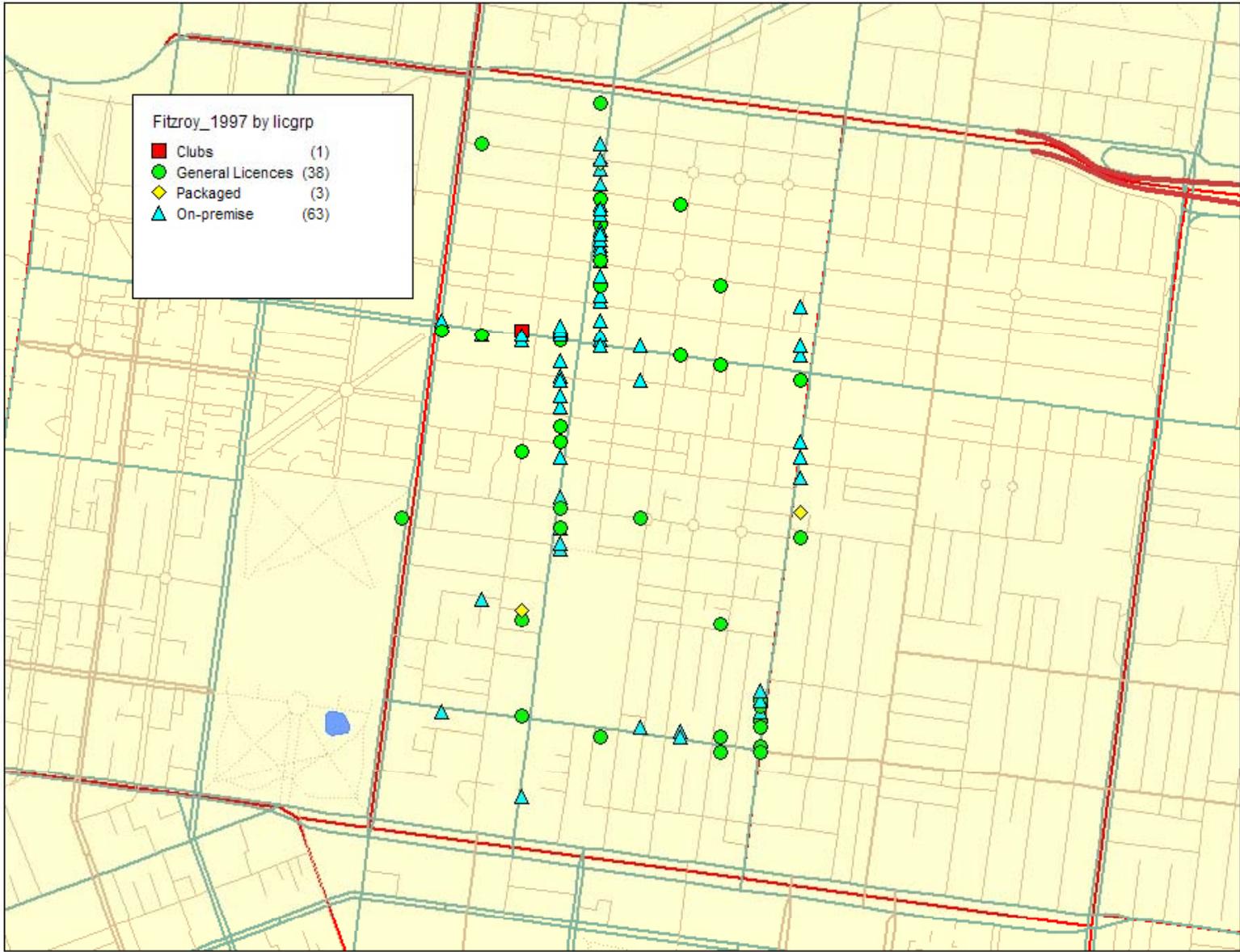
- Throughout the various recent reviews and inquiries, the general consensus has been that increases in availability *do not* lead to increases in consumption or harm
  - Evidence usually cross-sectional (e.g. Victoria has more outlets than Tasmania, and fewer alcohol problems, therefore availability isn't important)
  - Discounted international research evidence (e.g. early studies from the US) as irrelevant to Australian conditions
- Focussed largely on efficiency and convenience
  - With some undoubted benefits
  - Expected gradual and limited impacts on the total market

