



BETTER REGULATION STATEMENT

Business flexibility reforms

Changes to liquor licensing for restaurants, small bars and other on-premises licensees

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NSW Government
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Contents

Executive summary	1
Better Regulation requirements in NSW	1
Options considered	2
Evaluation findings	3
Recommendations and key findings	7
1 Introduction	10
COVID-19 Recovery Act 2021	10
Purpose of this BRS	11
Better Regulation requirements in NSW	11
Structure of the report	13
2 The need for government action	14
The Liquor Act 2007 (NSW)	15
Competition and liquor licensing	17
Reason for changing regulation during COVID period	18
3 Background to liquor licensing in NSW	20
Type and number of NSW liquor licenses	20
Legislative and regulatory framework	21
Arrangements in other jurisdictions	26
4 The base case and options	28
Options considered	28
Evaluating the options	29
5 Stakeholder consultation	31
Industry workshops and submissions	31
Consumer survey	35
Restaurant survey	36
6 Uptake by businesses and consumers	37
Business uptake	37
Customer uptake and use	39
7 Consumer benefits	44
Changes in accessibility to alcohol	46
8 Costs from alcohol related harm	49
Types of harms	49
Trends in alcohol consumption	50

Trends in alcohol related harms	53
Value of harms	55
Projecting the total societal costs to 2021	57
Attributing harms to on-premises licences	60
Change in alcohol consumption and harms	62
9 Costs related to licensing and compliance	65
10 Cost-benefit analysis results	69
Summary of key inputs into the CBA	69
Central case estimated costs and benefits	70
Sensitivity analysis of costs and benefits	71
11 Conclusion and preferred option	73
Recommendations and key findings	73
A Liquor licence locations, access density and trends	76
B Approval framework and costs	81
C Comparison to approaches in other jurisdictions	86
Pre-COVID-19 liquor licencing takeaway and delivery measures	86
Post COVID-19 liquor licensing takeaway measures	87
D Approach to consultation	90
 BOXES, CHARTS AND TABLES	
1 Options considered	2
2 Support for takeaway and delivery of alcohol from restaurants and cafes from survey of NSW people	3
3 Alignment of options to the objectives of the Act	4
4 Take up and per standard drink estimates of costs and benefits, central case	6
5 Overall estimates of costs and benefits, central case	7
1.1 Better Regulation Principles	12
2.1 Review of liquor licensing regulation	16
3.1 NSW liquor licences by licence type	20
3.2 Liquor licence business types impacted by this BRS	21
3.3 On-premises and small bar licence holder's sale of take away alcohol statutory licence conditions/ongoing licence requirements	22
3.4 Australian permanent on-premises alcohol takeaway and delivery measures	26
4.1 Options considered	29
4.2 Range of costs and benefits relative to the base case	30
5.1 Stakeholder workshop/targeted consultation participants	31
5.2 Support for takeaway and delivery of alcohol from restaurants and cafes from survey of NSW people	35

6.1	Per cent increase in availability to purchase off premise alcohol by Local Government area (assuming 100 per cent on-premises take up)	38
6.2	Take up of short term takeaway licences in South Australia	39
6.3	Age profile of consumers that used the measures (share of users)	40
6.4	Typical purchase made	41
6.5	Reasons why purchased	41
6.6	Restaurant views of drivers of consumer use	43
6.7	Restaurant expectations of impact on alcohol sales volumes	43
7.1	Estimating the consumer surplus from takeaway and home delivered alcohol from on-premises licensees	45
7.2	Distance of on-premises licence to a packaged, club or hotel liquor licence premises (whole of NSW)	46
7.3	Distance of on-premises licence to a packaged, club or hotel liquor licence premises (by NSW region)	47
8.1	Change in alcohol consumption	50
8.2	Trends in alcohol consumption in NSW	51
8.3	Change in risky drinking over time	52
8.4	Change in alcohol related health harms (per 100 000 people)	54
8.5	Change in alcohol related crime harms (per 100 000 people)	55
8.6	Allocation of harms across different types of harms	56
8.7	Total societal cost of alcohol misuse each year in 2010 and 2021	58
8.8	Inflators to project the total societal cost of alcohol misuse in 2021	58
8.9	The SEV as a projector of risk associated with alcohol misuse	59
8.10	Cost of harms per standard drink	60
8.11	Harms and types of premises	60
8.12	If purchasing takeaway alcohol from a restaurant/cafe or small bar wasn't an option, what would consumers have done instead?	63
8.13	Standard drink estimates and additional consumption	64
9.1	Regulation applied by licence type	65
9.2	2019-20 L&GNSW complaints by licence type	66
9.3	2019-20 and 2020-21 complaints per licence	66
9.4	Additional licence costs by stakeholder	68
10.1	Take up and per standard drink estimates of costs and benefits, central case	70
10.2	Overall estimates of costs and benefits, central case	71
10.3	Overall estimates of net benefits, sensitivities	72
A.1	Map of NSW liquor licences by licence type	76
A.2	Total liquor licence density by Local Government area (per 1 000 population)	77
A.3	On-premises liquor licence density by Local Government area (per 1 000 population)	78

A.4	Off-premise liquor licence density by Local Government area (per 1 000 population)	79
A.5	Total number of liquor licences over the period FY 2017 FY 2021	79
A.6	Proportion of new licences granted over the period 2017/18 to 2019/20	80
A.7	Licence actions taken between the 2016/17 and 2019/20 financial years	80
B.1	Community Impact Statements	82
B.2	Licence types that require a Community Impact Statement	82
B.3	Liquor licence application and annual fees	83
B.4	On-premises authorisation costs	84
B.5	On-premises associated authorisations granted between the 2016/17 and 2019/20 financial years	85
C.1	Australian COVID-19 liquor licencing temporary measures	87
D.1	Stakeholder list	90
D.2	Proportion of survey respondents by age compared to the NSW population	92
D.3	Proportion of survey respondents by gender compared to the NSW population	92
D.4	Proportion of survey respondents by location compared to the NSW population	93

Executive summary

The NSW Government implemented a number of changes to legislation and regulations in response to COVID-19. These had the various objectives of:

- better enabling businesses and employees to respond to the economic changes occurring as a result of COVID-19
- reducing pressure on public health systems that might need capacity to focus on COVID-19, and
- allowing for interactions consistent with social distancing, instead of in-person interactions.

