

The Allen Consulting Group

Commercial and Social Evaluation of Licensed Premises

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Report to the Northern Territory Licensing Commission

The Allen Consulting Group

The Allen Consulting Group Pty Ltd

ACN 007 061 930

Melbourne

4th Floor, 128 Exhibition St
Melbourne VIC 3000
Telephone: (61-3) 9654 3800
Facsimile: (61-3) 9654 6363

Sydney

Level 12, 210 George St
Sydney NSW 2000
Telephone: (61-2) 9247 2466
Facsimile: (61-2) 9247 2455

Canberra

Level 12, 15 London Circuit
Canberra ACT 2600
GPO Box 418, Canberra ACT 2601
Telephone: (61-2) 6230 0185
Facsimile: (61-2) 6230 0149

Perth

Level 21, 44 St George's Tce
Perth WA 6000
Telephone: (61-8) 9221 9911
Facsimile: (61-8) 9221 9922

Brisbane

Level 11, 77 Eagle St
Brisbane QLD 4000
PO Box 7034, Riverside Centre, Brisbane QLD 4001
Telephone: (61-7) 3221 7266
Facsimile: (61-7) 3221 7255

Online

Email: info@allenconsult.com.au
Website: www.allenconsult.com.au

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Executive summary

The Mitchell Street precinct in Darwin is an entertainment precinct with a concentration of licensed premises including hotels, taverns, restaurants and cafes. In the past five years the number of licensed premises within the precinct has increased from 30 to 38 and volumes of liquor sold from the precinct have also been rising.

In submissions made to the Northern Territory Licensing Commission in relation to recent applications for licences, some parties have contended that further increases in the number of licensed premises could lead to an increase in ‘irresponsible’ practices in the selling of alcohol as licensed premises face increasing competition for market share. It has been asserted that such practices may lead to the excessive consumption of alcohol and give rise to a range of alcohol-related problems such as anti-social behaviour, violence and crime. If this is the case, then the granting of new license in the precinct could be considered to be contrary to the ‘public interest’, which the Liquor Licensing Commission is charged with considering when determining licence applications.

This report documents a study of the commercial and social impacts of licensed premises in the Mitchell Street precinct. The aim of the study was to provide insight into the likely effects of further increases in the number of licensed premises in the precinct, and the role of the Licensing Commission in determining applications for new licenses.

The specific objectives of the study were as follows.

- Assess the current status of the existing premises in the Mitchell Street precinct in terms of financial viability.
- Assess the potential effect on the financial viability of existing licensed premises should new licensed premises or variations of existing ones be allowed in the area.
- Assess the likely effect on the public interest and neighbourhood amenity of a greater number of licensed premises.

A further aim of the study was to provide advice to the Commission on determining future applications for new licenses in the Mitchell Street precinct and the role that it and other government agencies may take in respect of the future development of the precinct.

The findings of the study are summarised as follows.

- Financial viability of existing licensed premises.
 - Data on sales of liquor per licensed premises do not provide any evidence that the increase in licence numbers is placing increasing commercial pressures on licensed businesses in the Mitchell Street precinct.

- The potential impact of new licences on the financial viability of existing licensed premises.
 - If new premises were to be established at locations and with characteristics that are attractive to customers, then — given the absence of any significant trend of increasing numbers of Darwin residents and visitors to Darwin — it could reasonably be surmised that a relatively constant pool of customers would be shared between a greater number premises and this would reduce the commercial returns to existing premises (on average).
- The potential effects on the public interest and neighbourhood amenity of a greater number of licensed premises.
 - To date, there is no evidence to suggest that granting of additional licenses in the Mitchell Street precinct has given rise to community concerns about a loss of public interest or neighbourhood amenity.
 - The effect on the public interest of granting additional licenses is likely to depend upon the type and particular locations of licensed premises rather than the number of premises *per se*. Problems in the Mitchell Street precinct are most commonly associated with large, late night venues that tend to promote alcohol sales over other services.
- Determining applications for new licenses.
 - There is no necessary link between levels of competition, commercial viability and alcohol-related harm in an entertainment precinct such as the Mitchell Street precinct. Accordingly, increased competition between licensed premises is unlikely to constitute a sustainable basis for rejecting applications for new liquor licenses.
 - There is no explicit provision under the Liquor Act for the Commission to consider an application within a context of a ‘bigger picture’ view of current and future developments in the Mitchell Street precinct. Such considerations more properly lie within the responsibilities of town-planning agencies.
 - If there is an emergence of community concern about a loss of public interest or neighbourhood amenity associated with the Mitchell Street precinct then there may be a need for a whole-of-government approach in controlling further development of the Mitchell Street. Such an approach could take into account issues of town planning, transport, policing and the operations of licensed premises.
 - Experience in other jurisdictions, particularly in Cairns and Adelaide, indicates that conditions of licences can be useful in controlling or minimising alcohol-related harm. Particular examples of policies that have been successful include lockouts and bans on the advertising of discount drinks.
 - The Commission has, to date, relied heavily on applying licence conditions in an attempt to regulate the operation of licensed premises. It is noted that there will be a trade-off between constraints imposed by licence conditions and the commercial flexibility of the business. Anecdotal evidence suggests that there is considerable dissatisfaction amongst some licensees in the Mitchell Street precinct with the detailed nature of some licence conditions.

Financial viability of existing licensed premises

Total alcohol sales from taverns, public hotels and liquor stores have been increasing over the past five years and this has occurred at the same time as an increase in the number of premises trading in the Mitchell Street precinct. Total sales from the precinct have been increasing at a faster rate than that of Darwin visitor and resident numbers suggesting that per customer alcohol consumption has increased.

Sales of liquor per licensed premise do not provide any evidence that the increase in licence numbers is placing increasing commercial pressures on licensed businesses in the Mitchell Street precinct. There have been increases in volumes of liquor sold per licensed premise for hotels and liquor stores. Volumes of liquor sold per licensed premise have decreased for taverns but this is not necessarily a function of increased numbers of tavern licenses. The ability of hotels to sell potentially large volumes of takeaway liquor may be a determining factor in differences in trends in per premise sales between hotels and taverns. There is some anecdotal information to suggest that a small number of taverns are under some commercial pressure. However financial difficulties for one or two premises do not constitute evidence for a more general reduction in the commercial viability of alcohol-related businesses.

The potential effect of new licences on the financial viability of existing licensed premises

If new premises were to be established at locations and with characteristics that are attractive to customers, then — given the absence of any significant trend of increasing numbers of Darwin residents and visitors to Darwin — it could reasonably be surmised that a relatively constant pool of customers would be shared between a greater number premises and this would reduce the commercial returns to existing premises (on average).

The potential effects on the public interest and neighbourhood amenity of a greater number of licensed premises

To date, the granting of additional licenses in the Mitchell Street precinct has not given rise to community concerns about adverse ‘public-interest’ effects or loss of neighbourhood amenity. Licence numbers have increased from 30 in 2000-01 to 38 in 2004-05 and volumes of liquor sold from the precinct have increased over the same period. There have not, however, been any concerns raised by the Northern Territory Police, the Department of Health, the Chamber of Commerce and Industry or the Darwin City Council in respect of the granting of additional licences in the precinct. There is no statistical evidence to suggest that there has been an increase in alcohol-related problems in the precinct over the period during which numbers of licensed premises have increased.

The effect on the public interest of granting additional licenses is likely to depend upon the type and relative location of licensed premises rather than the number. According to liquor licensing inspectors and the Northern Territory Police, problems in the Mitchell Street precinct are most commonly associated with large, late night venues that tend to promote alcohol sales over other services and particularly when there are numerous premises of these types located close to each other. If located away from existing premises, the addition of new licensed premises may actually be helpful in dispersing crowds and therefore reducing alcohol-related problems.

Determining applications for new licenses

The *Liquor Act* requires that the Commission consider the public interest in determinations on applications for new licences. Guidance provided by the Act for considering of the public interest indicates that this consideration is one of assessing whether the venue that is the subject of the license application is likely to have an adverse effect on the public interest. The Act does not provide any guidance to indicate that the Commission should consider any beneficial effects on the public interest, nor does it in any way indicate that the Commission's role is one of "balancing" adverse and beneficial effects on the public interest.

The Act also contemplates the Commission making determinations on applications for liquor licences on a case-by-case basis. There is no explicit provision under the Act for the Commission to consider an application within a context of a 'bigger picture' view of current and future developments in the Mitchell Street precinct. Such considerations lie more properly within the responsibilities of town-planning agencies, as has been evident in the planning controls on new licensed premises in Brisbane, Adelaide, Melbourne and the United Kingdom.

There is no necessary link between levels of competition, commercial viability and alcohol-related harm in an entertainment precinct such as the Mitchell Street precinct. Accordingly, increased competition between licensed premises cannot be taken as indicating a potential for adverse effects on the public interest and would be unlikely to constitute a sustainable basis for rejecting applications for new liquor licenses.

If there is an ongoing demand for new licensed premises in the Mitchell Street precinct, then minimising the potential for alcohol-related harm may be better achieved by attention to the types, sizes and relative locations of licensed premises. However, in the absence of changes to the *Liquor Act*, the ability of the Licensing Commission to implement such an approach to licensing is limited.

At the current time, there is no evidence of significant community concern about the Mitchell Street precinct and potential increases in alcohol-related harm. If there is an emergence of community concern there may be a need for a whole-of-government approach in controlling further development of the Mitchell Street. Such an approach could take into account issues of town planning, transport, policing and the operations of licensed premises (the last of these being the subject of conditions of liquor licenses).

Experience in other jurisdictions, particularly in Cairns and Adelaide, indicates that conditions of licences can be useful in controlling or minimising alcohol-related harm. Particular examples of policies that have been successful include lockouts and bans on the advertising of discount drinks. However, in applying licence conditions, there will be a trade-off between constraints imposed by licence conditions and the commercial flexibility of the business, and there is a need to strike a balance between these matters in setting conditions. Anecdotal evidence collected as part of this study suggests that there is considerable dissatisfaction amongst some licensees in the Mitchell Street precinct with the detailed nature of licence conditions.

Chapter 1

Introduction

1.1 Project overview

The local area of Mitchell Street and the Darwin CBD (hereafter referred to as the Mitchell Street precinct) is an entertainment precinct in Darwin. For the purpose of this report, the precinct is considered to cover the Darwin CBD (it is bordered by The Esplanade, Daly Street, Bennett Street and Cavenagh Street). Within this area, there is a particular concentration of licensed premises and entertainment venues on Mitchell Street including a mixture of taverns, restaurants, cafes. Several accommodation venues are also located in the Mitchell Street precinct, including backpacker hostels.

The number of licensed premises operating in the precinct has steadily increased over the past five years. In submissions made to the Northern Territory Licensing Commission in relation to recent applications for licences, some parties have contended that further increases in the number of licensed premises could lead to an increase in ‘irresponsible’ practices in the selling of alcohol as licensed premises face increasing competition for market share. It has been asserted that such practices may lead to the excessive consumption of alcohol and a range of alcohol-related problems such as anti-social behaviour, violence and crime.

In determining applications for licences under the *Liquor Act*, the Northern Territory Licensing Commission must consider the ‘public interest’, including the safety, health and welfare of persons using the licensed premises and the likely community harm arising from the grant of a licence.

This report documents a study of the commercial and social impacts of licensed premises in the Mitchell Street precinct. The aim of the study was to provide insight into the likely effects on the public interest of adding new premises to precinct.

The specific objectives of the study were as follows.

- Assess the current status of the existing premises in the Mitchell Street precinct in terms of financial viability.
- Assess the potential effect on the financial viability of existing licensed premises should new licensed premises or variations of existing ones be allowed in the area.
- Assess the likely effect on the public interest and neighbourhood amenity of a greater number of licensed premises.

A further aim of the study was to provide advice to the Commission on determining future applications for new licenses in the Mitchell Street precinct and the role that it and other government agencies may take in respect of the future development of the precinct.

1.2 Structure of this report

The structure of this report is as follows:

- Chapter 2 provides a description of the current regulatory approach to liquor licensing in the Northern Territory and in doing so establishes the policy framework within which the Liquor Licensing Commission operates.
- Chapter 3 provides an overview of recent developments in the Mitchell Street precinct in terms of the numbers and types of licensed premises and aggregated liquor sales trends.
- Chapter 4 provides a review of Australian and United States literature on topics of liquor availability, consumption and harm.
- Chapter 5 explores available data to determine linkages between alcohol availability and consumption. The assessment of data is carried out at the national, Northern Territory and Mitchell Street precinct levels.
- Chapter 6 assesses the available information on possible linkages between the level of competition among licensed premises and levels of alcohol-related harm. Relevant experience in other jurisdictions, both within Australia and overseas, is also summarised.
- Chapter 7 summarises some approaches taken by other jurisdictions in managing late night entertainment precincts.
- Chapter 8 provides conclusions on the effects of numbers of licensed premises on competition between licensed premises and commercial returns to those premises, alcohol consumption and alcohol-related harm, and recommendations as to how these matters may be addressed in consideration of further applications for licences.