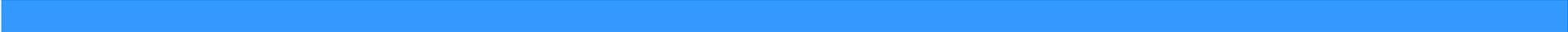
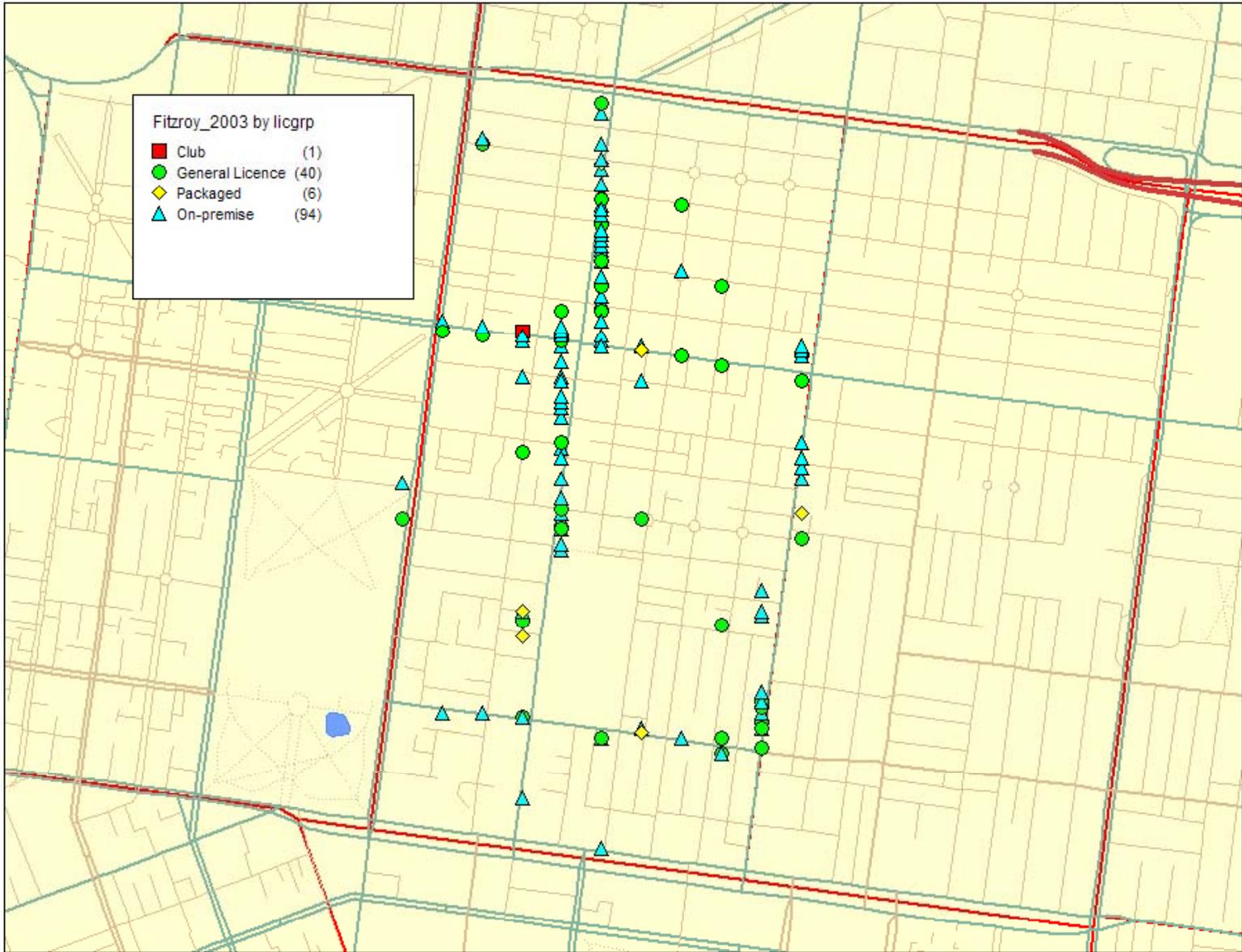