While some of the measures introduced were only relevant to the COVID-19 pandemic circumstances, others could have longer term benefits. The NSW Government is now systematically reviewing regulatory changes made in response to COVID-19 to consider whether these should be continued, or whether regulations should revert to what was in place prior to COVID-19, or some other alternative. This process is being undertaken in stages. This document is the Better Regulation Statement covering changes made to business flexibility. In particular, this relates to Liquor & Gaming NSW (L&GNSW) relaxing its approach to compliance to allow on-premises licensed venues to sell alcohol for consumption off premises. This allowed for restaurants, cafes and small bars to sell takeaway and home delivery of alcohol.

Note that there was no change made to the *Liquor Act 2007* or regulation. The changes were made by a Statement of Regulatory Intent (SRI) which sets out L&GNSW's enforcement approach to compliance with certain specified requirements under the liquor laws. Once the SRI expires, the laws revert back to what they were pre-COVID-19.

The purpose of the BRS is to consider whether this measure should be continued and included in legislation, continued in part or with adjustment or whether arrangements should revert to that in place pre-COVID 19.

Better Regulation requirements in NSW

The Better Regulation requirements provide a formal framework to help policy-makers think through the impacts of regulatory proposals in a disciplined and comprehensive way. This helps to ensure that policy decisions are based on best practice regulatory principles and the best available evidence, which may result in better policy outcomes for the community. The document itself which is produced as a result of this framework is a

Better Regulation Statement (BRS). The *Guide to Better Regulation*¹ provides details on how to apply the Better Regulation principles.

Options considered

This BRS considers five options, shown in table 1. The recommendations also discuss other aspects of options such as:

- piloting, future review and data collection requirements
- other licence conditions that could be included in options to minimise harm.

1 Options considered

No.	Description
Base case	Revert to pre-covid-19 arrangements, following the expiration of the Statement of Regulatory Intent
Option 1	Legislate for on-premises licensees and small bar licences to be able to sell takeaway and home delivery, without any constraints and with minimal additional licensing requirements.
Option 2	Legislate for on-premises licensees and small bar licences to be able to sell takeaway and home delivery, without any constraints but obtaining a license would require a community impact statement process.
Option 3	Legislate for on-premises licensees and small bar licences to be able to sell takeaway and home delivery, up to 1 bottle of wine, a six pack of beer or alcohol equivalent per order and only with a meal. Only minimal additional licensing requirement, such as notification would be required.
Option 4	Legislate for on-premises licensees and small bar licences to be able to sell takeaway and home delivery, up to 1 bottle of wine, a six pack of beer or alcohol equivalent per order and only with a meal. Obtaining a license would require a community impact statement process.

Source: The CIE.

There are various practical considerations for each of these options. For example, if there are thresholds on what is considered a ‘meal’, and if the limitations on the volume of alcohol sold per order should vary depending on the number of people making an order.

Some of these practical considerations are anticipated to generate costs, such as additional compliance costs, and have been included in the analysis. However, others are not expected to generate costs and are not expected to change the key findings and recommendations, such as defining a ‘meal’.

¹ NSW Government, *NSW Guide to Better Regulation*, January 2019, p. 5, <https://www.treasury.nsw.gov.au/sites/default/files/2019-01/TPP19-01%20-%20Guide%20to%20Better%20Regulation.pdf>

Evaluation findings

Qualitative findings and stakeholder views

The review conducted a series of workshops with industry and other stakeholders to identify key issues and unearth evidence to inform the review. Stakeholder views were quite varied:

- most stakeholders with health expertise did not support extending the ability for on-premises licensees to provide alcohol through takeaway or delivery. This reflected the view that this would increase alcohol-related harms, such as health impacts. Most noted that there was limited evidence to understand specifically harms related to alcohol sold by on-premises licensees through takeaway or delivery. A small number of health related stakeholders considered that these changes were inconsequential in terms of alcohol-related harms
- stakeholder related to compliance and enforcement were not supportive of extending the ability for on-premises licensees to provide alcohol through takeaway or delivery
- stakeholders in potentially competing businesses were not supportive of extending the ability for on-premises licensees to provide alcohol through takeaway or delivery, and
- stakeholders related to restaurants and tourism were supportive of extending the ability for on-premises licensees to provide alcohol through takeaway or delivery. However, this support was only for a constrained option so that restaurants did not become back door bottleshops.

A survey of 1 004 NSW residents was conducted to understand broader community views, use and take up. Across all people surveyed, there was strong support for the provisions during COVID-19, with 56 per cent of people indicating support in general and 26 per cent indicating support only during COVID-19 circumstances (table 2). Only 18 per cent did not support at all. The level of support was higher for those people who used the provisions to buy alcohol from restaurants and cafes through takeaway or home delivery.

The level of support outside of COVID-19 circumstances was fairly evenly balanced, with 56 per cent supporting and 44 per cent not supporting. For those not supporting, reasons included that they would not use it, because of alcohol-related harms or because this would take business from others.