Chapter 2

Liquor licensing in the Northern Territory

2.1 Liquor licensing in the Northern Territory

The sale and supply of liquor is regulated by governments in all jurisdictions of Australia and regulation in some form is commonplace across much of the western world.

One of the key objectives of governments in the regulation of liquor is the minimisation of harm attributable to consumption of alcohol. Liquor licensing regimes have the potential to minimise harm through a number of controls on industry participants, including:

- excluding ‘unethical’ operators from the industry through the ability to cancel or suspend licenses in response to conduct that is considered undesirable;
- requiring licence operators to operate their business in ways that reduce the potential for harmful outcomes, including limiting the availability of alcohol by placing constraints on hours of trade and the types of product that may be sold;
- limiting the availability of alcohol by limiting the number of licenses within the total jurisdiction and/or in particular local areas; and
- limiting the availability of licenses to certain types of businesses, for example, licensed restaurants rather than bars.¹

In the Northern Territory, the liquor licensing regime is established by *Liquor Act*. The principal objective of the Act is to regulate the sale, provision, promotion and consumption of liquor so as to minimise the harm in a way that takes into account the public interest.²

Other objectives of the Act are to:

- protect and enhance community amenity, social harmony and wellbeing through the responsible sale, provision, promotion and consumption of liquor;
- regulate the sale of liquor in a way that contributes to the responsible development of the liquor and associated industries in the Territory; and
- facilitate a diversity of licensed premises and associated services for the benefit of the community.³

The *Liquor Act* was reviewed in 2003 as part of the Northern Territory Government’s obligations under the Competition Principles Agreement. One of the key recommendations of the review was the implementation of a ‘public interest test’ in considering applications for liquor licences. The review concluded that:

¹ Northern Territory Alcohol Framework Project 2004, *Northern Territory Alcohol Framework*, Interim Report, February, p. 120.

² *Liquor Act* (in force as at 14 December 2005), Part I, Section 3, p. 1.

³ *Liquor Act* (in force as at 14 December 2005), Part I, Section 3, p. 1.

[T]he issue of the grant of licenses should turn solely on the question of whether it is in the public interest for the applicant to sell and supply liquor and not on whether the licence can be considered as meeting the “needs and wishes” of the community.⁴

The *Liquor Act* was amended in March 2004 to incorporate a public interest test for consideration of applications for licences. Details of the legislative requirements in respect of granting licences prior to the 2004 amendments are provided in Appendix A.

Administration of the Liquor Act

The *Liquor Act* is administered by the Northern Territory Department of Racing, Gaming and Licensing. Decisions on liquor licences are made by the Liquor Licensing Commission that comprises nine members. Common forms of liquor licenses in the Northern Territory are as follows.

- Restaurant licences — licensed restaurants are able to serve liquor for on-premise consumption only.
- On-licenses — an on-licence generally covers instances where specific licence conditions need to be applied to specific premises, for example, mobile caterers, tourist operators and arts centres.
- Store or merchant licences — licensees are eligible to sell liquor for off-premise consumption only.
- Public hotel licences — comprise two or more public bars, one of which must be a high standard lounge and facilities must exist for the provision of accommodation and meals. Take-away or packaged liquor is usually available.
- Tavern licences — taverns are similar to public hotels but do not have accommodation facilities. The sale of take-away liquor may be allowed under licence conditions.
- Private hotel licences — the main focus of private hotel licensees is the provision of liquor for lodgers. Private hotels do not have public bars.

2.2 Implementing the public interest test

The public interest test defined by the *Liquor Act* requires that the Commission take into account the public interest in the sale, provision, promotion and consumption of liquor when considering or determining an application in respect of a licensed premise. The Act specifies criteria that the Licensing Commission is required to consider in determining the public interest. These criteria direct the Commission’s attention to consideration of the potential for certain forms of social harm that may arise directly or indirectly from the consumption of alcohol and the extent to which there are any proposed measures to control the extent of any such harm. The criteria are as follows.

- Harm or ill-health caused to people, or a group of people, by the consumption of liquor is to be minimised.
- Liquor is to be sold, or sold and consumed, on licensed premises in a responsible manner.

⁴ Northern Territory Treasury 2003, *Liquor Act National Competition Policy Review Report*, October, p. 80.

- Public order and safety must not be jeopardised, particularly where circumstances or events are expected to attract large numbers of persons to licensed premises or an areas adjacent to those premises.
- The safety, health and welfare of persons who use licensed premises must not be put at risk.
- Noise emanations from licensed premises must not be excessive.
- Business conducted at licensed premises must not cause undue offence, annoyance, disturbance or inconvenience to persons who reside or work in the neighbourhood of the premises or who are making their way to or from, or using the services of, a place of public worship, hospital or school.
- A licensee must comply with provisions of this Act and any other law in force in the Territory which regulate in any manner the sale or consumption of liquor or the location, construction or facilities of licensed premises, including:
 - by-laws made under the *Local Government Act*; and
 - provisions of or under the Planning Act.
- Each person involved in the business conducted at licensed premises must receive suitable training relevant to the person's role in the conduct of the business.
- The use of credit in the sale of liquor must be controlled.
- Practices which encourage irresponsible drinking must be prohibited.
- It may be necessary or desirable to limit:
 - the kinds of liquor that may be sold;
 - the manner in which liquor may be sold;
 - the containers, or number or types of containers, in which liquor may be sold; and
 - the days on which and the times at which liquor may be sold.
- It may be necessary or desirable to prohibit persons or limit the number of persons who may be on licensed premises, on any particular part of licensed premises or in an adjacent area subject to the control of the licensee.
- It may be necessary or desirable to prohibit or limit the entertainment, or the kind of entertainment, which may be provided on licensed premises or in an adjacent area under the control of the licensee.
- It may be necessary or desirable to prohibit or limit promotional activities in which drinks are offered free or at reduced prices.⁵

There are two particular features of the public interest test established under the *Liquor Act* that have important ramifications for the Liquor Licensing Commission's consideration of applications for licences.

⁵ *Liquor Act* (in force as at 14 December 2005), Part I, Section 6, pp. 6-7.

Firstly, the Act only directs the Commission to consider whether the public interest might be adversely affected by the activity of the premises that is the subject of the licence application. The Act does not contemplate the Commission giving attention to any potential favourable or beneficial effects on the public interest or contemplate that the determination on the public interest involves a weighing and balancing of adverse and favourable effects. Accordingly, the public interest test as established by the *Liquor Act* may more accurately be described as an ‘adverse public interest test’, under which a determination on an application for a licence is made after consideration only of the potential adverse effects on the public interest.

Secondly, the Act sets out a process for consideration of applications for licences whereby each application is considered on a case by case basis. In consideration of any particular application, the Act does not contemplate the Commission taking a ‘larger’ view of the context of the application that may involve, for example, consideration of an optimal or desirable number and/or mix of licences and licence types in a particular area.

2.3 Conditions of licence

The current version of the *Liquor Act* allows the Licensing Commission to issue licenses subject to conditions of operation. Conditions may be applied in respect of:

- the construction and furnishing of licensed premises;
- the equipment and facilities to be provided on or at licensed premises;
- the restriction of days when and times during which licensed premises may be open for the sale of liquor;
- the minimum facilities and services to be operative on the days when and times during which licensed premises may be open for the sale of liquor;
- the method of sale of liquor, including restrictions on the type of container in which liquor may be sold and limitations as to the quantities or type of liquor which may be sold by a licensee;
- the standard of repair, cleanliness and hygiene to be maintained on or at licensed premises;
- the provision of entertainment on or at licensed premises;
- the provision of food on or at licensed premises;
- the display and content of notices, relating to the Act, on or at licensed premises;
- the persons who may be admitted to licensed premises; and
- the prohibition of specified activities on or at licensed premises by the licensee, employees of the licensee or patrons of those premises.

Conditions are commonly applied by the Commission to new licences granted in accordance with the objectives of the *Liquor Act* and specifically to protect against outcomes that are not in the public interest. A strong view has been put forward by licence holders that, in applying and enforcing conditions of licence the Commission has attempted to ‘micro-manage’ the operations of licensed premises making it difficult for licensees to operate their business as they see fit. Licensees have also stated that adhering to licence conditions can also be very costly and detrimental to business operations.

Chapter 3

The Mitchell Street precinct

3.1 Licensed premises

There are 38 licensed premises in the Mitchell Street precinct, including taverns, restaurants, hotels and retail liquor shops, with this number having increased from 30 in 2000-01 (Table 3.1).

Table 3.1

LIQUOR LICENCES ON ISSUE IN THE MITCHELL STREET PRECINCT

Licence category	Number of licenses on issue in precinct (June quarter 2001)	Number of licenses on issue in precinct (June quarter 2005)
Tavern	9	11
Restaurant	7	9
Private hotel	7	7
On-licence	2	4
Public hotel	2	3
Store	3	4
Total	30	38

Source: Northern Territory Licensing Commission.

3.2 Trends and characteristics of the precinct

In 2004-05, sales of alcoholic drinks from the Mitchell Street precinct totalled about 3.6 million litres.⁶ Public hotels accounted for about 33 per cent of total sales while taverns and liquor stores each accounted for about 31 per cent. Restaurants, private hotels and on-licences each had shares of 2 per cent or less.

Despite the increase in tavern licenses on issue over the 2000-01 to 2004-05 period, the share of sales attributable to taverns has fallen from 42 per cent to 31 per cent (Table 3.2). The loss of market share from taverns over the past five years appears to have been captured by public hotels, with much of the increase in the market share held by public hotels coinciding with the granting of an additional public hotel licence in 2002-03.

⁶ All data on Mitchell Street sales (value and volume) of liquor or pure alcohol that are used in this report are wholesale sales data and are collected by the Northern Territory Department of Racing, Gaming and Licensing.

Table 3.2

SHARES OF LIQUOR SALES BY LICENCE CATEGORY, MITCHELL STREET

Licence category	Share of total precinct sales, 2000-01 (per cent by volume)	Share of total precinct sales, 2004-05 (per cent by volume)
Tavern	42	31
Restaurant	3	2
Private hotel	2	1
On-licence	1	1
Public hotel	24	33
Store	29	31

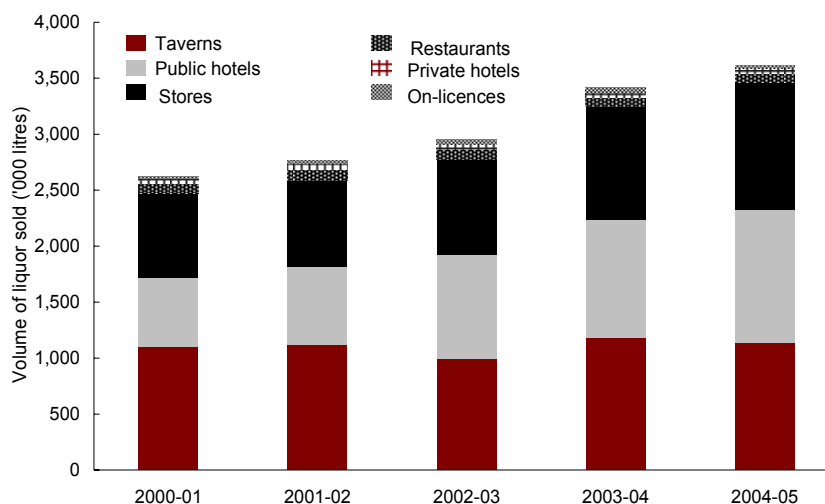
Note: Figures exclude sales from one tavern licence due to inconsistencies in available data.
Source: Northern Territory Licensing Commission.

Volumes of liquor sold

The volume of alcoholic drink sales from the precinct has increased from 2.6 million litres in 2000-01 to 3.6 million litres in 2004-05. Increases in the volume sold have been most pronounced in the public hotels sector, despite there being only one additional public hotel licence granted during this period. The volume of liquor sold from liquor stores has also increased significantly in recent years (Figure 3.1).

Figure 3.1

VOLUMES OF LIQUOR SOLD BY LICENCE CATEGORY, MITCHELL STREET



Note: Figures exclude sales from one tavern licence due to inconsistencies in available data.
Source: Northern Territory Racing, Gaming and Licensing.

Volumes of liquor sold from on-licences and public hotels have approximately doubled over the study period and volumes from liquor stores have increased by over 50 per cent. Despite the granting of additional tavern licences during the period, there has been a relatively small increase in volumes sold from taverns. The addition of new restaurant licences in the precinct has been accompanied by a small reduction in total restaurant liquor sales. Sales of liquor from private hotels have fallen since 2000-01 (Table 3.3).