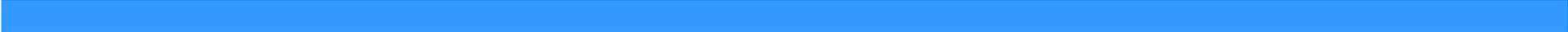
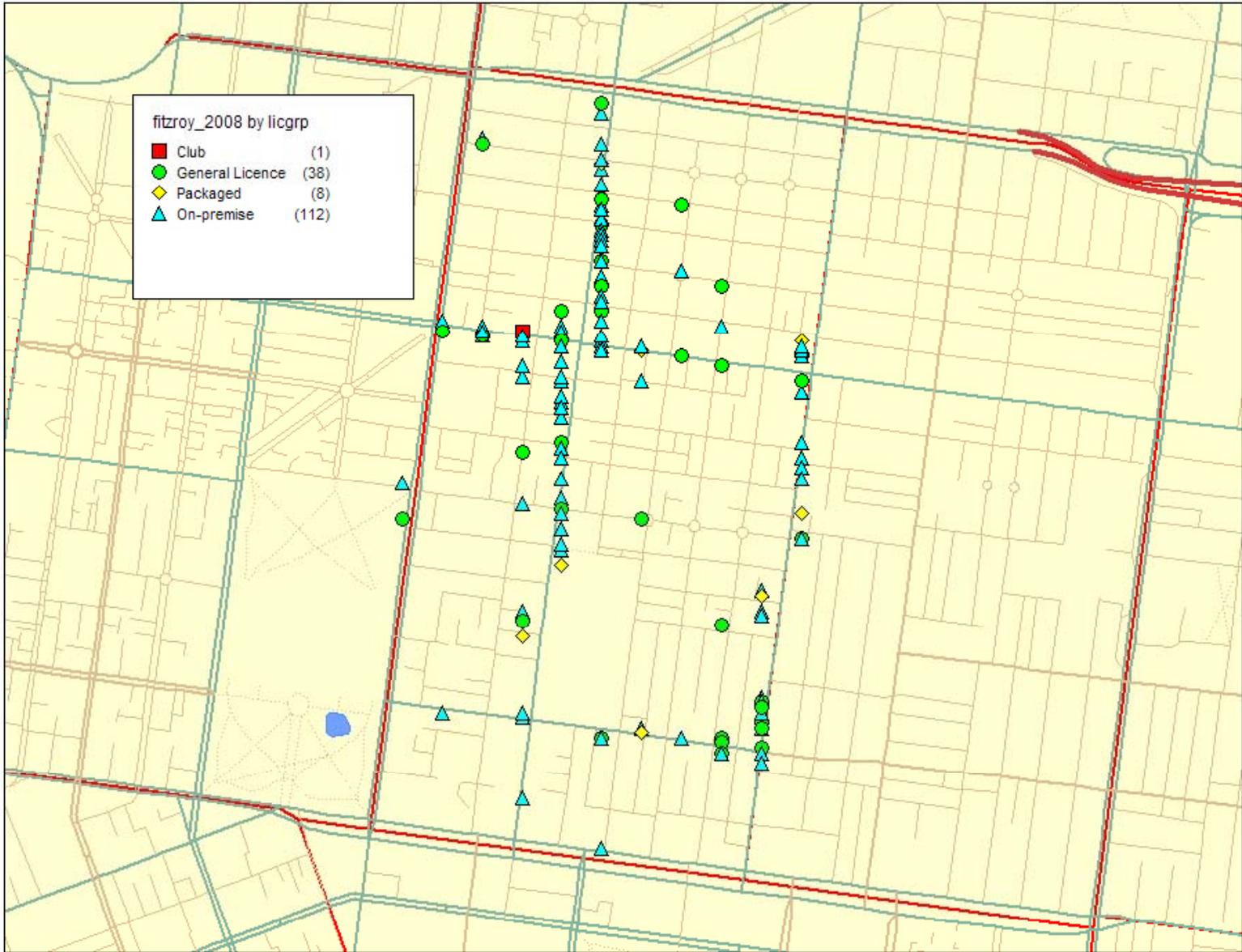
# Effects of regulatory changes













# The research literature on alcohol outlet density



- Links between outlet density and:
  - consumption and drinking patterns,
  - drink-driving and traffic accidents,
  - assault, homicide and other violent crimes,
  - child abuse and neglect,
  - sexually transmitted diseases,
  - drunkenness and neighbourhood disturbances,
  - property damage and vandalism, and
  - personal injury
- Most research from the late 1990s onwards and mostly cross-sectional