2 Support for takeaway and delivery of alcohol from restaurants and cafes from survey of NSW people

View	All	Non-users	Users
	Per cent	Per cent	Per cent
Yes	56	51	66
Only during COVID-19	26	24	30
No	18	25	4
Total	100	100	100

Source: The CIE, based on a survey of 1004 people in NSW.

We have also considered the extent to which the options align to the overarching objectives of the *Liquor Act 2007*, relative to the base case (table 3). These objectives are:

- regulate and control the sale, supply and consumption of alcohol in a way that is consistent with the expectations, needs and aspirations of the community
- facilitate the balanced development, in the public interest, of the liquor industry through a flexible and practical regulatory system with minimal formality and technicality, and
- contribute to the responsible development of related industries such as the live music, entertainment, tourism and hospitality industries.

Allowing on-premises licensees to sell alcohol through takeaway and delivery without any constraints or changes in licensing requirements (Option 1) would be inconsistent with the overall licensing framework. For instance, without constraints, restaurants and small bars could trade like a bottleshop, without having undergone the same licence application and review process. Community views, as taken from the survey, are fairly mixed on this as well.

Options that have community impact statement processes for on-premises licensees (Option 2 and Option 4) are only partly consistent with the legislative objectives, because few on-premises licensees will take up a licence in this case, reducing alignment to balanced development of the liquor industry and responsible development of related industries.

Option 3, which constrains how on-premises licensees can sell alcohol for delivery and takeaway, is the option that best improves alignment to the legislative objectives, because it would address some (but not all) concerns related to alcohol related harm, allow the many people who use and expect to continue to use this mechanism to do so and would be widely taken up by on-premises licensees.

3 Alignment of options to the objectives of the Act

Option	Improved alignment to objectives of Act
Option 1	No. Community views about extension of unconstrained ability of cafes and restaurants to sell were supportive but only by a small majority. It would be inconsistent with the entire licensing framework if on-premises licensees could sell in the same way as bottleshops but without the same licensing process.
Option 2	Partly. This would control the sale of alcohol, but would be taken up by few on-premises licensees.
Option 3	Yes. By limiting the volume of alcohol sold per order, the regulation and control alcohol sales is aligned to the views of the community. It also supports the balanced development of the hospitality industry by supporting flexibility and innovation.
Option 4	Partly. Although this would control the sale of alcohol, it is expected to be a significant barrier to business take up, reducing benefits from increased flexibility and innovation of the industry.

Source: Liquor Act 2007; The CIE.

Quantitative findings

To consider the benefits and costs, a cost benefit analysis has been undertaken of the alternative options. The main costs and benefits considered are:

- changes to alcohol-related harm — this reflects the amount of use, limitations on use and type of use
- benefits to consumers — this reflects the amount of use and how people value this relative to the next best alternative
- licensing costs for on-premises licensees and other stakeholders involved in licensing processes.

There are also distributional impacts, such as bottleshops facing reduced profits and restaurants having increased profits, relative to what would have occurred in the absence of the options. For instance, feedback received through stakeholder forums indicated that the average purchase in bottleshops is one bottle of wine or a six pack of beer. This volume of alcohol is consistent with the limited considered in option 3 and 4. However, for the purposes of a cost-benefit analysis, these distributional impacts are assumed to cancel out and are not measured.

A summary of results is shown in table 4.

- The expected take up for the unconstrained option is an average of the use reported by survey respondents and the expectations of restaurants and cafes in terms of increases in future sales. These were quite different, with the survey suggesting **29 standard drinks** per person aged 18 years or older in NSW per year purchased through takeaway or delivery from on-premises licensees. In comparison, restaurants expected a smaller increase, amounting to **5 standard drinks** per person older than 18 in NSW per year
 - the take up for Option 3 is based on removing consumption where people indicated this did not occur with a meal and reducing consumption where this was above 1 bottle of wine or a six pack of beer
 - the take-up for Option 2 and Option 4 is based on a very large reduction in on-premises licensees using (90 per cent), leading to a 75 per cent reduction in consumption, compared to the options with minimal licensing
- Approximately **30 per cent of the take-up is expected to be additional alcohol consumption**, and 70 per cent is purchasing from an on-premises licensee instead of from another alcohol seller. This is based on the survey results.
- The benefit for consumers (the consumer surplus²) has been calculated using two methodologies:
 - the central case draws from the consumer survey, which asked consumers how much they paid for their alcohol product compared to a bottleshop. This value was applied to an average price estimate of \$2.23 per standard drink³ and combined with other survey questions. **The consumer surplus was estimated to be \$0.50 per standard drink.** This is considered a conservative estimate, since the price is seemingly low, and

² In other words, how much someone values the use of takeaway and home delivery from on-premises licensees relative to the next best alternative.

³ Off-premise price estimate from Jiang H, Livingston M, Room R, Callinan S, 2016, Price elasticity of on- and off-premises demand for alcoholic drinks: a Tobit analysis, Article in Drug and alcohol dependence April 2016

- the upper estimate assumed that the on-premises price per standard drink was \$6.20,⁴ and combined this value with other survey questions. This approach produced a consumer surplus estimate of \$1.20 per standard drink.
 - The harm -per standard drink is estimated at \$1.0 for Option 1 and \$0.60 for other options. These estimates are based on:
 - Option 1 leading to a level of harm consistent with the average per unit harm for alcohol consumption in NSW. That is, estimates of total harm and divided by estimates of total consumption.
 - Options 2 to 4 are based on a level of harm consistent with the average health and productivity harms from alcohol use. No justice and driving harms are included.
- Both estimates of harm are likely to be at the upper end, because of the characteristics of drinking at on-premises licensees and because of constraints imposed for Options 3 and 4. Further, in reality there is a lag between some impacts (such as health) and alcohol consumption that has not been factored in.