Table 3.3

PERCENTAGE CHANGE IN VOLUMES OF LIQUOR SOLD BY LICENCE CATEGORY (2000-01 TO 2004-05)

Licence category	No. of licenses on issue		Per cent change in number of licensed premises	Per cent change in volumes of liquor sold (2000-01 to 2004-05)
	(June quarter 2001)	(June quarter 2005)		
Tavern	8	10	25	3.5
Restaurant	7	9	29	-2.7
Private hotel	7	7	0	-15.3
On-licence	2	4	100	114.8
Public hotel	2	3	50	91.5
Liquor store	3	4	33	51.3
Total	29	37	28	38.0

Note: Figures exclude sales from one tavern licence due to inconsistencies in available data.
Source: Northern Territory Racing, Gaming and Licensing.

Chapter 4

Literature on alcohol availability, consumption and harm

4.1 Introduction

Subsequent to the adoption of a public interest test and the granting of new licenses within the Mitchell Street precinct in recent years, concerns have been raised about potential adverse consequences that may arise from the increased number of licensed premises in the precinct and potential for further licences to be granted.

Opponents to recent licence applications have contended that the granting of further licences within the Mitchell Street precinct will place significant competitive pressures on existing (and any new) licence holders and that these pressures will threaten the financial viability of liquor outlets. When faced with the additional competition and consequent financial difficulty, licensees may resort to irresponsible serving of alcohol and may adopt promotions such as cheap drinks or '2 for 1' offers in a bid to attract customers. Such behaviour may in turn lead to increases in adverse social impacts associated with alcohol consumption such as drunkenness, public disturbance, anti-social behaviour and crime.⁷

This chapter reviews the literature on the topic of alcohol availability and adverse social outcomes. There is no literature that addresses the particular issue of the effect of competition between licensed premises on social behaviours and social problems. However, the effects of density of liquor outlets on a range of adverse social outcomes such as crime, traffic accidents and anti-social behaviour are well-researched and findings of relevant studies are presented in this chapter.

4.2 Literature review

The topic of alcohol availability and adverse social outcomes has been explored in academic literature. Much of the available literature has been published by organisations that focus specifically on alcohol and its harm, or is available in journals that document research on alcohol and drugs.

Australian research

Perhaps the most recent addition to the literature has been an article published by the New South Wales Bureau of Crime Statistics and Research in April of this year. The article entitled *Liquor Outlet Concentrations and Alcohol-Related Neighbourhood Problems* addresses the extent to which restrictions should be placed on the availability of alcohol in order to minimise alcohol-related harms in the community.⁸

⁷ Northern Territory Licensing Commission 2005, *Reason for Decision, Wisdom Bar and Café*, http://www.nt.gov.au/ntt/commission/decisions/060113_Wisdom_Bar_and_Cafe.pdf, Accessed 1 August 2006, p. 6.

⁸ N. Donnelly, S. Poynton, D. Weatherburn, E. Bamford and J. Nottage 2006, 'Liquor outlet concentrations and alcohol-related neighbourhood problems', *Alcohol Studies Bulletin*, Number 8, April.

Using survey data from the Australian Bureau of Statistics National Crime and Safety Survey in conjunction with data on the location of liquor outlets in New South Wales, the Bureau found that survey respondents that lived closer to liquor outlets were more likely to report problems of drunkenness.

Almost one-quarter of the respondents who lived within half a kilometre of the five closest licensed premises reported problems with drunkenness in their neighbourhood. This was much higher than for those respondents who lived further away from licensed premises...less than 10 per cent of this who lived further than 1.6 kilometres away reported such problems.⁹

Similar trends were found in respect of property damage:

Almost 36 per cent of respondents who lived within half a kilometre of the five closest liquor outlets reported that there were problems with property damage in their neighbourhood...while just 23 per cent of those who lived further than 1.6 kilometres away reported such problems.¹⁰

Another finding of the research was that respondents living in areas with a higher density of liquor outlets per head of population were more likely to report neighbourhood problems with drunkenness.

The findings of the Bureau of Crime Statistics and Research are supported by other studies. A 1999 article in the journal *Addiction* found a significant relationship between overall alcohol sales in areas of Sydney and country New South Wales and the incidence of assault. In country regions of New South Wales, it was found that alcohol sales from hotels and liquor stores accounted for the majority of the alcohol-assault relationship. The research also found high correlations between the geographical density of alcohol outlets and alcohol sales, suggesting a positive relationship between availability and consumption.¹¹ Similar studies undertaken by Stockwell *et al.* in Western Australia have found a significant relationship between variations in sales of alcohol and rates of night time assaults.¹²

United States research

Relationships between alcohol availability and crime have also been identified in the United States. For example, a 2001 study found that, after controlling for neighbourhood structural features, areas with high geographical density of alcohol outlets had more violent crime. The density of alcohol outlets explained close to one fifth of the variability in violent crime across different neighbourhoods, which was more than any of the other socio-demographic variables assessed (such as income levels, residential stability and demographic characteristics).¹³

⁹ Ibid., p. 5.

¹⁰ Ibid., p. 7.

¹¹ R. Stevenson, B. Lind and D. Westherburn 1999, 'The relationship between alcohol sales and assault in New South Wales, Australia', *Addiction*, vol. 94, issue 3, pp. 397-410.

¹² T. Stockwell, L. Masters and M. Philips 1998, 'Consumption of different alcoholic beverages as predictors of local rates of assault, road crash and hospital admissions', *Australian and New Zealand Journal of Public Health*, vol. 22, pp. 237-242.

¹³ D. Gorman, P. Speer, P. Gruenewald and E. Labouvie 2001, 'Spatial dynamics of alcohol availability, neighborhood structure and violent crime', *Journal of Studies on Alcohol*, September, pp. 628-636.

Studies on densities of alcohol outlets and drink driving offences have also reported correlations between the number of alcohol outlets and the incidence of drink driving, leading to assertions that restricting the number of alcohol outlets may be an effective policy tool to reduce drink driving. It has been argued that restrictions on the number of alcohol outlets increases the effective cost of alcohol, including the 'time costs' of purchases, with a consequent reduction in alcohol consumption.¹⁴

4.3 Assessment of the literature

While several studies have determined correlations between alcohol availability and adverse social outcomes such as violent crime and drink driving, there is less understanding of the reasons for the observed correlations. Further, there are questions, sometimes raised by the authors of alcohol studies themselves, about the robustness of the conclusions drawn.

In reporting correlations between alcohol sales and reported cases of assault, Stevenson *et al.* state that local government areas with higher per capita alcohol sales may simply reflect greater social contact that provides more opportunities within the defined district or area to either offend or be a victim of crime. While the authors do not fully concur with this hypothesis, they state that it cannot be disproven.¹⁵

Articles published in crime research journals tend to be cautious in pointing to relationships between alcohol availability and crime. In a study of crime rates among residential blocks in Cleveland, Roncek *et al.* found that, after controlling for a range of social and demographic factors, the amount of crime of every type studied (murder, rape, robbery, aggravated assault, burglary, grand theft and car theft) was significantly higher on residential blocks with taverns or cocktail lounges than those without. However, the authors go on to state that caution is needed in concluding that the findings are due to the consumption of alcohol. It is noted that other studies that have examined different non-residential land uses, for example, high schools, fast food restaurants or shopping centres, also found similar effects without there being any direct association with alcohol use. The authors claimed that it is important to consider the so-called 'routine activities theory' which points to any congregation of people as an environment that presents heightened levels of opportunities for crime to occur, particularly when cash is available, either being held by individuals or businesses.¹⁶

¹⁴ R. Jewell and R. Brown 1995, 'Alcohol availability and alcohol-related motor vehicle accidents', *Applied Economics*, vol. 27, issue 8, pp. 759-765.

¹⁵ R. Stevenson et al. 1999, op. cit., p. 408.

¹⁶ D. Roncek and P. Maier 1991, 'Bars, blocks, and crimes revisited: linking the theory of routine activities to the empiricism of "hot spots"', *Criminology*, vol. 29, no. 4, pp. 725-753.

Gorman *et al.* report on studies finding that violent crime is more likely to occur in communities with obvious evidence of physical decay and disorder (for example, broken windows, rubbish and graffiti). The authors propose that communities that tolerate physical disorder send a message that there is little care about the state of the community nor a collective will to address anti-social behaviour. Some of the studies suggest that a high density of alcohol outlets represents an additional form of physical disorder and sends similar messages to the community. Such a view finds that it is not the availability of alcohol that has links to crime rates, but rather that it is those outlets that fail to control the behaviour of patrons and that are in a state of physical decay that contribute to crime and this is due to the ‘messages’ that these premises send to the community.¹⁷

Despite finding links between availability and crime, Gorman *et al.* state that the exact nature of the link between alcohol outlets and social disorder and violence remains unclear.¹⁸

4.4 Relevance to the Mitchell Street precinct

Past research has established a correlation between alcohol availability, social disorder and crime. However, the exact reasons for, and significance of, this correlation are not well known or understood.¹⁹ An established correlation between alcohol availability and social disorder (which may or may not exist through channels relating to the consumption of alcohol) is probably not sufficient reason enough to support restrictions on the granting of liquor licenses.

Some research suggests that the mere existence of the Mitchell Street precinct and the congregation of people in the area will give rise to instances of social disorder and crime.

Also of potential interest to the Commission, yet largely absent in the literature, is the issue of the incremental or marginal effects of increasing the number of licensed premises, particularly in areas where licensed premises already exist. One recently published study from the United States provides insights on this issue, in particular the concept of there being a threshold density of liquor outlets in an area, beyond which adverse social consequences may increase (Box 4.1).

¹⁷ D. Gorman et al. 2001, op. cit., p. 628.

¹⁸ Ibid., p. 635.

¹⁹ In reviewing available material on alcohol availability and crime in the United States, Brempong et al. find that no study of which they are aware has investigated the robustness of the estimated relationship between availability and crime. See, K. Gyimah-Brempong and J. Racine 2006, ‘Alcohol availability and crime: a robust approach’, *Applied Economics*, vol. 38, pp. 1293-1307.

Box 4.1

ALCOHOL AVAILABILITY AND CRIME

In a study published in 2006, Brempong *et al.* analysed data on liquor availability and the incidence of crime across 315 census tracts which make up the city of Detroit. In undertaking the study, the authors acknowledged the body of literature on alcohol availability and crime, but they also pointed to a general lack of robustness in existing studies as well as a lack of policy relevance. The authors noted that findings from alcohol availability and crime studies have implications for alcohol control and crime prevention policies and, therefore, there is a need for robust estimates of underlying marginal effects. The objective of the study was therefore to obtain robust estimates of the marginal effect of alcohol availability on crime rates as alcohol availability increases.

Each of the 315 census tracts that were analysed as part of the study had between zero and 31 licensed outlets within its borders. All types of licensed outlets were considered within the study and a range of different crimes were also considered.

The authors identified the marginal effects of liquor availability as follows:

- When outlet density is equal to 1 licence within a census tract, the total number of crimes reported starts at 25.
- As outlet density increases from 1 to 10 licenses per census tract, the total number of crimes reported per licensed outlet falls to 20.
- As outlet density increases above 10 licenses per census tract, the total number of crimes reported per licensed outlet increases.
- When a census tract reaches 25 licensed premises, the total number of crimes reported per licensed outlet is 27.
- Beyond 25 licensed premises the number of crimes reported per licensed outlet stabilises and remains unchanged no matter how many additional licenses are added to an area.

The authors did not speculate reasons for their findings but did note that, from a policy perspective, the results indicate that it may be wise to disperse liquor outlets throughout a city so that no particular area has an alcohol density that exceeds the critical density of 10 licensed premises per district.

Source: K. Gyimah-Brempong and J. Racine 2006, 'Alcohol availability and crime: a robust approach', *Applied Economics*, vol. 38, pp. 1293-1307.

Cultural variations between Detroit and Darwin are marked and, in presenting the above analysis, it is not the intention that its conclusions be specifically applied to the Mitchell Street precinct. Instead, the study is presented to provide insight into the concept of their possibly being some type of threshold density of liquor outlets. Similar research specifically targeted to Mitchell Street would be necessary to identify the nature of the relationship between density of outlets and crime in Darwin as opposed to Detroit.

4.5 Conclusions

Conclusions drawn from the literature on alcohol availability, consumption and harm are as follows.

- Research has established correlations between the availability of alcohol and anti-social behaviour, particularly crime rates. However, there is some uncertainty as to the causal factors. It is claimed by some that the consumption of alcohol is a key causal factor while others claim that the establishment of licensed premises in entertainment precincts create more opportunities for crime and social disorder.