# Studies undertaken

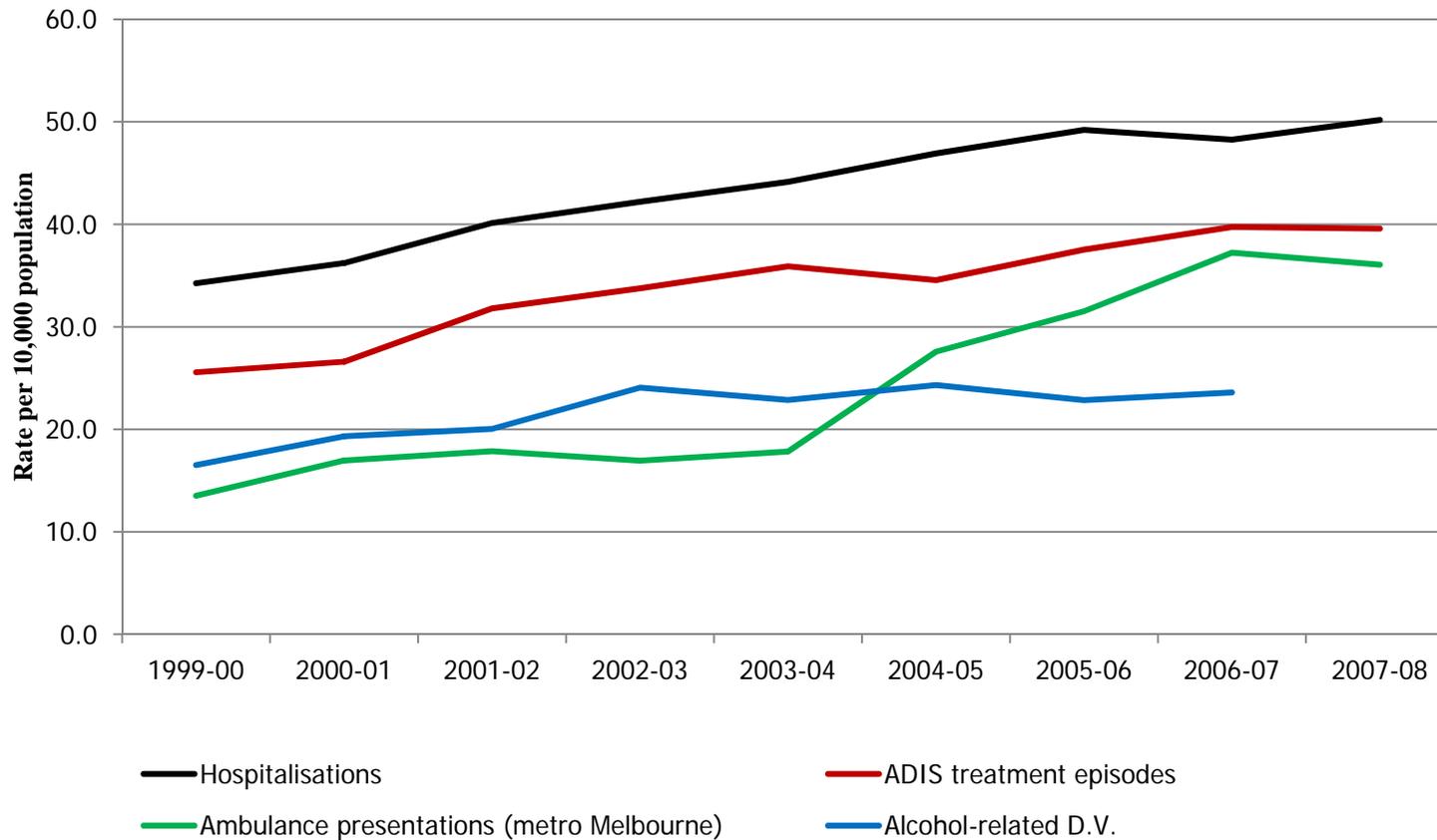


- Broad trends in Victorian indicators
  - Sub-focus on trends among young people
  - Broad trends likely to be affected by much more than changes to liquor licensing laws
- Small area analyses
  - Examine whether harm rates in small geographic areas (postcodes) vary along with changes in outlet density
  - This controls for the broader context and allows for stronger inferences to be made