4 Take up and per standard drink estimates of costs and benefits, central case

Item	Unit	Unconstrained option, tick the box licensing (Option 1)	Unconstrained option, licensing, full CIS (Option 2)	Constrained option, tick the box licensing (Option 3)	Constrained option, licensing (Option 4)
Consumption per year	SDs per person per year	17.0	4.2	12.4	3.1
Additional consumption per year	SDs per person per year	5.2	1.3	3.8	0.9
Consumer surplus per standard drink	\$/SD	0.5	0.5	0.5	0.5
Harms per additional standard drink	\$/SD	1.0	0.6	0.6	0.6

Source: The CIE.

The consumer surplus estimate applies to all takeaway and delivery alcohol products purchased from on-premises licensees, while the harms per drink only applies the additional alcohol consumption. Not all drinks purchased through the measures are additional consumption, since some drinks would have been purchased through other retailers regardless. The volume of additional alcohol consumed was estimated from the consumer survey, which asked what the consumer would have done if purchasing takeaway alcohol from a restaurant/cafe or small bar wasn't an option.

The estimated costs and benefits across the options is set out in table 5.

⁴ On-premises price estimate from Jiang H, Livingston M, Room R, Callinan S, 2016, Price elasticity of on- and off-premises demand for alcoholic drinks: a Tobit analysis, Article in Drug and alcohol dependence April 2016

- Option 3 has the highest net benefits, of \$197 million in present value terms over ten years, because it best balances the consumer surplus increases and the increased alcohol-related harm.
- Option 1 has the largest consumer benefits, but also high costs associated with alcohol-related harm.
- Option 2 and 4 have lower consumer surplus and harm, as well as higher licensing costs. The licensing process would deter most on-premises licensees from taking up the ability to sell alcohol for takeaway or delivery.

Note that for Option 1 and Option 3, we have assumed that there are some licensing costs. This process is discussed in the recommendations.

5 Overall estimates of costs and benefits, central case

Item	Unconstrained option, tick the box licensing (Option 1)	Unconstrained option, licensing, full CIS (Option 2)	Constrained option, tick the box licensing (Option 3)	Constrained option, licensing (Option 4)
	\$m, present value	\$m, present value	\$m, present value	\$m, present value
Consumer surplus	418	104	304	76
Alcohol-related harms	-255	-36	-104	-26
Licensing costs	-4	-8	-4	-8
Net benefit	159	61	197	42

Note: Costs and benefits are calculated over ten years with a 7 per cent discount rate.

Source: The CIE.

The ranking of options remains similar across different assumptions. Option 1 is the preferred option under the higher measure of consumer surplus. Otherwise, Option 3 is the preferred option in all other sensitivities undertaken, which have included:

- using the uptake directly from the consumer survey
- using the uptake expected from restaurants
- using less conservative estimates of harm, and
- using a range of different assumptions about costs related to licensing, and
- using a range of assumptions about the time period and discount rate.

Recommendations and key findings

The ability for on-premises licensees to sell takeaway and home delivery of alcohol has been widely taken up by on-premises licensees (more than half) and by consumers (about one third).

Our recommendation is that this should be made permanent through legislative change. This recommendation is not relevant to all premises. For instance, the condition in the SRI that the sale of liquor, including take-away and home delivery sales, must occur from the registered address of the licensed premises. This condition would exclude offsite catering businesses for example.

This recommendation should be undertaken with a range of constraints to ensure that this change is consistent with the objectives of the *Liquor Act 2007* and the community's expectations, including:

- limiting alcohol consumption per order to a maximum of one 750ml bottle of wine, or a six pack of beer, cider or pre-mixed spirits or cocktails (not more than 375ml per container)
- only allowing alcohol to be purchased with a meal
- only allowing alcohol to be purchased in a container that is sealed
- not allowing for on-premises licensees located in alcohol-free zones to promote alcohol products that are designed to be consumed in public/within the alcohol-free zone
- allowing the Licensing delegate from L&GNSW to limit trading hours for individual licences, based on the risks and circumstances of the local community. For example, trading hours could be aligned to the trading hours of packaged liquor (bottleshop) licensees in the same area to limit late night alcohol availability,⁵ or other considerations where appropriate. This could also define permitted start times
- requiring on-premises licensees to seek a separate streamlined style⁶ endorsement/authorisation from L&GNSW which would be attached to the licence. This would allow for standard conditions to be applied to all licence authorisations, is aligned to the liquor legislative framework, can be revoked if there are major issues with compliance, and should allow interim authorisations so that businesses can start using the endorsement from the date they lodge an application, and
- allowing for key stakeholders such as NSW Police (and potentially NSW Health when considered high risk) to review new licences at their discretion and to make recommendations as to whether they should be rejected. Note that the recommended process is that an on-premises licensee would seek an endorsement/authorisation from L&GNSW, and then be able to sell through takeaway or delivery as the default. NSW Government agencies would then have a period of time, such as 28 days, to provide information to refuse the application or modify conditions.

A number of stakeholders have indicated a need to collect data from licensees to be able to undertake a later evaluation, and/or piloting of the change. We do not think there is a sufficiently strong reason for either of these at this stage:

- collecting of data from licensees would be sales data. This would indicate the total amount of alcohol being sold through the mechanism. The pattern of sales would have limited information, as all orders would be constrained in volume anyway under the recommended option. In our view, this information would not be useful to inform a future review, as consumer benefits and health costs are both impacted by the level

⁵ Reducing the hours during which on-premise alcohol outlets can sell alcohol late at night can substantially reduce rates of violence, Livingston M., Wilkinson C., Room R. 2016, Evidence Check: Community impact of liquor licences, Sex Institute.