- Research on incremental changes to licence densities indicates that crime rates around precincts are affected by the number of licensed premises within a precinct. However, there is no research that can be specifically applied to Mitchell Street or other Australian entertainment precincts to determine the likely impacts on crime rates arising from changes in the numbers of licensed premises.
- From a policy perspective, researchers claim that it may be preferable to disperse liquor outlets throughout a city so that no particular area has a density of liquor outlets that exceeds a pre-determined critical density.

Chapter 5

Data on alcohol availability and consumption

5.1 Introduction

If it is the case that increasing the availability of alcohol leads to greater levels of harm and the mechanism for this link is the consumption of alcohol, then it would follow that there should be a discernable link between availability and consumption. This chapter assesses possible relationships between availability and consumption using data at the national, Northern Territory and Mitchell Street precinct levels.

5.2 National data

Australian Bureau of Statistics data on per capita consumption of alcohol indicate that average alcohol consumption per person (as pure-alcohol equivalents for persons over the age of 15) has remained largely unchanged since 1997 when data were first collected. Longer term data produced by the World Advertising Research Center show that per capita consumption has been steadily decreasing since the early 1980s (Figure 5.1).²⁰

Figure 5.1

PER CAPITA CONSUMPTION OF ALCOHOL, AUSTRALIA



Source: Australian Bureau of Statistics, *Apparent Consumption of Alcohol, Australia*, cat. no. 4307.0.55.001, various issues; and World Advertising Research Center 2005, *World Drink Trends 2005*, p. 28.

²⁰ Differences between the two sources of data in the underlying level of consumption of pure alcohol are thought to be attributable to the measure of population used to derive the per capita estimates. The Australian Bureau of Statistics uses a population denominator of people over the age of 15, while the World Advertising Research Center takes into account total population.

The observed trends in alcohol consumption cover a period during which there has been an increase in the availability of alcohol in Australia, both through the number of licensed premises and the hours for which they are open for trading. Some parties have indicated that the lack of evidence of a relationship between alcohol availability and consumption at a national level suggests that controlling or limiting the number of licensed premises is not an effective means in terms of achieving harm minimisation objectives. For example the National Competition Council has noted that Australia is:

among many developed countries to have experienced a general downward trend in average consumption since the late 1970s. This trend occurred at a time of considerable deregulation of the alcohol industry, generally greater availability of alcoholic beverages and an increased number of liquor outlets.²¹

In a 1998 review of liquor licensing, the Government of Victoria noted that:

in a period in which the number of licenses has increased very substantially, per capita consumption has not increased and, indeed, has probably undergone a small decline.²²

Writing in the *Drug and Alcohol Review*, Stockwell points to taxation policies (designed to encourage the production and hence consumption of low alcohol beer) and increased efforts in policing drink driving as likely reasons for observed decreases in alcohol consumption over a period during which the availability of alcohol has increased. The ageing of Australia’s population may have made a small contribution to falling per capita consumption.²³

High risk alcohol consumption

Data on average per capita consumption may tend to hide the incidence of excessive or risky alcohol consumption. As part of its National Health Survey, the Australian Bureau of Statistics calculates the percentage of population that are deemed to engage in ‘high risk’ drinking behaviour.²⁴ Despite overall levels of per capita consumption remaining approximately constant, the proportion of the population engaging in high-risk drinking behaviour has increased in recent years (Table 5.1).

Table 5.1

PROPORTION OF POPULATION ENGAGED IN HIGH RISK DRINKING BEHAVIOUR

	1995	2001	2004-05
High risk (% of population)	8.2	10.8	13.4

Source: Australian Bureau of Statistics 2005, *National Health Survey 2004-05*, cat. no. 4364.0.

²¹ National Competition Council 2003, *Assessments of Governments Progress in Implementing the National Competition Policy and Related Reforms*, p. 7.11.

²² State Government of Victoria 1998, *Liquor Control Act 1987 Review*, April, p. 19.

²³ T. Stockwell 2004, ‘Australian alcohol policy and the public interest: a brief report card’, *Drug and Alcohol Review*, December, vol. 23, pp. 377-379.

²⁴ High risk behaviour is defined by the National Health and Medical Research Council consumption in excess of 50 mLs of alcohol per day for males and 25 mLs per day for females.

5.3 Northern Territory data

There are indications that trends in per capita alcohol consumption in the Northern Territory are not consistent with the national observations. Statistics produced by the Northern Territory Racing, Gaming and Licensing indicate increased levels of per capita alcohol consumption in recent years in the Northern Territory as a whole and in the 'Top End' which includes Darwin (Table 5.2).

Table 5.2

LITRES OF PURE ALCOHOL CONSUMED PER CAPITA, NORTHERN TERRITORY

	2000-01	2001-02	2002-03	2003-04	2004-05
Northern Territory	14.3	14.6	15.8	17.5	17.8
—Top End	13.4	14.3	15.2	17.2	17.8

Source: Northern Territory Racing, Gaming and Licensing, http://www.nt.gov.au/nt/licensing/oapc/NT_Alcohol_Indicators_July06.htm#RANGE!A64:A84, Accessed 31 August 2006.

The proportion of the population engaging in high risk drinking behaviour in the Northern Territory is greater than the national average. It is estimated that about 17 per cent of the Northern Territory population engaged in 'risky or high risk drinking' in 2004²⁵ relative to the national average of between 10 and 13 per cent depending on which data source is used.²⁶

5.4 Mitchell Street precinct data

The data used for this section were obtained from Northern Territory Racing, Gaming and Licensing. The data were collected from liquor wholesalers that supply retail outlets within the Mitchell Street precinct.

Sales of alcohol

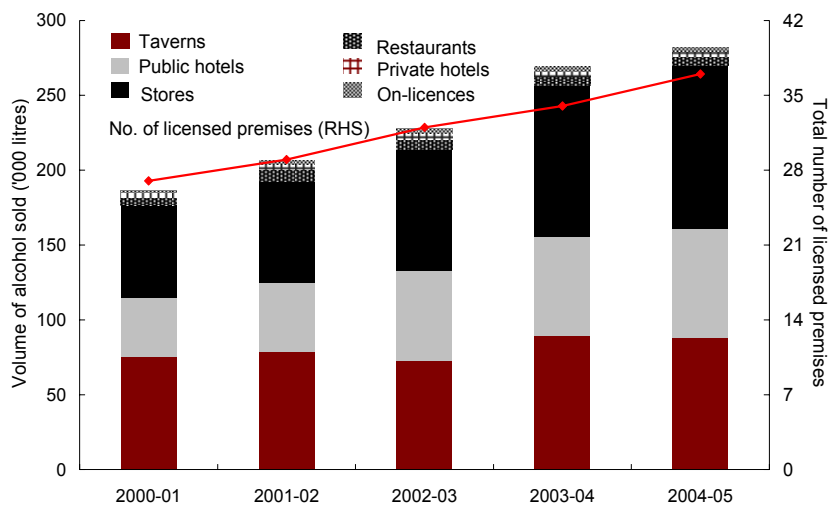
Over the period 2000-01 to 2004-05, there has been a steady increase in volumes of alcohol sold by premises located in the Mitchell Street precinct (Figure 5.2). Over the same period, the total number of licensed premises within the precinct has also increased.

²⁵ Northern Territory Racing, Gaming and Licensing, http://www.nt.gov.au/nt/licensing/oapc/NT_Alcohol_Indicators_July06.htm#RANGE!A64:A84, Accessed 31 August 2006.

²⁶ The ABS national estimate for 2004-05 is 13.4 per cent as is reported in Table 3.1, however this may not be directly comparable to the Northern Territory figure which has been derived by the Australian Institute of Health and Welfare — its national estimate for 2004 is 9.9 per cent.

Figure 5.2

VOLUMES OF PURE ALCOHOL SOLD FROM MITCHELL STREET PRECINCT



Note: Exclude sales from one tavern licence due to inconsistencies in available data.
 Source: Northern Territory Racing, Gaming and Licensing.

While there is a positive correlation between availability (as measured by the number of licensed premises) and total alcohol sales from the precinct, it is difficult to ascertain cause and effect. It is possible that an increased availability of alcohol within the precinct has resulted in an increase in volumes of alcohol sold on a per-customer basis. Alternatively, if there has been an increase in the number of customers in the Mitchell Street precinct, it may be this that has been driving increased total sales regardless of the number of licensed premises.

Measuring the number of customers in the Mitchell Street precinct

There are no direct measures of customer numbers in the Mitchell Street precinct. Two proxy measures of customer numbers for licensed premises in the Mitchell Street precinct are total visitor nights spent in Darwin²⁷ and the residential population of Darwin.

Total visitor nights spent in Darwin, as recorded by Tourism NT, were similar in 2004-05 to 2000-01, although there is considerable year-to-year volatility, particularly a decline from 2001-02 to 2002-03 and subsequent recovery from 2002-03 to 2003/04 (Table 5.3). The volatility in tourist nights, particularly the decline observed in 2002-03 does not appear to have affected the total volume of alcohol sold from the Mitchell Street precinct which — as demonstrated in Figure 5.2 — has increased consistently over the past five years.

The population of Darwin has increased over the same period at an annual average rate of 0.5 per cent per annum whereas total alcohol sales from the precinct have increased at an annual average rate of over 10 per cent.

²⁷ Sales into the tourist market are noted by licensees as being of key importance to the majority of premises operating in the Mitchell Street precinct.

Table 5.3

TOTAL VISITOR NIGHTS AND ESTIMATED RESIDENTIAL POPULATION, DARWIN

Darwin city	2000-01	2001-02	2002-03	2003-04	2004-05
Visitor nights ('000)	4,044	4,188	3,676	4,564	4,171
<i>Annual growth (%)</i>		3.6	-12.2	24.2	-8.6
Residential population	68,710	68,378	68,590	69,354	70,055
<i>Annual growth (%)</i>		-0.5	0.3	1.1	1.0

Source: Australian Bureau of Statistics, *Regional Population Growth, Australia*, cat. no. 3218.0, various issues; and Tourism NT 2006, *Darwin Tourism Region*, p. 6.

Neither the trends in total visitor nights or residential population of Darwin provide evidence of increases in numbers of customers of the Mitchell Street precinct. Available information indicates that there is a possibility that increased availability has led to increases in per customer consumption. However, such a conclusion is far from being conclusively demonstrated. It may be the case that an increasing proportion of tourists and domestic residents have been frequenting the precinct in recent years thus driving the increases in sales from the precinct. It is also noted that due to data limitations the analysis does not consider the numbers of United States Navy personnel who may visit the precinct while in Darwin.²⁸

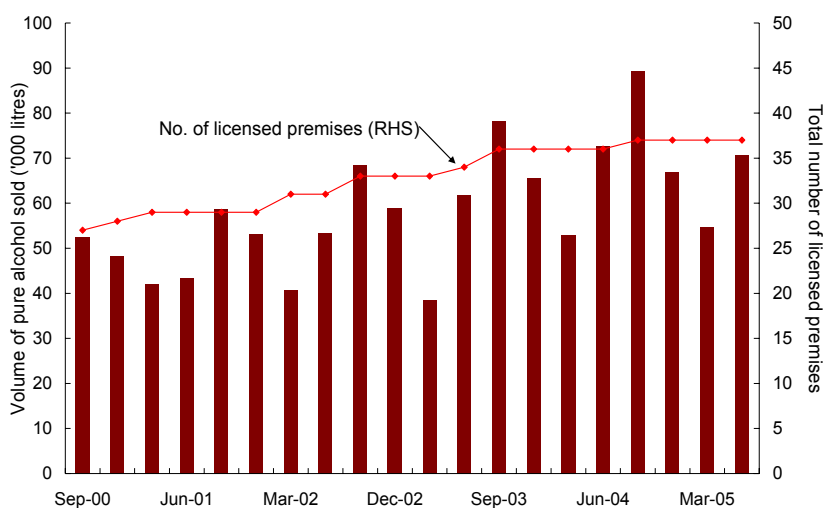
Quarterly sales of alcohol

Analysis of quarterly sales data shows a positive relationship between sales and the number of liquor licences. However, again it is difficult to conclude from the data that an increase in licensed premises has led to an increase sales (Figure 5.3).

²⁸ Discussions with Tourism NT and Tourism Research Australia have been unsuccessful identifying any information on the numbers of Navy personnel that visit Darwin.

Figure 5.3

VOLUMES OF ALCOHOL SOLD FROM MITCHELL STREET PRECINCT, QUARTERLY DATA



Note: Exclude sales from one tavern licence due to inconsistencies in available data.
Source: Northern Territory Racing, Gaming and Licensing.

The quarterly data demonstrate seasonality in alcohol sales. Sales are greatest in the September quarter (during Darwin’s dry season), while sales during the March quarter tend to be relatively low. There have been general increases in sales from the Mitchell Street precinct in all quarters, particularly the September quarter (Table 5.4).