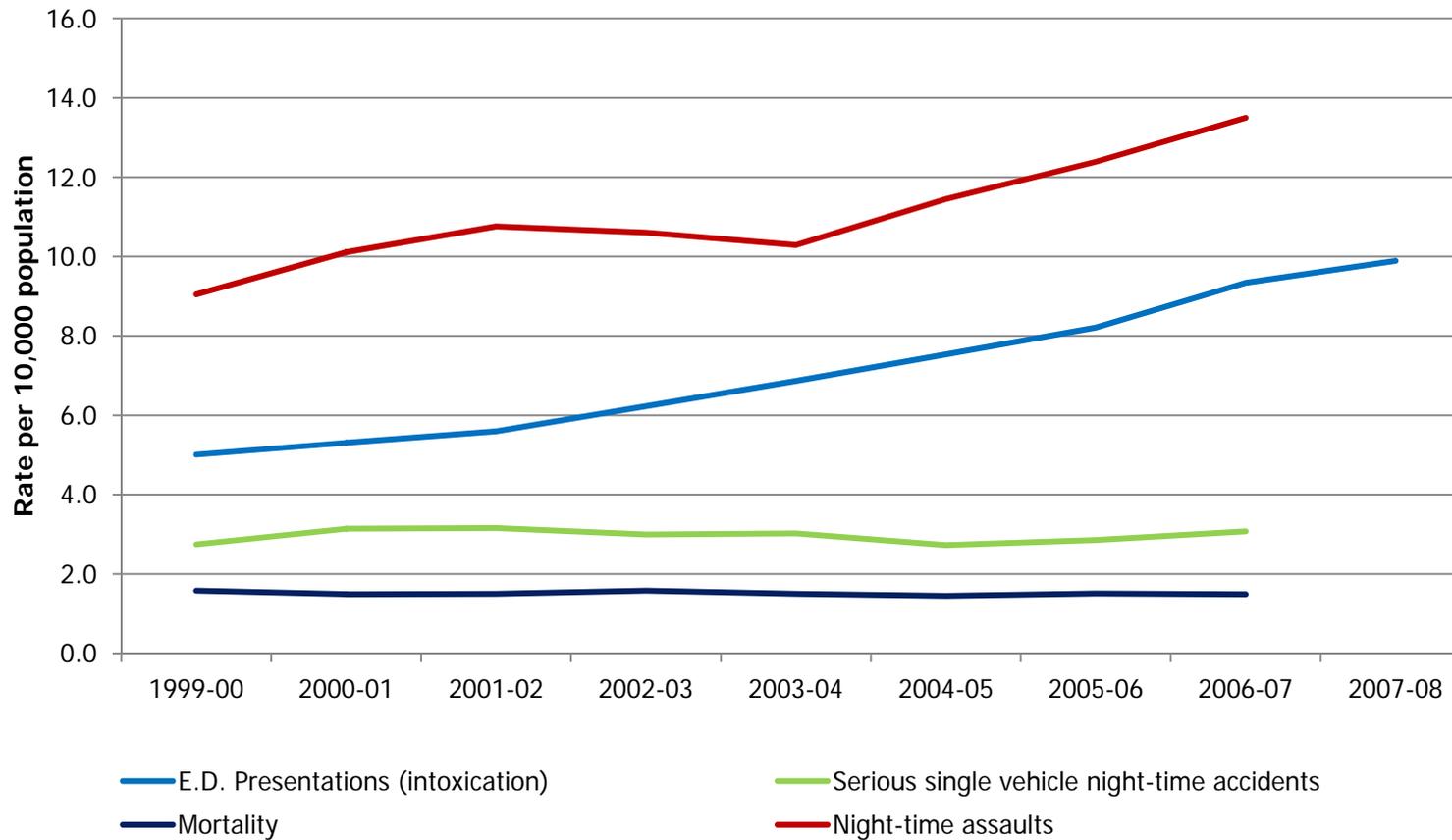
# Broad trends – alcohol problems



Livingston, M., Matthews, S., Barratt, M., Lloyd, B. & Room, R. (2010). Diverging trends in alcohol consumption and alcohol-related harm in Victoria. *Australian and New Zealand Journal of Public Health*, 34(4):368-373.