⁶ Such as the application process granted to eligible restaurants and bars, where an interim approval is granted, allowing the business to start trading as soon as they lodge their authorisation online.

of consumption. Future reviews should occur, and could use consumer and licensee surveys, rather than a formal data collection process that will shed limited light on the merit of the change

- we also note that on-premises licensees will be subject to the same day delivery requirements, which require data collection. We recommend that these data collection requirements be reviewed for on-premises licensees as these are likely to impose a high regulatory burden for small businesses, and are less relevant given the constrained nature of the alcohol purchases being allowed.⁷ Aspects of the same day delivery arrangements related to ensuring sales are not to minors or intoxicated people are very important and would need to remain in place for on-premises licensees
- piloting would involve undertaking the change in a limited set of places or for a limited time period. The latter has already occurred, albeit that the period has also been influenced by many other factors such as lockdowns. We are not sure that there is a strong reason to continue on a temporary basis for a longer period. It would be preferable to make the arrangement permanent and then to review it in four or five years. We are also not convinced that piloting in a particular location would provide useful information. It would be very difficult to determine whether any changes in the level of alcohol-related harms were due to this change, given the general volatility in some types of harms and long lead times before others are manifested.

⁷ The data collection requirements are less burdensome when the licensee partners with a same day delivery provider, such as MenuLog or Deliveroo. In this case, the reporting obligations fall back onto the delivery provider, not the restaurant. However, those licensees that do not partner with a same day delivery provider would be disadvantaged.

1 Introduction

COVID-19 Recovery Act 2021

The NSW Government implemented a number of temporary changes to legislation, regulations, and its approach to compliance in response to COVID-19. These had the objectives of:

- better enabling businesses and employees to respond to the economic changes occurring as a result of COVID-19
- reducing pressure on public health systems that might need capacity to focus on COVID-19, and
- allowing for interactions consistent with social distancing, instead of in-person interactions.

The changes included a Statement of Regulatory Intent (SRI) from the Deputy Secretary of the Better Regulation Division (BRD) of the Department of Customer Service (DCS), which stated that L&GNSW, “will take a reasonable approach to compliance with [the off-premise sale of alcohol for consumption] requirements.”

“This includes where a licensed premises, such as a restaurant, café or small bar, does not have authorisation for the sale or supply of liquor for consumption away from the premises, but wishes to provide take-away or home delivery services.”⁸

This temporary change allowed for the sale of takeaway and home delivery of alcohol from premises such as restaurants, cafes, and small bars.

The SRI remains in place while the Public Health Order relating to restrictions on Gathering and Movement is in force and venues are unable to operate at their full capacity, or unless otherwise advised.

For the purposes of this evaluation, we interpret this to mean the prohibition on the sale of takeaway/delivery alcohol is amended for **all on-premises licences, as well as the small bar licence**. For the avoidance of doubt, we interpret this BRS applies to the following liquor licences:

- On-premises licence — restaurant
- On-premises licence — public entertainment venue (not cinema or theatre)
- On-premises licence — cinema or theatre public entertainment venue

⁸ NSW Government 2020, ‘Statement of Regulatory Intent in regards to COVID-19 coronavirus Liquor & Gaming NSW – Liquor Act 2007 – Regulatory approach in the context of COVID19’, Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/statement-of-regulatory-intent-in-regards-to-covid-19-coronavirus>

- On-premises licence — catering services
- On-premises licence — commercial tour operator
- On-premises licence — local product promotion
- On-premises licence — airport
- On-premises licence — tertiary institution
- On-premises licence — accommodation premises
- On-premises licence — vessel
- On-premises licence (others), and
- Small bar licence.

For the avoidance of doubt, we interpret this BRS **does not apply** to the following licenses:

- Hotel licence (all types)
- Club licence
- Packaged liquor licence
- Pop-up licence
- Producer/wholesaler (all types), and
- Limited licence (all types).

Purpose of this BRS

The NSW Government is undertaking a coordinated evaluation of COVID-19 regulatory changes. This includes considering whether this change, and the others, should be continued, continued in part or with adjustment or whether legislation should revert to that in place pre-COVID-19. Legislative change would be required to continue this arrangement permanently either in full or in part with adjustment.

The purpose of the BRS is to consider whether this measure should be continued, continued in part or with adjustment or whether arrangements should revert to that in place pre-COVID-19.⁹

Better Regulation requirements in NSW

The Better Regulation requirements provide a formal framework to help policy-makers think through the impacts of regulatory proposals in a disciplined and comprehensive way. This helps to ensure that policy decisions are based on best practice regulatory principles (see box 1.1) and the best available evidence, which may result in better policy outcomes for the community. The document itself which is produced as a result of this

⁹ We understand that a continuation of an arrangement for on-premises licence holders to sell alcohol take-away/delivery indefinitely, would require a Bill to be passed by NSW Parliament, as a Statement of Regulatory Intent is a temporary arrangement only.

framework is a RIS. The *Guide to Better Regulation*¹⁰ provides details on how to apply the Better Regulation principles.

1.1 Better Regulation Principles

Principle 1: The need for government action should be established. Government action should only occur where it is in the public interest, that is, where the benefits outweigh the costs.

Principle 2: The objective of government action should be clear.

Principle 3: The impact of government action should be properly understood by considering the costs and benefits (using all available data) of a range of options, including non-regulatory options.

Principle 4: Government action should be effective and proportional.

Principle 5: Consultation with business and the community should inform regulatory development.

Principle 6: The simplification, repeal, reform or consolidation of existing regulation should be considered.

Principle 7: Regulation should be periodically reviewed, and if necessary reformed to ensure its continued efficiency and effectiveness.

The NSW Government's position as stated in the Competition Principles Agreement (which all states and territories have signed up to) is also relevant to this review. This requires that regulation should not restrict competition unless it can be demonstrated:¹¹

- the benefits of the restriction outweigh the costs, and
- the objectives of the legislation can only be achieved by restricting competition.