Table 5.4

VOLUMES OF PURE ALCOHOL SOLD FROM THE MITCHELL STREET PRECINCT

Quarter	2000-01	2001-02	2002-03	2003-04	2004-05
September qtr	52,491	58,723	68,423	78,321	89,368
<i>Annual growth (%)</i>		11.9	16.5	14.5	14.1
December qtr	48,233	53,214	58,863	65,479	67,025
<i>Annual growth (%)</i>		10.3	10.6	11.2	2.4
March qtr	42,001	40,759	38,547	53,036	54,750
<i>Annual growth (%)</i>		-3.0	-5.4	37.6	3.2
June qtr	43,468	53,472	61,816	72,615	70,748
<i>Annual growth (%)</i>		23.0	15.6	17.5	-2.6

Note: Exclude sales from one tavern licence due to inconsistencies in available data.
Source: Northern Territory Racing, Gaming and Licensing.

Specific licence categories

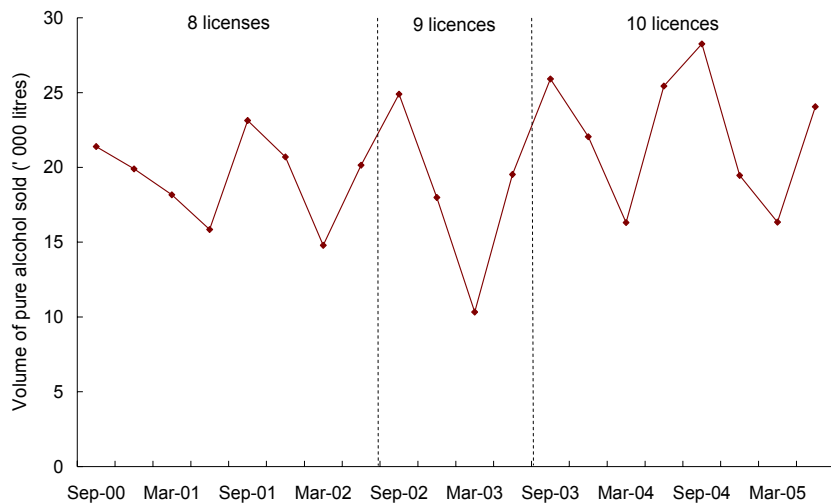
Taverns, public hotels and liquor stores account for over 95 per cent of alcohol sold from the Mitchell Street precinct. These types of premises are those most commonly associated with incidents of social harm.²⁹ This section explores relationships between availability and sales for each of these three licence categories.

Taverns

Sales of alcohol from taverns have increased over the period 2000-01 to 2004-05, particularly in the September quarter for which there has been an increase at an average annual rate of approximately 7 per cent (Figure 5.4). The number of tavern licenses on issue (for which there is consistent liquor sales data available) has increased from eight to ten over the same period.

Figure 5.4

VOLUMES OF PURE ALCOHOL SOLD FROM MITCHELL STREET TAVERNS



Note: Exclude sales from one tavern licence due to inconsistencies in available data. The taverns that are included in the above chart have all provided reasonably consistent wholesale sales data. There are some quarters for which observations are missing for some taverns. Missing observations may indicate a non-trading quarter or a quarter where no alcohol was purchased. Removing these taverns from the analysis does not significantly alter trends in the data.
 Source: Northern Territory Racing, Gaming and Licensing.

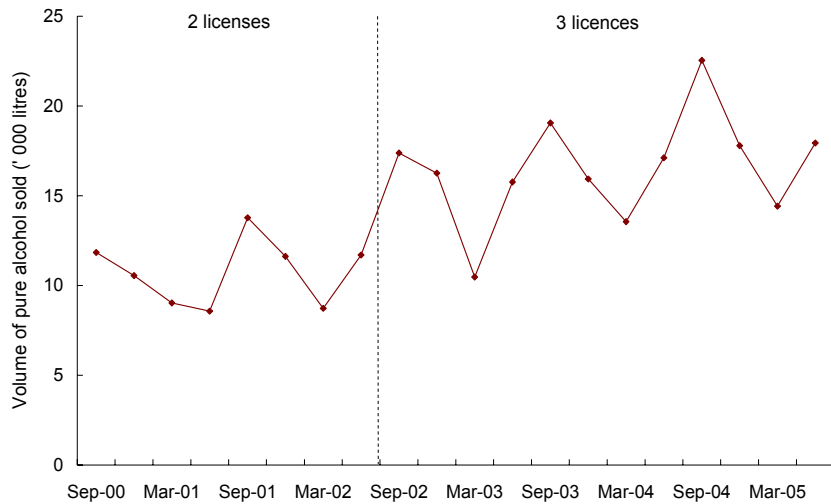
Public hotels

Sales of alcohol from public hotels in the Mitchell Street precinct have increased rapidly over the period 2000-01 to 2004-05. An increase in the number of hotel licences from two to three in the September 2002 quarter did not have a marked influence on the trend, though the additional hotel may have contributed to a small ‘step’ increase in volumes of alcohol consumed in 2002-03 (Figure 5.5).

²⁹ Hotels and nightclubs are commonly identified as being the most problematic types of premises in respect of on-premise violence. For example, see S. Briscoe and N. Donnelly 2001, ‘Assaults on licensed premises in inner-urban areas’, Alcohol Studies Bulletin, October, Number 2, October. Takeaway liquor outlets can also be problematic due to difficulties in policing the manner in which alcohol is consumed.

Figure 5.5

VOLUMES OF PURE ALCOHOL SOLD FROM MITCHELL STREET PUBLIC HOTELS



Note: Wholesales sales data for the three public hotels that are included in the above figure are consistent and regular. There are no instances of apparent outliers or non-trading quarters.
 Source: Northern Territory Racing, Gaming and Licensing.

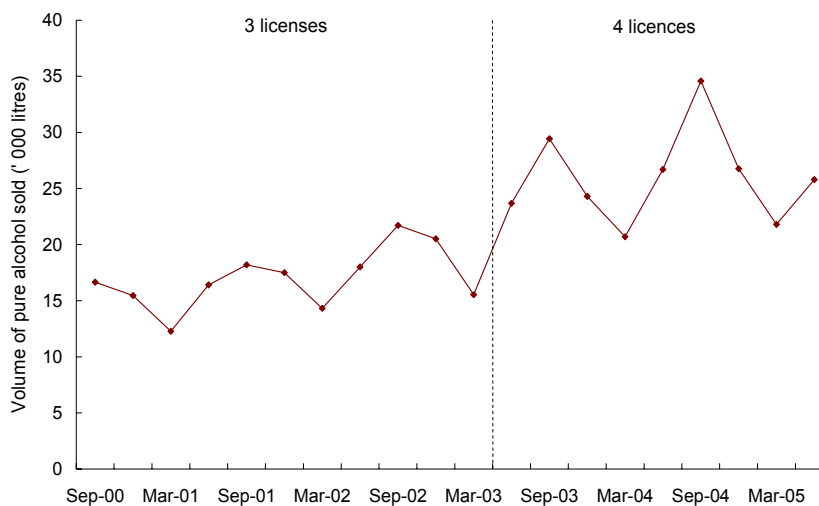
Sales from public hotels do not necessarily equate to the on-premise consumption of alcohol as two of the three public hotels that are currently trading operate ‘drive-through’ facilities for sale of packaged liquor.

Liquor Stores

Alcohol sales from liquor stores in the Mitchell Street precinct have increased over the last five years. The opening of a new store in the Mitchell Centre in the June quarter 2003 has resulted in a large increase in total liquor store sales from the Mitchell Street precinct (Figure 5.6).

This ‘step’ change in quantity of sales may have resulted from a number of specific characteristics of the new liquor store as well as the existence of the additional outlet. The additional store is located in the centre of the precinct and is close to a large supermarket and to backpacker accommodation.

Figure 5.6

VOLUMES OF PURE ALCOHOL SOLD FROM MITCHELL STREET STORES

Note: Wholesales sales data for the four liquor stores that are included in the above figure are consistent and regular. There are no instances of apparent outliers or non-trading quarters.
Source: Northern Territory Racing, Gam+ing and Licensing.

5.5 Conclusions

Conclusions drawn on relationships between alcohol availability and consumption are as follows.

- Levels of per capita alcohol consumption at the national level have remained stable (or may have declined) despite general increases in the availability of alcohol. Contrary to this trend, the incidence of ‘high risk’ drinking behaviour has been increasing.
- Per capita alcohol consumption in the Northern Territory has run counter to national trends and has been increasing in recent years.
- Alcohol sales from the Mitchell Street precinct have steadily increased in recent years as has the number of licensed premises trading in the precinct.
 - Alcohol sales from taverns and public hotels in Mitchell Street have been trending upwards and this has occurred at the same time as an increase in the number of taverns and public hotels. No sudden ‘step’ changes are observable in alcohol sales at the times of new premises commencing, although this cannot be taken to suggest that the additional premises do not contribute to or support the increase in sales.
 - The addition of a fourth liquor store to the precinct has resulted in a step increase in alcohol sales from stores. The increase in sales is likely attributable the location of the new liquor store as well as the existence of the store itself.
- Darwin visitor and resident numbers have not increased at the same rate as alcohol sales and it may be possible, but cannot be demonstrably proven, that per customer alcohol consumption has increased.

Chapter 6

Competition and harm

6.1 Competition and harm

The analysis of numbers of licensed premises and alcohol sales in the Mitchell Street precinct indicated that:

- there has been an increase in total alcohol sales without any apparent associated increase in customer numbers, suggesting the possibility of an increase in alcohol consumption per customer; and
- there has been an increase in numbers of licensed premises (hotels, taverns and liquor stores) at the same time as there has been an increase in alcohol sales, although it is only with the opening of an additional liquor store that liquor sales data show an obvious 'step' increase in sales.

Submissions made to the Commission in respect of applications for liquor licences have raised concerns about the potential for competitive pressures among licensees (brought about by the granting of new licenses in the precinct) to lead to the irresponsible selling and consuming of alcohol. These submissions have indicated that additional licences increases competition between licensed premises. Such competitive pressures among licence holders may lead to an increased use of special drink promotions along with a general tendency toward the irresponsible serving of alcohol as licensees seek to maintain custom in a competitive market. Discounted drinks and other special deals may lead to increased consumption of alcohol within the precinct and an increase in harm generally to the community.

This chapter provides an assessment of evidence of increased levels of social harm to date within the Mitchell Street precinct that may be associated with an apparent increase in per customer alcohol consumption.

This chapter also provides an assessment of evidence of emerging competitive pressures among existing licensed premises that may give rise to increased levels of harm in the future, particularly if more licenses are granted. Experience in other jurisdictions is considered in this assessment.

6.2 Evidence of increased levels of harm

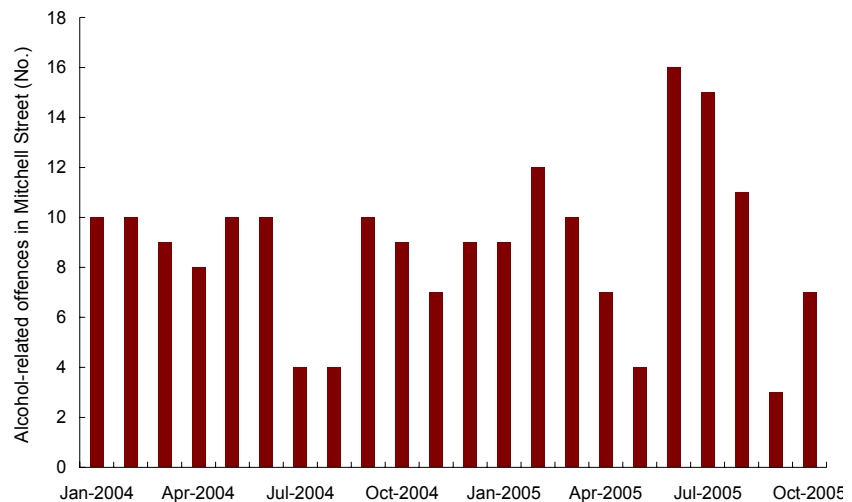
The number of liquor licenses in the Mitchell Street precinct has increased from 30 in 2000-01 to 38 in 2004-05 and this has been associated with an increase in alcohol volumes sold from the precinct as well as a possible increase in alcohol sales per customer. Despite this, there is no evidence to suggest that there has been an associated increase in levels of alcohol-related harm in the community.