# Broad trends – alcohol problems

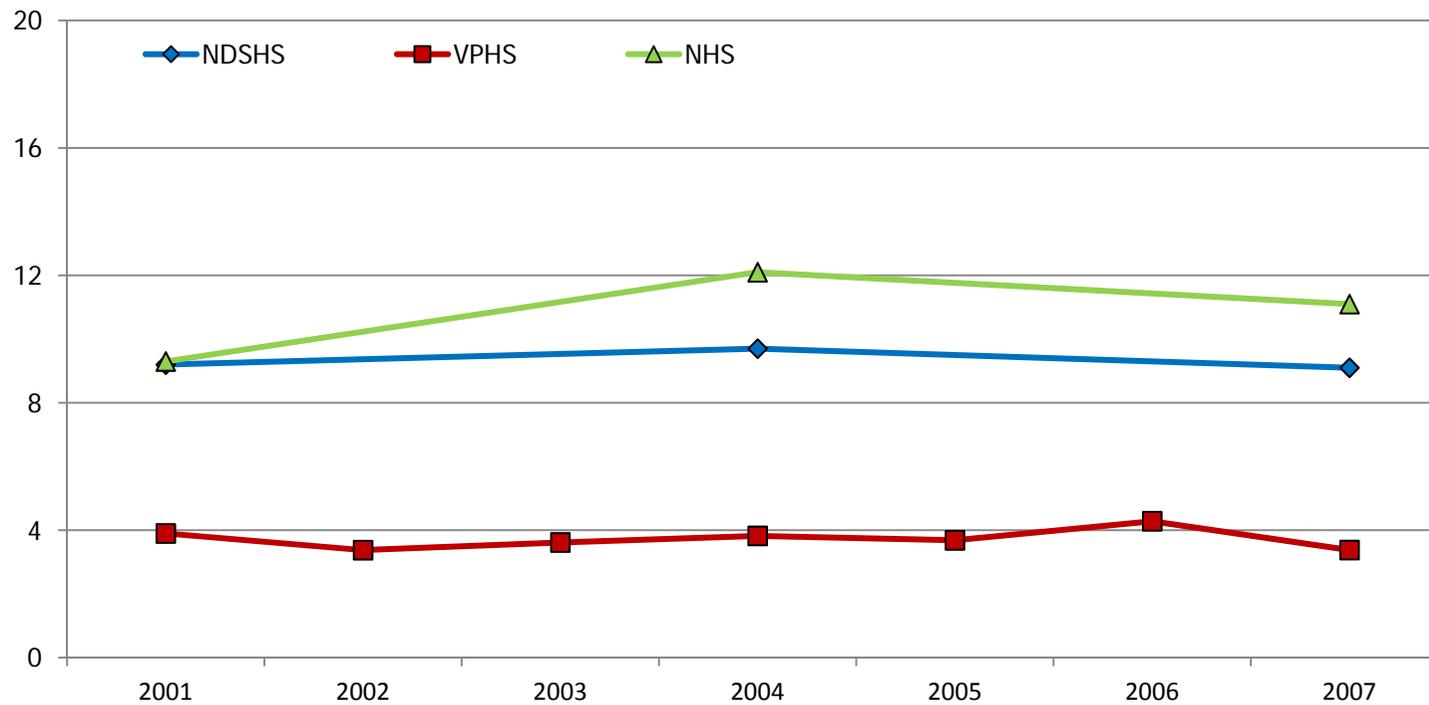




# Trends in consumption



- Estimates of risky drinking rates from three Victorian survey samples





## Youth trends



- Harm rates increasing more quickly than general population
  - e.g. 200+% increases in emergency presentations in ten years
- Risky consumption rates fairly stable or declining.
  - However, some indication of increases in very heavy drinking
  - Rates of monthly 20+ drinking amongst 16-24 year olds have doubled between 2002 and 2009 (according to VYADS survey)

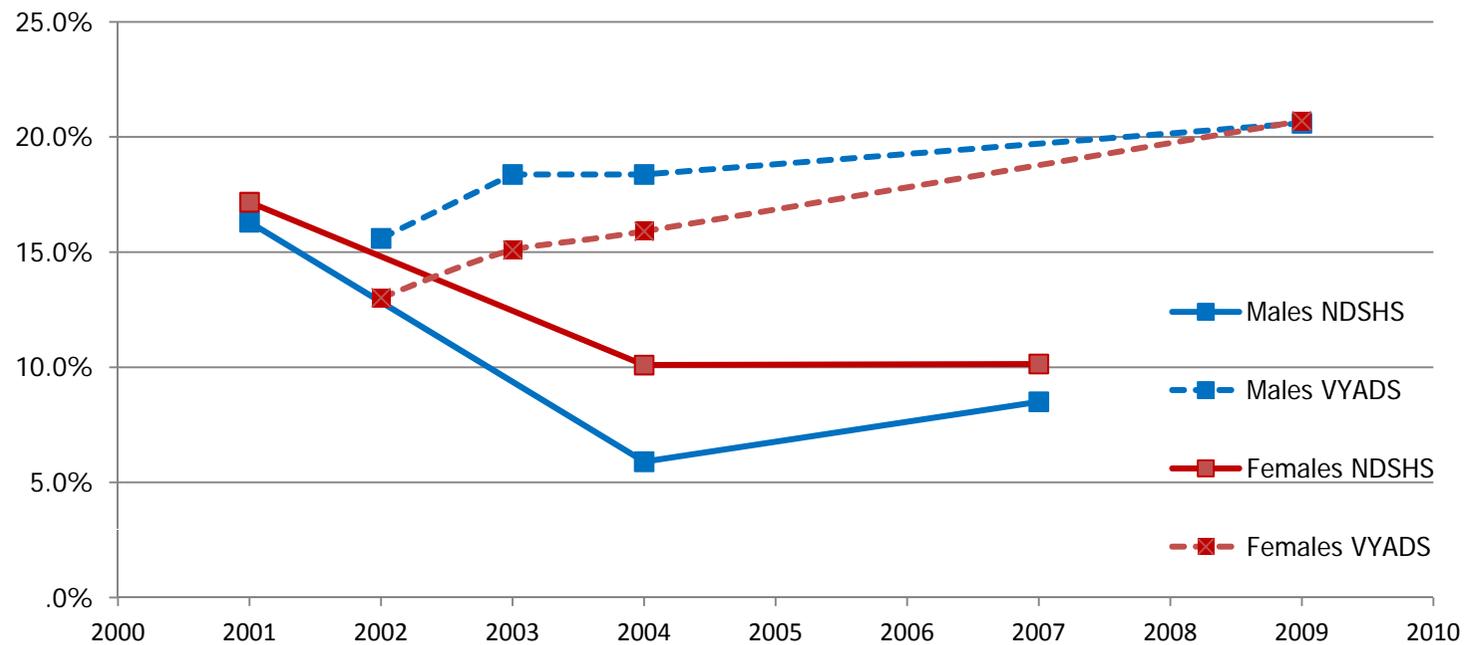
Livingston, M. (2008). Recent trends in risky alcohol consumption and related harm against young people in Victoria, Australia. *Australian and New Zealand Journal of Public Health*. 32: 266-271.