Further, the NSW Government has separate guidance on assessing regulation against the competition test and has signed up to the Intergovernmental Agreement on Competition and Productivity – Enhancing Reforms which both state that competition should not be restricted unless it can be demonstrated the benefits of a restriction outweigh the costs.¹²

¹³ This implies the 'default position' is no regulation. This is further supported by the

¹⁰ NSW Government, NSW Guide to Better Regulation, January 2019, p. 5, <https://www.treasury.nsw.gov.au/sites/default/files/2019-01/TPP19-01%20-%20Guide%20to%20Better%20Regulation.pdf>

¹¹ NSW Government 2019, NSW Government Guide to Better Regulation, NSW Treasury, November, pp. 13-14, <https://www.treasury.nsw.gov.au/sites/default/files/2019-01/TPP19-01%20-%20Guide%20to%20Better%20Regulation.pdf>

¹² NSW Government 2017, Assessment Against the Competition Test, April, Department of Finance Services & Innovation, p. 7 https://www.productivity.nsw.gov.au/sites/default/files/2018-05/Assessment_Against_the_Competition_Test-April_2017_1.pdf

¹³ Intergovernmental agreement on competition and productivity – Enhancing reforms 2016.

NSW Productivity Commission's recommendation 4.1, to "Evaluate the success of the extended COVID-19 regulatory changes and retain them unless it can be shown there is no net public benefit."¹⁴

We have used a cost-benefit analysis framework to evaluate the change in social welfare associated with on-premises licence alcohol takeaway and delivery. Our method and results are presented in the remainder of this report.

Structure of the report

This report continues as follows:

- Chapter 2 sets out the need for Government action in relation to control of the sale of liquor
- Chapter 3 sets out the liquor licensing arrangements in NSW
- Chapter 4 identifies the base case and options for the Better Regulation Statement, and the process for evaluating these options
- Chapter 5 sets out stakeholder consultation undertaken and the findings of this consultation
- Chapter 6 estimates the type and amount of uptake by businesses and consumers of the ability to buy alcohol from on-premises licensees through takeaway and home delivery
- Chapter 7 estimates consumer impacts
- Chapter 8 estimates changes in alcohol-related harm
- Chapter 9 estimates the costs related to licensing arrangements
- Chapter 10 sets out the results of the cost benefit analysis undertaken
- Chapter 11 sets out the conclusions and the preferred option.

Additional evidence is set out in the appendices.

¹⁴ NSW Productivity Commission 2021, *Rebooting the economy: White Paper*, <https://www.productivity.nsw.gov.au/sites/default/files/2021-06/Productivity%20Commission%20White%20Paper%202021.pdf>.

2 *The need for government action*

Alcohol consumption can cause harm to the person who drinks and sometimes to others around them.¹⁵ The NSW Government's intervention in the sale of liquor is underpinned by a recognition of alcohol related harm.

The extent and types of harms experienced from alcohol consumption depends on frequency and quantity of consumption and personal risk factors. However, people who consume alcohol can experience harms such as:

- negative physical health outcomes, such as heart disease, kidney failure, liver failure, and other chronic health issues. Alcohol is the sixth highest risk factor contributing to the burden of disease in Australia, responsible for 4.5 per cent of the total burden of disease and injury in 2015¹⁶
- negative mental health impacts such as depression and anxiety
- stigma, social exclusion, and other negative social impacts
- increased risk of experiencing negative economic, housing/homelessness, social and community outcomes, and
- increased likelihood of becoming involved with the criminal justice system, child protection services, and other social services. For example, over the period April 2020 to March 2021, 23 per cent of all reported domestic violence related incidents in NSW were alcohol related.

Such harms are also experienced by family members, other relationships, and the broader community. For instance, alcohol is linked to family relationship breakdowns and other social support networks. There are also various community impacts, such as environmental impacts (including drinking in alcohol free zones) and an increase in crime. For instance, an Australian drug harms ranking study (2019) found that alcohol was the most harmful drug when harm to users and harm to others was combined. When considering only harm to others (such as family members and the community), alcohol was found to be nearly double as harmful as crystal methamphetamines.¹⁷

¹⁵ National Health and Medical Research Council, Australian guidelines to reduce health risks from drinking alcohol, see <https://www.nhmrc.gov.au/health-advice/alcohol>

¹⁶ Australian Institute of Health and Welfare (AIHW) 2019, 'Australian burden of disease study: Impact and causes of illness and death in Australia 2015, Series no.19. BOD 22. Canberra: AIHW, <https://www.aihw.gov.au/reports/burden-of-disease/burden-disease-study-illness-death-2015/related-material>

¹⁷ Bonomo Y. et al 2019, The Australian drug harms ranking study, *Journal of Psychopharmacology*, vol 33(7) 759-768.

The Liquor Act 2007 (NSW)

The *Liquor Act 2007* (the Act) is part of a wide range of demand, supply and harm reduction measures employed by the NSW Government in relation to alcohol. The *Liquor Act 2007* policy objectives are to:

- regulate and control the sale, supply and consumption of alcohol in a way that is consistent with the expectations, needs and aspirations of the community
- facilitate the balanced development, in the public interest, of the liquor industry through a flexible and practical regulatory system with minimal formality and technicality, and
- contribute to the responsible development of related industries such as the live music, entertainment, tourism and hospitality industries.