Northern Territory Police

Alcohol-related harm commonly occurs in the form of anti-social behaviour, assault, property damage and offensive behaviour and is therefore dealt with by the police force. Data obtained from the Northern Territory Police on alcohol-related offences in the Mitchell Street precinct only go back as far as January 2004. These data indicate a higher number of incidents in the July to September 2005 period than in the corresponding period in 2004, although the period of data is too short to make any conclusions as to trends (Figure 6.1).

Figure 6.1

ALCOHOL-RELATED OFFENCES IN MITCHELL STREET



Note: Care must be taken when interpreting police data due to difficulties in defining and identifying 'alcohol-related offences' and due to changing policing policies.

Source: Northern Territory Police.

Anecdotal information from the Northern Territory Police suggests that there has been no significant increase in alcohol-related problems in the Mitchell Street precinct over recent years. Officers of the Northern Territory Police have indicated a view that the type, size and closing times of premises are key issues to consider in trying to minimise the occurrence of alcohol-related problems. In particular, large premises with early morning closing hours tend to cause the most problems for police particularly when large crowds are forced on to the streets after a venue has closed. It was also suggested that other factors that contribute to alcohol-related problems include inadequate security standards and transport services.

Officers of the Northern Territory Police suggested that additional licenses within the Mitchell Street precinct may actually be effective in reducing alcohol-related problems as additional premises may have the effect of dispersing large crowds making them less prone to problems and easier to manage.

Department of Health and Community Services

Alcohol-related harm may manifest itself in numbers of injuries and accidents. It is difficult to attribute measures of this type of harm specifically to the Mitchell Street precinct. At this point in time, the Northern Territory Department of Health and Community Services has no evidence — statistical or anecdotal — of increased levels of alcohol-related harm occurring as a result of the growth in the number of licensed premises in recent years.

Liquor licensing inspectors

Liquor licensing inspectors report that the majority of problems in the Mitchell Street precinct are concentrated in and around a small number of larger and more popular venues. Contrary to the argument that venues facing financial difficulties will tend to resort to drink promotions in a bid to maintain custom, the liquor licensing inspectors suggest that it is generally the venues that appear to be doing well (i.e. with high levels of custom) that engage in alcohol promotion and discounting.

Chamber of Commerce and Industry

The Chamber of Commerce and Industry represents a number of general (not alcohol-related) businesses that operate in the Mitchell Street precinct. The Chamber has indicated, anecdotally, that some members have raised concerns about incidents that could be considered as alcohol-related problems, for example property damage, theft and litter. However, instances of such problems are rare and generally only apparent on particular occasions such as New Year's Eve. Alcohol-related problems do not appear to be an issue of significant concern among members of the Chamber.

6.3 Evidence of emerging competitive pressures

To date, there has been no evidence of increasing social harms caused by growth in licence numbers and alcohol consumption in the Mitchell Street precinct. However, it may be the case that competitive pressures are only now beginning to emerge and the granting of additional licenses in the future may exacerbate these pressures.

In assessing the possibility of their being emerging competitive pressures on license holders, this section provides an examination of sales of liquor per licensed premises among taverns, public hotels and liquor stores.³⁰ In the absence of specific financial information, these data are used as a rough guide to the business conditions faced by existing licensees.

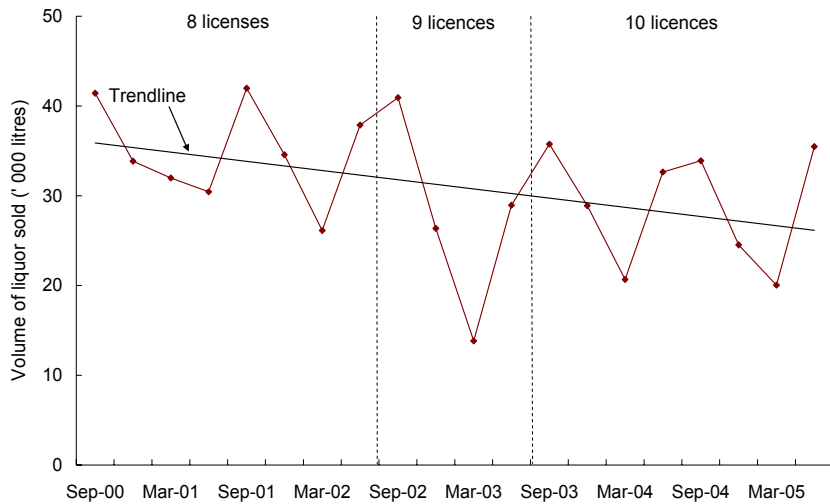
Taverns

There has been a steady downward trend in the volumes of liquor sold per tavern licence in the Mitchell Street precinct (Figure 6.2).

³⁰ Data on liquor volumes are used in this instance rather than pure alcohol volumes as liquor volumes are thought to be a better indicator of the products that are actually sold by licensed premises.

Figure 6.2

VOLUMES OF LIQUOR SOLD PER TAVERN LICENCE, MITCHELL STREET



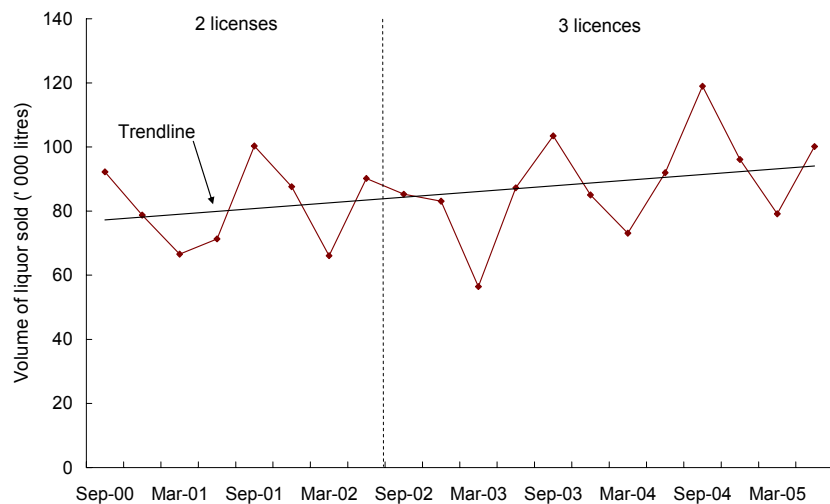
Note: Exclude sales from one tavern licence due to inconsistencies in available data. The taverns that are included in the above chart have all provided reasonably consistent wholesale sales data. There are some quarters for which observations are missing for some taverns. Missing observations may indicate a non-trading quarter or a quarter where no alcohol was purchased. Removing these taverns from the analysis does not significantly alter trends in the data.
 Source: Northern Territory Racing, Gaming and Licensing.

Public hotels

Per venue sales volumes from public hotels indicate a steady upward trend (Figure 6.3).

Figure 6.3

VOLUMES OF LIQUOR SOLD PER PUBLIC HOTEL LICENCE, MITCHELL STREET



Note: Wholesales sales data for the three public hotels that are included in the above figure are consistent and regular. There are no instances of apparent outliers or non-trading quarters.
 Source: Northern Territory Racing, Gaming and Licensing.

The difference in trends in per venue sales for taverns (downward trend in per venue sales) and public hotels (upward trend in per venue sales) is interesting as both types of venues offer similar services. One of the key differences between the two licence types is the emphasis on takeaway liquor sales. According to the licensing conditions set by the Department of Racing, Gaming and Liquor, takeaway liquor is ‘usually available’ at public hotels whereas in the case of taverns it ‘may be allowed’. In addition to this, two of the three public hotels in Mitchell Street operate ‘drive-through’ facilities whereas the taverns do not.

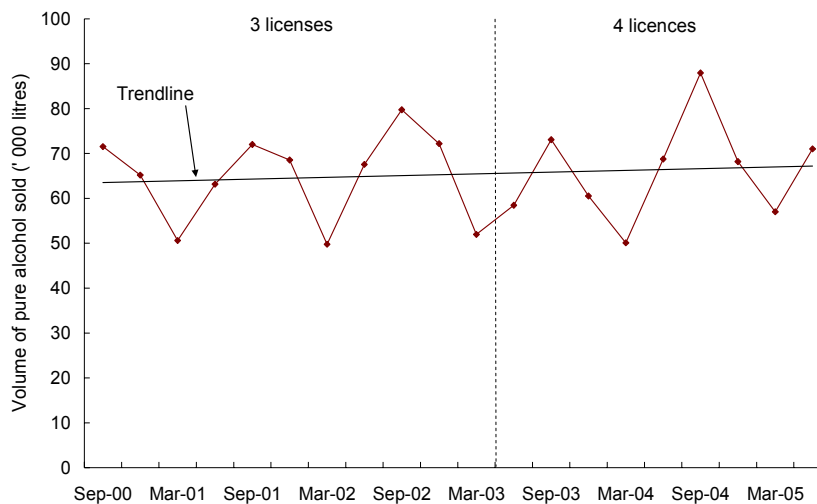
The ability of hotels to sell potentially large quantities of takeaway liquor may be a determining factor in the upward trend in per venue sales for hotels relative to the downward trend in per venue sales for taverns.

Liquor Stores

The granting of an additional store licence has not led to a drop in per venue sales (Figure 6.4). If anything, the underlying trend in sales per liquor store licence is positive despite the addition of a new store to the Mitchell Street precinct.

Figure 6.4

VOLUMES OF LIQUOR SOLD PER MITCHELL STREET LIQUOR STORE LICENCE



Note: Wholesales sales data for the four liquor stores that are included in the above figure are consistent and regular. There are no instances of apparent outliers or non-trading quarters. Source: Northern Territory Racing, Gaming and Licensing.

Other evidence

The Northern Territory branch of the Australian Hotels Association and some of its members assert that existing premises are under increasing financial pressure from the granting of new licenses in the area.

Profit and loss statements for two taverns were made available. Both statements indicated that the taverns were not profitable in the most recent financial year. However, based on these isolated reports it is difficult to conclude that there is widespread and undue financial pressures on licensed premises within the precinct.

6.4 Competition and harm — evidence from other jurisdictions

The Australian experience

Evidence from other Australian jurisdictions offers no support to the contention of a relationship between competition among licensed venues and alcohol-related harm. Anecdotal evidence on the effects of competition on the operations of licensed premises in Adelaide's Hindley Street precinct suggests the contrary: that there are instances where competition has motivated licensees to provide safe, well-managed and comfortable premises as a means of attracting customers (Box 6.1).

Box 6.1

COMPETITION AND HARM — ADELAIDE AND CAIRNS

Hindley Street, South Australia

Hindley Street is the main late night entertainment precinct in the city of Adelaide. Some parties claim that there is an excess number of licensed premises within the precinct and competitive pressures among licensees have led to widespread problems of irresponsible drinking behaviour and alcohol-related harm.

The South Australian Office of the Liquor and Gambling Commissioner disputes such claims. The Office indicates that there are alcohol-related problems within the precinct but these are to be expected in any late night entertainment precinct. Observation of the area over a number of years has found that it is the premises that have good management, safety and security standards and an ability to adopt to changing market conditions that are the successful ones. Competition is considered to have played a role in encouraging licensees to improve standards and in particular safety and comfort.

Cairns, Queensland

Cairns has a well-known late night entertainment precinct. Similar to the case of Hindley Street, it has been argued that Cairns suffers from an excessive number of licensed premises.

The Department of Tourism, Fair Trading and Wine Industry Development in Queensland indicates that there are no specific alcohol-related problems in Cairns as compared with other late night entertainment precincts. The Department has found that many premises have in the past promoted irresponsible drinking practices irrespective of levels of competition in the marketplace. Incentives to offer cheap prices for drinks and other specials are indicative of the demographic of the market being served – young and budget-conscious backpackers. The Department has found that licence constraints banning discounted drink prices and other promotions have been effective in limiting irresponsible sales practices and that such constraints target the problem much more effectively than limiting licence numbers.

Source: Liaison with the Office of the Liquor and Gambling Commissioner and the Department of Tourism, Fair Trading and Wine Industry Development.

The United Kingdom and Ireland

The contention that excessive competitive pressures are brought about by the liberalising of approaches to granting licenses, has been examined in the United Kingdom and Ireland — both countries where the drinking culture has some similarity similar to that of Australia.³¹ Box 6.2 describes some of the experiences in these jurisdictions.

³¹ Or at least more similar than the drinking cultures of Australia and continental Europe, the latter having far more liberal regulations of the sale of liquor.

Box 6.2

COMPETITION AND HARM — THE EXPERIENCES OF THE UNITED KINGDOM AND IRELAND**The United Kingdom**

A 1988 review of liquor licensing laws in the United Kingdom recommended abandoning the 'public need' test for the granting of licence applications and implementing a less restrictive approach to consideration of applications for licences. In the three to four years following amendments to liquor licensing regulations, it was found that the new approach to licensing had allowed large numbers of premises to be concentrated together, particularly in town and city centres. Also increasing were the number of special extended late night trading licenses. The proliferation in licence numbers led to community concerns about alcohol-related crime and disorder.