# Survey issues



- Short-term risky drinking prevalence (16-24 year olds), using two different surveys





## Empirical studies



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- Statewide trends are suggestive of substantial impacts from deregulation
  - Although consumption data is unclear
  - Lack of trend in mortality is problematic
- To provide better evidence of causality, more rigorous analyses are required
  - Examine whether harm rates in small geographic areas (postcodes) vary along with changes in outlet density
  - Fixed effects models have been used throughout, to ensure results aren't biased by city-wide trends
- Licence density examined for on-premise, packaged and general licences



# Broad results



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	Pubs	Bottleshops	Restaurants/bars
General assault	↑	↑	
Domestic violence		↑	
Youth heavy drinking (cross-sectional)		↑	
Chronic disease		↑	↑





## Broad results



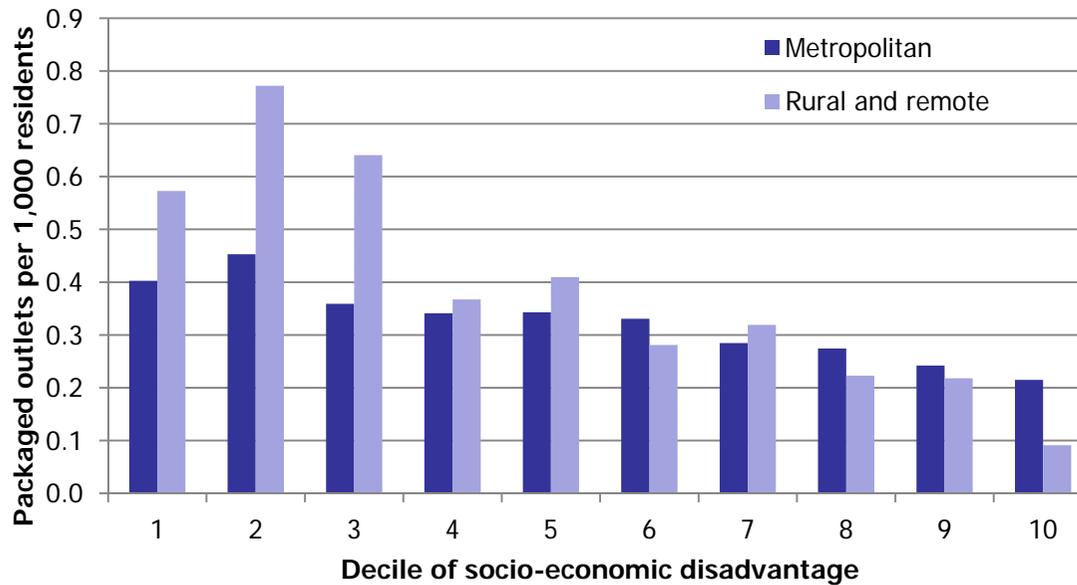
- A 10% increase in general (pub) outlets ->
  - 3% increase in assaults (police), 1% increase in d.v., 0.6% increase in assaults (hospitalisation)
- A 10% increase in packaged liquor outlets (bottle shops) ->
  - 1% increase in assaults (police), 3.3% increase in d.v., 0.5% increase in assaults (hospitalisation)
- Some evidence that these effects vary across different types of postcodes
  - Pubs more problematic in inner-city, bottle shops in the suburbs