Further, each person who exercises functions under the *Liquor Act 2007* — including a licensee — should have due regard to the need to:

- minimise harm associated with misuse and abuse of alcohol — including harm arising from violence and other anti-social behaviour
- encourage responsible attitudes and practices towards the promotion, sale, supply, service and consumption of alcohol
- ensure that the sale, supply and consumption of alcohol contributes to, and does not detract from, the amenity of community life
- support employment and other opportunities in the live music industry; and arts, tourism, community and cultural sectors.¹⁸

The current NSW liquor licencing regime commenced on 1 July 2008. The most recent amendments were implemented following the statutory review of the *Liquor Act 2007* and the *Gaming and Liquor Administration Act 2007* (statutory review), which was independently chaired by Mr Michael Foggo, a former Commissioner of the Office of Liquor, Gaming and Racing.¹⁹ Key findings of the review and the NSW Government's response are summarised in box 2.1.

¹⁸ NSW Government 2019, 'Objectives of the Gaming and Liquor Administration Act 2007', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-law>

¹⁹ NSW Government 2014, 'NSW Government response to the Statutory Review of the Liquor Act 2007 and the Gaming and Liquor Administration Act 2007', August 2014, https://www.liquorandgaming.nsw.gov.au/documents/reports/GovernmentResponse_StatutoryReview_LA_GALAA.pdf

2.1 Review of liquor licensing regulation

The Statutory Review outcomes support the continued regulation of the sale, supply and consumption of alcohol to reduce and prevent the significant harm that can be associated with its consumption. The review also recognised that alcohol is widely enjoyed within society, can be consumed in a responsible manner, and the liquor and associated industries make a significant contribution to the social and economic fabric of NSW.

The review made 91 recommendations which focus on three key regulatory reform areas:

- transparency
- efficiency, and
- promoting a risk based approach to enforcement and compliance.

The review considered that the recommendations would:

- improve access to and participation in the liquor regulatory system for stakeholders, including the community
- reduce unnecessary costs and red tape
- promote informality, timeliness and transparency in decision making
- provide effective regulatory tools to prevent and respond to alcohol-related harm
- address technical issues with the current law which impede its operation, and
- provide a better grounding for future liquor regulatory and policy decisions.

In developing its response, the NSW Government undertook further stakeholder consultation, particularly on the issue of alcohol related harm. The Government's response to the Statutory review on issues of most relevance for this RIS are:

- the unamended continuation of the *Liquor Act 2007* policy objectives
- tailored solutions to address specific alcohol-related problems in local communities and not implementing a standard set of conditions to be applied to all existing late trading venues.
- not to support the removal of the then 10pm takeaway alcohol sale restriction²⁰, stating at the time the 10pm restriction struck a balance in reducing the availability of alcohol for at risk consumers, but still facilitated social gatherings.
 - Government policy has now changed with takeaway alcohol sales can now occur up to midnight Monday to Saturday and 11pm Sunday
- agreed liquor licences prescribe requirements in relation to the nature and quality of food that must be made available when liquor is sold or supplied for consumption on licensed premises.

²⁰ Now 11pm on Sunday and 12 midnight on any other day trading hour or other specific licence conditions, or trading restrictions imposed by the premise's relevant local council.

Competition and liquor licensing

Liquor licencing has been the subject of numerous reviews to evaluate the trade-off between alcohol regulation and promoting competition, such as through National Competition Policy.²¹ These have focused on removing impediments to competition that are not required to alleviate harm, such as where licensing restrictions were focused on maintaining a particular competitor. The most significant impediments to competition related to liquor licensing have been removed in NSW²², and liquor licensing is less of an impediment to competition in NSW than in some other states.²³

The most recent overall competition policy review was the 2015 Competition Policy Review (Harper Review). The Harper review identified that liquor retailing is a heavily regulated sector of the economy. The known risk of harm to individuals, families and communities from problem drinking provides a clear justification for such regulation. However, such regulations also restrict competition and reduce consumer choice.²⁴ It considered that any review of liquor licensing regulations against competition principles must:²⁵

- take proper account of the public interest in minimising the potential for harm
- be subject to a public interest test to ensure that the benefits of the restrictions to the community as a whole outweigh the costs, and the objectives of the regulation can only be achieved by restricting competition, and
- not be designed to benefit particular competitors or classes of competitors, but only to achieve the stated public policy benefits.

Its findings in relation to the sale and licencing of alcohol were primarily about ensuring that retail liquor licensing arrangements (bottleshops) were subject to regulatory review that addressed the points set out above.

²¹ NSW Gaming and Racing 2003, National Competition Policy Review: New South Wales Liquor Act 1982 and Registered Clubs Act 1976, <http://ncp.ncc.gov.au/docs/NSW%20Liquor%20Act%201982%20%26%20Registered%20Clubs%20Act%201976%2C%20review%202003.pdf>.

²² For example the removal of the “needs” test restricting market entry. Refer to Gaming and Racing 2003, ‘Final Report – NCP Review of the Liquor & Registered Clubs Acts’, October, <http://ncp.ncc.gov.au/docs/NSW%20Liquor%20Act%201982%20%26%20Registered%20Clubs%20Act%201976%2C%20review%202003.pdf>

²³ For example, Queensland, which restricts packaged alcohol sales to entities who hold a hotel licence.

²⁴ Harper I, et al. 2015, ‘Competition Policy Review – Final Report’, Commonwealth of Australia, p 145, https://treasury.gov.au/sites/default/files/2019-03/Competition-policy-review-report_online.pdf

²⁵ Harper I, et al. 2015, ‘Competition Policy Review – Final Report’, Commonwealth of Australia, pp. 145-150, https://treasury.gov.au/sites/default/files/2019-03/Competition-policy-review-report_online.pdf

The NSW Productivity Commission’s White Paper recommended that the Government “review the restrictions on supermarkets and other retailers selling packaged alcohol for off-premises consumption”.²⁶ This recommendation is out of scope for this BRS.