With alcohol availability being governed largely by market forces alone, it was found that increased levels of competition led to price cuts, aggressive marketing and irresponsible retailing. Consumption of alcohol rose in response to advertising and a general increase in special promotions such as 'happy hours'.

Liquor regulations were again revised in 2003 in response to growing concerns about excessive alcohol consumption. The revised regulations in the United Kingdom now focus on controls, safeguards and restraints in respect of alcohol consumption while maintaining a liberal approach to the granting of new licences. There is not information available on the effectiveness of the new regulations in addressing concerns about alcohol-related problems is largely unknown. The United Kingdom Government has stated that they 'will monitor the impact of the 2003 Act on crime and disorder and other licensing objectives' and if necessary they will 'introduce further legislation...to strengthen or alter any provision.'

Ireland

Current liquor regulations in Ireland require that one liquor licence is extinguished before a new licence can be issued. The Irish Competition Authority has long argued for the removal of restrictions on the number of liquor licenses in operation. The Competition Authority argues that the high barriers to entry created by the licensing system are ineffective at best in achieving the objective of controlling inappropriate consumption: in doing so, the Competition Authority points to evidence of a lack of relationship between availability and consumption in Ireland. At worst, the Authority argues that the licensing system is actually counter-productive.

Given high barriers to entry, there is a tendency for new entrants to establish very large drinking establishments because it is not possible to open multiple smaller establishments. That is, there is a trend towards larger venues and the exclusive sale of alcohol and not the sale of alcohol in conjunction with other activities. The Authority notes that a lack of effective competition has enabled sellers to increase prices and earn higher margins on alcohol sales; this then provides an incentive to promote the consumption of alcohol over other products such as soft drinks.

Source: R. Light 2005, 'The Licensing Act 2003: Liberal constraint?', *Modern Law Review*, vol. 68 (2), pp. 268-285; and The Competition Authority 2005, *Submission of the Competition Authority on the General Scheme of the Intoxicating Liquor Bill 2005*, May.

6.5 Conclusions

The conclusions drawn from the analysis of competition and harm are as follows.

- Numbers of licensed premises trading in the Mitchell Street precinct and the volumes of alcohol sold have increased in recent years. While there is a lack of conclusive data on changes in the size of the Mitchell Street customer base, there is some suggestion that the customer base as remained relatively constant and that per customer alcohol consumption has increased.
- Despite the evidence for increased per customer alcohol consumption has increased, there is no evidence to suggest that levels of alcohol-related harm within the precinct have increased.

- Aside from issues raised by existing owners of licensed premises, there is no expression of significant community concern with the current number of licensed venues in Mitchell Street nor are there concerns about the potential for licence numbers to increase.
- Analysis of data on sales of liquor per licensed premises finds no evidence that, as a general proposition, the increase in licence numbers is placing increasing commercial pressures on licensed businesses in the Mitchell Street precinct. There have been increases in volumes of liquor sold per licensed premise for hotels and liquor stores. Volumes of liquor sold per licensed premise have decreased for taverns but this is not necessarily a function of increased numbers of tavern licenses and may instead be a result of competition with public hotels. The ability of hotels to sell potentially large volumes of takeaway liquor may be a determining factor in differences in trends in per premise sales between hotels and taverns. There is some information to suggest that a small number of taverns are under some commercial pressure. However financial difficulties for one or two premises do not constitute evidence for a more general reduction in the commercial viability of alcohol-related businesses.
- Licensing authorities in other Australian jurisdictions disagree with the contention that competition in entertainment precincts has led to problematic levels of social harm.
- Problems with density of licensed premises have been encountered in London and an attempt has been made to counter these problems through targeted regulations rather than restrictions on license numbers. In Ireland it has been argued that restricting the number of licensed premises can be counter-productive in achieving the objective of controlling inappropriate alcohol consumption.

Chapter 7

Other issues for consideration

7.1 Introduction

Available statistics and anecdotal information indicate that, to date, there has not been any consistent or marked increase in alcohol-related harm that has resulted from the increase in the number of licensed premises trading in the Mitchell Street precinct. Evidence of increases in competitive pressures among licensees in the precinct is weak and inconclusive and, irrespectively, the experience of other Australian jurisdictions suggests that competitive pressures are not a causal factor in levels of alcohol-related harm.

In other jurisdictions, there has been consideration given to outlet density as a causal factor in levels of alcohol-related harm, and the ways in which areas with a high concentration of licensed premises can be managed to limit alcohol-related harm.

This chapter describes some approaches that have been taken by other jurisdictions in controlling and managing issues surrounding licence density.

7.2 Defining and identifying a ‘saturation point’

The relatively recent removal of ‘public need’ type criteria being used to determine applications for liquor licences (both internationally and within Australia) has in some instances brought about concerns over the possible granting of too many licenses within entertainment precincts. In the United Kingdom, the London Borough of Merton has implemented a policy aimed at trying to identify a so-called ‘saturation point’ of licensed premises beyond which additional licenses should not be granted (Box 7.1).

Box 7.1

APPROACHES TO LICENSING IN MERTON, LONDON

Amendments to the *Licensing Act 2003* have given the responsibility of determining licence applications to local authorities. In doing so, the Act provides guidance in that local authorities are to carry out their licensing functions with the objectives of the prevention of crime, disorder and public nuisance and the maintenance of public safety.

In determining licence applications, local authorities do not consider the concept of 'public need' in the decision process. However, in determining licence applications, the Merton Council does consider the possibility of a cumulative effect whereby the number, type and density of licensed premises in a given area may lead to serious problems of nuisance and disorder.

The Council notes that:

It may become apparent...by way of representations...by responsible authorities and/or interested parties that an area has or is becoming saturated with premises, making it a focal point for many and/or large groups of people to gather and circulate...creating exceptional problems of disorder and nuisance

Under such conditions, the Council has an ability to adopt a special policy of refusing new licenses when it considers an area to be saturated with premises. In declaring a 'special policy area', the Council considers concerns about crime, disorder and public nuisance and its causes. A special policy area is only declared if licensing conditions and other specific policies are considered likely to be ineffective in addressing the identified problems.

As an example, the Wimbledon town centre has been declared an area of special policy and as such new licenses will generally not be granted within the area. The decision was made after considering:

- a significant number of alcohol-related crimes and complaints being made to the Council;
- evidence from the police on crime and disorder and its connection to licensed premises;
- declarations by residents and residents associations that the town centre is at saturation point; and
- police support for the town centre to be declared a special policy zone.

Licence applications within a special policy area are not automatically refused but there is a presumption that the licence application will be refused unless it can be demonstrated by the applicant that the new premise will not add to the identified cumulative impact.

Source: London Borough of Merton 2005, *Statement of Licensing Policy*, January.

The adoption of a public interest test for assessing licensing applications in Victoria has also encouraged thinking on the topic of licence density within entertainment precincts. The Victorian Government recently established the Inner City Entertainment Precincts Taskforce to address public safety and security in Melbourne's inner city entertainment precincts. While not exclusively dealing with issues surrounding liquor licensing, the Taskforce discussion paper on improving safety and amenity in inner city entertainment precincts touched on issues surrounding the cumulative impact of licensed premises (Box 7.2).

Box 7.2

CUMULATIVE IMPACTS OF LICENSED PREMISES, VICTORIA

In a recently released discussion paper on options for improving the safety and amenity of inner city entertainment precincts, the Inner City Entertainment Precinct (ICEP) Taskforce raised the issue of the cumulative impact of licensed premises.

The discussion paper was released in the context of the *Melbourne 2030* policy, which aims to encourage higher density housing and a broader mix of uses in inner city entertainment areas. While supportive of such a policy, many local governments have expressed concerns about the management of growth in inner city populations as well as rapidly increasing numbers of licensed venues.

The ICEP Taskforce found that Victoria's planning system could be strengthened to enable local governments to achieve the desired mix of activities in areas where there are concentrations of licensed premises, particularly for the purposes of managing cumulative impacts. It is noted that cumulative impact does not solely relate to the number of licensed premises but also the combination of different types of licensed premises. However, putting such knowledge into a useful policy framework can be difficult as is noted by the Taskforce:

One of the key problems associated with addressing the cumulative impact of licensed premises however, is the identification of an appropriate benchmark by which the cumulative impact can be measured.

While difficult, the ICEP Taskforce suggests that a range of appropriate benchmarks can be identified as a means to measure the cumulative impact of licensed premises, these include:

- existing and past trends in type and mix of licensed premises;
- reported crime and perceptions of safety;
- transport availability;
- proximity of residential uses;
- public safety initiatives; and
- enforcement resources.

Applications for new licenses in Victoria are considered on a case-by-case basis, limiting the extent to which cumulative impacts can be considered. In view of this, the ICEP Taskforce suggested that issues of cumulative impact be considered at the local government planning level.

A number of local government's in Melbourne have already adopted the concept of cumulative impact or saturation into their planning decisions. The City of Stonnington has established local policies to assist in the management of licensed premises, which include means to protect the amenity of surrounding areas as well as a specific objective to address the issue of saturation.

The City of Port Phillip has also recently adopted a policy framework for managing inner city nightlife. The policy incorporates a number of actions aimed at improving the safety and amenity of entertainment precincts. Part of the policy includes a requirement for the Council to consider saturation as a criterion when determining planning permits for venues operating past 1am.

Source: Inner City Entertainment Precinct Taskforce 2005, *A Good Night for All*, February.

7.3 The management of entertainment precincts

South Australia

Liaison with the licensing authority in South Australia has highlighted the use of a whole-of-government approach to dealing with alcohol-related problems within entertainment precincts. Rather than limiting licence numbers, the approach in these jurisdictions has been to manage any identified problems through targeted actions, including through conditions of licences. There is also a high level of local government involvement in liquor licensing decisions, as part of the planning and approvals process (Box 7.3).

Box 7.3

THE MANAGEMENT OF PRECINCTS IN SOUTH AUSTRALIA

In developing approaches to the management of alcohol-related problems, the Office of the Liquor and Gambling Commissioner has had success with policies such as:

- crackdowns on street drinking;
- improved street lighting and security cameras in public spaces;
- increased levels of police presence; and
- improved taxi rank facilities, encompassing factors such as number of ranks, location, lighting and security and queue management services.

Policies are developed through a collaborative approach involving parties such as, the licensing authority, the police, licensees, the taxi industry and the Department of Transport.

There is also a high degree of involvement in licensing policies at the local government level. The Adelaide City Council has developed a range of 'precinct licensing statements' for areas within the city. The precinct licensing statements provide guidance to stakeholders and to the Council itself in the assessment of development applications.¹ While not mandatory, planning decisions imposed by the Council are usually adopted by the Licensing Court as conditions of licence.

The precinct licensing statements contain a brief description of the Council's vision for different areas within Adelaide, for example:

The Hindley Street precinct...will be reinforced as the premier entertainment precinct of the City...It will be characterised by a vibrant and stimulating atmosphere and varied street life by day and night, building on its established role as a centre of night life and popular entertainment.

The statements then go on to list conditions that should be adhered to by licensed premises according to the area within which they are seeking to operate. Conditions include:

- hours of operation;
- restrictions on entertainment and noise;
- hours in which garbage can be moved from inside premises to storage bins (to reduce disturbance to residents);
- signs on exits asking people to leave premises in a quiet manner so as not to disturb residents; and
- the advertising of promotions.

The conditions listed in the licensing statements are indicative of the area for which they apply. For example, there may be relatively fewer conditions relating to noise levels for a licence application on Hindley Street than there might be for an application in an area that is nearby residential areas.

¹ New applications for a liquor licences in Adelaide are required to obtain development consent approval from the Adelaide City Council before being considered by the Licensing Court.

Source: Liaison with the Office of the Liquor and Gambling Commissioner, South Australia; and the Adelaide City Council.

Queensland

The Queensland Government has recently adopted the Brisbane City Safety Action Plan. Like the whole-of-government approach adopted in South Australia, the 17-point Brisbane City Safety Action Plan puts forward a wide ranging policy response toward the management of alcohol-related problems (Box 7.4).

Box 7.4

THE BRISBANE CITY SAFETY ACTION PLAN

The recently introduced Brisbane City Safety Action Plan aims to improve public safety near pubs and clubs in Brisbane. The plan contains a number of components:

Managing Alcohol — Key policy actions include:

- a lockout policy on all licensed premises that trade after 3am in Brisbane;
- requirements for licensees to employ sufficient security and for security to maintain surveillance outside the premises for at least 1 hour after closing time;
- the prohibition of competitions that involve contestants consuming liquor;
- the installation of Closed Circuit Television at each public entrance and exit;
- the prohibition of external advertisements of free drinks, multiple drinks and discounted liquor for consumption on premises; and
- the provision of additional liquor licensing compliance and enforcement officers.