# Implications for inequalities



- A study of the distribution of alcohol outlets across Victoria demonstrates some significant inequalities in packaged liquor exposure

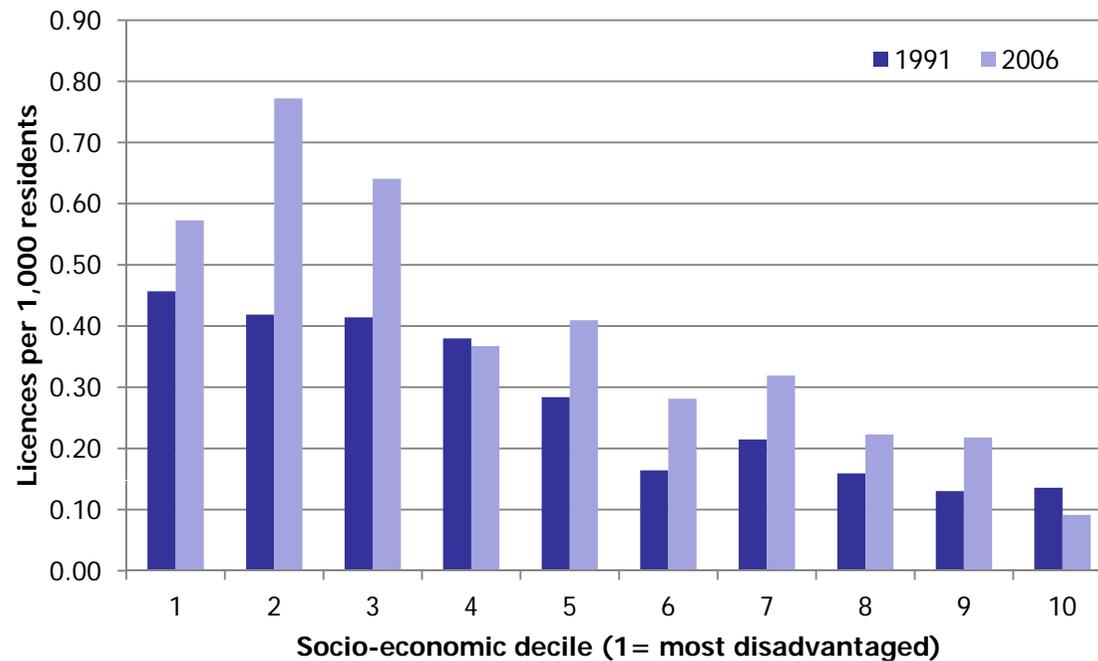




# Implications for inequalities



- These inequalities have not been reduced by the liberalisation of the licensing system





## Overall conclusions



- The increases in availability in Victoria have occurred concurrently with substantial increases in harm rates
- Specific studies have demonstrated links between alcohol outlet density, chronic disease and domestic and general violence in Victoria in the last decade.
- Some evidence that alcohol outlet density may have implications for health inequalities





## Alcohol outlet density and policy



- Increasingly incorporated into policy in Australia and internationally
  - California restricts on- and off-premise licences on a per-capita basis (e.g. one on-sale general licence per 2,000 people living in a county)
  - Violent Crime Reduction Act (2006) in the U.K. includes provisions to make licensees pay the costs of alcohol-related crime in 'Alcohol Disorder Zones' where a concentration of premises has led to high rates of problems
  - Key issue fought out in liquor licensing hearings across Australia





## Policy response



- Recent evidence that the focus of liquor licensing policy is shifting back to controlling rates of harm
  - Lock-out trial
  - Late night licence freeze
  - Establishment of Responsible Alcohol Victoria in 2008
  - Risk-based liquor licensing fees
  - Recent amendments to planning regulations to allow cumulative impact to be considered in decisions
  - Increasing focus on alcohol issues by local governments (although they have limited powers)





## Policy response



- Driven largely by growing media and public concern about night-time violence
- Policy options favoured still largely those that do not interfere substantially with the market
  - Policy-makers also fear unintended consequences such as the live music backlash and lock-out failure
- Have focussed almost entirely on night-time economy
  - Although some hints that packaged liquor is back on the agenda





## Policy response



- This is complex policy area, with costs and benefits to restrictive and liberal licensing policies
  - Balancing industry diversity and market efficiency against public health is nearly impossible
  - Costs of liberal policies went unacknowledged throughout the deregulation process
  - Providing local communities with more influence may be one way of restoring some balance