Strengthening Policing — Key policy actions include:

- the provision of additional police officers and the creation of security industry liaison officer positions;
- the establishment of the Liquor Enforcement and Pro-Active Strategies project with the objective of identifying and gathering intelligence on violence 'hotspots'; and
- the establishment of a direct senior liaison point of contact between the Queensland Police and Brisbane City Council.

Improving Transport — Key policy actions include:

- involving the Brisbane City Council, bus operators and Queensland Rail in a project to explore how late night public transport can be improved;
- involving the Brisbane City Council and industry to implement measures to improve taxi rank security and boost the number of taxis at peak times; and
- continue to employ security and taxi rank marshals at designated taxi ranks.

Creating a Safer Environment — Key policy actions include assessing areas where additional lighting, physical surveillance and urban redesign may be effective in reducing the incidence of crime.

Working Together — Key policy actions include:

- the implementation of a Code of Practice for the Responsible Service, Supply and Promotion of liquor; and
- developing best practice accords between licensees.

Source: Brisbane City Safety Action Plan, www.thepremier.qld.gov.au/library/pdf/bc_safety_action_plan.pdf, Accessed 4 September 2006.

The adoption of a lockout policy has already been found to be effective in reducing alcohol-related problems within entertainment precincts on the Gold Coast. The lockout policy disallows any person from entering a licensed premise after 3am. Once patrons leave a premise they are not allowed to re-enter any premise within the precinct. The policy is designed to create a more gradual flow of (often intoxicated) patrons out of entertainment precincts and to minimise interactions in public spaces.

A report produced by Queensland Police recently found support for the use of the lockout policy on the Gold Coast in terms of being associated with:

- a significant decrease in crime;
- a significant reduction in levels of alcohol consumed by drivers;
- a significant reduction in the number and severity of traffic incidents;
- a reduction in unnecessary calls (either accidental or from malicious intent) for service to the Queensland Fire and Rescue Service; and
- a reduction in calls for service for the Queensland Ambulance.³²

7.4 Conclusions

The conclusions drawn from the analysis of approaches to licensing in other jurisdictions are as follows.

- The concept of the cumulative impact of licensed premises has been explored and implemented in local government licensing policies in the United Kingdom. The Merton Council considers factors such as crime rates, public disorder and community views to make judgement on so-called ‘saturation points’ for which general licence freezes are then applied.
- Some local governments in Victoria have adopted the concept of the ‘cumulative impact’ of licensed premises. It is acknowledged that developing appropriate measures or benchmarks for the ‘cumulative impact’ can be difficult but factors that can be considered include perceptions of safety, reported crime and availability of transport.
- Approaches to managing entertainment precincts in South Australia and Queensland incorporate whole-of-government action plans that address factors such as security, policing, transport availability, lighting, conditions of licence and inter-governmental agency liaison.
- The policy approaches to the management of entertainment precincts presented in this chapter contrast with the current approach of the Northern Territory Government in respect of the Mitchell Street precinct. There is relatively little collaboration between government agencies on issues surrounding the management of the Mitchell Street precinct. In addition, there is no clear local government or town planning vision or strategy for the precinct.

³² Queensland Police Service, *Comments and Objections in Respect to Applications for Extension of Trade beyond 3.00am*.

Chapter 8

Conclusions

Financial viability of existing licensed premises

Data on wholesale liquor sales show a general increase in total volumes of alcohol sold from premises within the Mitchell Street precinct and this corresponds to a general increase in the number of licensed premises operating in the precinct.

Sales of liquor per licensed premises have been trending upwards for both hotels and liquor stores while per-premise sales for taverns have been steadily declining over time. The decline in per-premise sales of alcohol in taverns suggests a possibility of declines in commercial returns to the tavern businesses and limited anecdotal evidence suggests that at least one tavern may not be commercial viable. Relative to taverns, hotels have a greater ability to sell takeaway liquor and this may be one of the determining factors in the different trends observed in per premise sales between hotels and taverns.

There is no information to suggest any broad problem of commercial viability of taverns, public hotels and liquor stores.

It is difficult to draw conclusions on the financial viability of restaurants using data on liquor sales as restaurants primarily compete on the basis of the provision of meals rather than drinks. It is noted however, that there have been no concerns about financial viability raised by restaurateurs in recent licensing decisions made by the Commission, nor in the information-gathering phase of this project.

The potential effect of new licences on the financial viability of existing licensed premises

If new premises were to be established at locations and with characteristics that are attractive to customers, then — given the absence of any significant trend increase in numbers of Darwin residents and visitors to Darwin — it can reasonably be assumed that a relatively constant pool of customers would be shared between a greater number premises and this would reduce on the commercial returns to existing premises (on average).

The potential effects on the public interest and neighbourhood amenity of a greater number of licensed premises

In considering the ‘public interest’ under the *Liquor Act*, the Commission is required to consider whether a new licence would detract from the public interest in terms of criteria such as harm, ill-health, public order and safety, noise levels and irresponsible drinking. Neighbourhood amenity is assumed to be affected by the same factors as the public interest, but is applied in the context of the likely affects of a new licence on the neighbourhood surrounding licensed premises.

To date, the granting of additional licenses in the Mitchell Street precinct has not given rise to community concerns about a loss of public interest or neighbourhood amenity. Licence numbers have increased from 30 in 2000-01 to 38 in 2004-05 and volumes of liquor sold from the precinct have consistently increased over these years however there have been no concerns raised about the granting of additional licences in the precinct from the Northern Territory Police, the Department of Health, the Chamber of Commerce and Industry or the Darwin City Council. There is no statistical evidence to suggest that there has been an increase in alcohol-related problems in the precinct in recent years.

In considering potential implications for the public interest and neighbourhood amenity with the granting of new licenses in the precinct, the evidence is mixed.

In some instances (for example in Adelaide), a high level of competition among licensed premises has been found to improve levels of service, safety and comfort as premises seek to attract patrons. In Ireland, it has been argued that a lack of competition among premises is more likely to lead to the irresponsible promotion of alcohol and the associated adverse social impact of excessive alcohol consumption.

On the other hand, a proliferation of licensed premises in London has been identified as a key factor in the heavy promotion of discount drinks and other special deals aimed at promoting alcohol consumption.

The effect on the public interest of granting additional licenses is likely to depend upon the type and relative location of licensed premises rather than the number. According to liquor licensing inspectors and the Northern Territory Police, problems in the Mitchell Street precinct are most commonly associated with large, late night venues that tend to promote alcohol sales over other services and particularly when there are numerous premises of these types located close to each other. This is consistent with experience with large venues in Ireland and more general observations that socially harmful behaviour arises in situations where there are large crowds rather than just the consumption of alcohol. If located away from existing premises, the addition of new licensed premises may actually be helpful in dispersing crowds and therefore reducing alcohol-related problems.

Experiences in other jurisdictions, particularly in Cairns and Adelaide, indicate that conditions of licences can be useful in controlling or minimising alcohol-related harm. Particular examples of policies that have been successful include lockouts and bans on the advertising of discount drinks. In applying licence conditions, it is noted that there will be a trade-off between constraints imposed by licence conditions and the commercial flexibility of the business, and there is a need to strike a balance between these matters in setting conditions. Anecdotal evidence collected as part of this study suggests that there is considerable dissatisfaction amongst some licensees in the Mitchell Street precinct with the detailed nature of licence conditions.

Our conclusions about the potential effects of a greater number of licensed premises are formed using available information on the incidence of alcohol-related harms occurring in the Mitchell Street precinct. Studies such as this could be improved if there were a greater availability of statistical data. If data on alcohol-related harms are to be collected then they must be collected at a level of detail that allows the determining causes of incidents to be identified. Useful data may include:

- the incidence of drink-driving where offenders have been drinking in the Mitchell Street precinct;
- the incidence of traffic accidents considered to be related to the consumption of alcohol within the Mitchell Street precinct;
- the number of alcohol-caused assaults occurring outside licensed premises, the times at which they occur and the premises where patrons had been in attendance; and
- numbers of complaints regarding late night noise or public disturbance made by local residents.

Determining applications for new licenses

The *Liquor Act* requires that the Commission consider the public interest in determinations on applications for new licences. Guidance provided by the Act for considering of the public interest indicates that this consideration is one of assessing whether the venue that is the subject of the license application is likely to have an adverse effect on the public interest. The Act does not provide any guidance to indicate that the Commission should consider any beneficial effects on the public interest, nor does it in any way indicate that the Commission's role is one of 'balancing' adverse and beneficial effects on the public interest.

The Act also contemplates the Commission making determinations on applications for liquor licences on a case-by-case basis. There is no explicit provision under the Act for the Commission to consider an application within a context of a 'bigger picture' view of current and future developments in the Mitchell Street precinct. Such considerations lie more properly within the responsibilities of town-planning agencies, as has been evident in the planning controls on new licensed premises in Brisbane, Adelaide, Melbourne and the United Kingdom. The involvement of the Department of Planning and Infrastructure and the Darwin City Council in the management and strategic development of the Mitchell Street precinct appears to be substantially less than the level of involvement of planning agencies in the development and management of entertainment precincts in Brisbane, Adelaide and Melbourne.

There is no necessary link between levels of competition, commercial viability and alcohol-related harm in an entertainment precinct such as the Mitchell Street precinct. Accordingly, increased competition between licensed premises cannot be taken as indicating a potential for adverse effects on the public interest and would be unlikely to constitute a sustainable basis for rejecting applications for new liquor licenses.

If there is an ongoing demand for new licensed premises in the Mitchell Street precinct, then minimising the potential for alcohol-related harm may be better achieved by attention to the types, sizes and relative locations of licensed premises. However, the ability of the Licensing Commission to implement such an approach to licensing is limited in the absence of changes to the *Liquor Act*.

At the current time, there is no evidence of significant community concern about the Mitchell Street precinct and potential increases in alcohol-related harm. If there is an emergence of community concern there may be a need for a whole-of-government approach in controlling further development of the Mitchell Street. Such an approach could take into account issues of town planning, transport, policing and the operations of licensed premises (the last of these being the subject of conditions of liquor licenses). Approaches taken in South Australia and Queensland serve as good examples of potentially effective policy ideas. It is noted that the implementation of a whole of government approach in the Northern Territory would require a heightened level of cooperation and commitment among government agencies.

A whole of government approach that specifically targets problems arising from alcohol consumption is considered more effective at reducing potential harm than a policy that simply restricts or caps the number of licensed premises. Creating barriers to market entry also has the detrimental effect of favouring incumbent operators at the expense of consumers.

The implementation of an effective whole of government approach to issues surrounding the future development of the Mitchell Street precinct would be aided by ensuring that good quality data are available on the incidence of various types of alcohol-related harm.

Appendix A

Determining licence applications prior to the public interest test

Prior to the introduction of the current public interest test, decisions on whether to grant an application for a new liquor licence could be influenced by the Commission's perceptions of the needs and wishes of the community. The wording of the *Liquor Act* prior to March 2004 was as follows:

In considering whether to grant an application for a licence and in determining the conditions of the licence...the Commission shall have regard to:

- a) the location of the licensed premises;
- b) the location and conditions of any licensed premises in the vicinity of the premises in respect of which the application is made;
- c) the needs and wishes of the community;³³

In March 2004, the *Liquor Act* was amended and a public interest test introduced. Under the revised legislation, there is no requirement on the Commission to consider the location of the licensed premise nor the needs and wishes of the community.

³³ *Liquor Act* (as in force on 17 September 1996), Section 31.

*Appendix B***List of stakeholder consultations**

The following organisations (external to Northern Territory Racing, Gaming and Licensing and the Licensing Commission) have been consulted with as part of the information gathering phase of this study.

Table B.1

STAKEHOLDER CONSULTATIONS

Organisation	Contact
Adelaide City Council	Jennifer West — Senior Project Officer, Crime Prevention
Australian Hotels Association, NT	Michael Burns, Justin Coleman and Sally Fielke — Executive
Chamber of Commerce and Industry, NT	Chris Young — Chief Executive Officer
Darwin City Council	Kim Leslie — Senior Planner and John Banks — Director Community Services
Department of Health and Community Services	Joanne Townsend — Director of Alcohol and Other Drugs Program
Department of Planning and Infrastructure, NT	Ann Stephens — Project Manager Planning Branch and Kirrily Chambers — Manager Urban Planning
Department of Tourism, Fair Trading and Wine Industry Development, Qld	Chris Watters — Executive Director, Liquor Licensing Division
Hotel Industry	Various AHA members
Northern Territory Police	Malcolm Passmore — Officer in Charge, Darwin
Office of the Liquor and Gambling Commissioner, SA	Warren Lewis — Deputy Commissioner for Liquor