Reason for changing regulation during COVID period

The intent underpinning the relaxation of restrictions on the takeaway sale and delivery of alcohol for on-premises and small bar licence holders was to provide an additional revenue opportunity, whilst public health orders limited venue capacity and normal business. L&GNSW stated:

“Small bars and other licensed restaurants and cafes are now able to sell takeaway alcohol and deliveries in a move to reduce the economic impacts of the COVID-19 shutdowns... This is a common-sense approach to the extreme pressure small businesses are under trying to stay afloat.”²⁷

However, L&GNSW emphasised that compliance and enforcement activity will continue, but with a primary focus on matters that pose significant risk to public safety and community wellbeing, and in particular the sale or supply of alcohol to intoxicated persons or minors. L&GNSW consider such offences to be some of the most serious under the *Liquor Act 2007* and attract significant penalties, up to and including a term of imprisonment.²⁸

Whilst the business models for restaurants were forced to shift substantially during COVID-19, because of shutdowns, there is evidence that there will also be longer term trends to higher levels of takeaway. The Restaurant and Catering Association has found marked increases in businesses providing takeaway as an ongoing part of their business.

Objectives of reforms post COVID-19

Any ongoing or future changes to legislation would aim to improve alignment of the regulations to the overarching objectives of the Act. That is:

- regulate and control the sale, supply and consumption of alcohol in a way that is consistent with the expectations, needs and aspirations of the community

²⁶ NSW Government 2021, ‘Productivity Commission White Paper 2021 Rebooting the economy: Detailed Recommendations,’ p. 12, <https://www.productivity.nsw.gov.au/sites/default/files/2021-06/Productivity%20Commission%20White%20Paper%20-%20Detailed%20Recommendations.pdf>

²⁷ NSW Government 2020, ‘Takeaway and delivery options a boost for small bars, restaurants and cafes’, Liquor & Gaming NSW, 25 March 2020, <https://www.liquorandgaming.nsw.gov.au/news-and-media/takeaway-and-delivery-options-a-boost-for-small-bars,-restaurants-and-cafes>

²⁸ NSW Government 2020, ‘Statement of Regulatory Intent in regards to COVID-19 coronavirus Liquor & Gaming NSW – Liquor Act 2007 – Regulatory approach in the context of COVID19’, Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/statement-of-regulatory-intent-in-regards-to-covid-19-coronavirus>

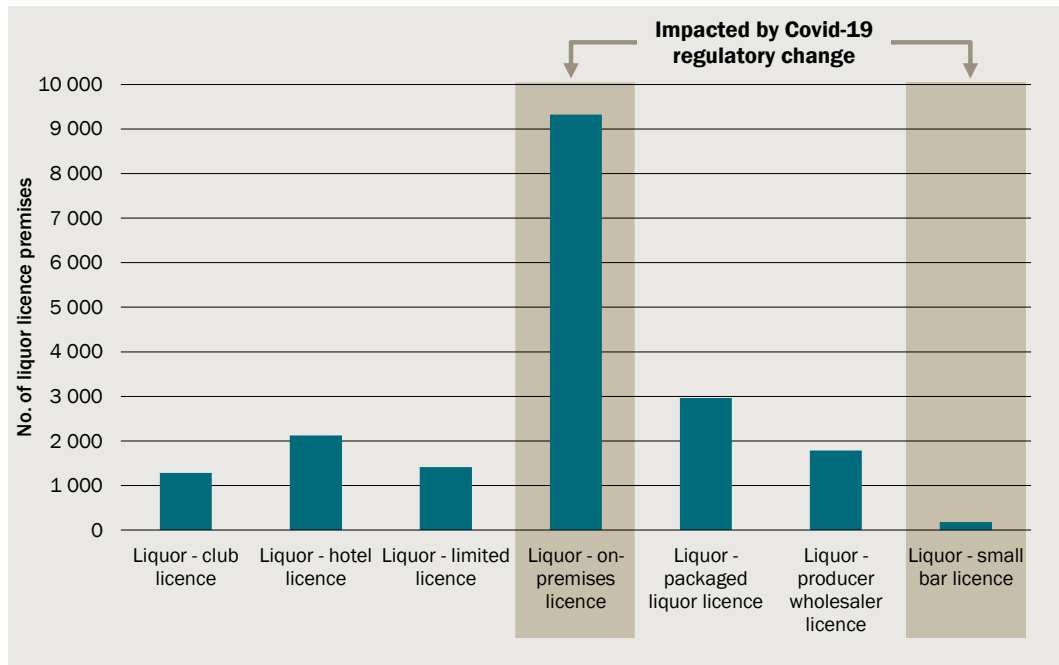
- facilitate the balanced development, in the public interest, of the liquor industry through a flexible and practical regulatory system with minimal formality and technicality, and
- contribute to the responsible development of related industries such as the live music, entertainment, tourism and hospitality industries.

3 Background to liquor licensing in NSW

Type and number of NSW liquor licenses

There are 19 100 current liquor licence premises in NSW²⁹, across eight licence types³⁰ (chart 3.1).

3.1 NSW liquor licences by licence type



Note: Excludes 6 pop-up licences (or 0.03 per cent of the total licences as at June 2021). Pop-up licences operate over a maximum period of 12 weeks allowing liquor sale or supply for consumption at a temporary pop-up bar or event, or supply liquor for tastings, and take-away liquor, at off-site pop-up promotions if you are already a NSW licensed producer.

Data source: NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021 xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>

Licence types are further disaggregated by over 200 business types. The changes evaluated in this BRS apply to:

- on-premises licenses (irrespective of the specific on-premises business activity type)
 - 9 321 licence premises
 - 49 per cent of total current licence premises, and

²⁹ As at 14 June 2021.

³⁰ Liquor - club licence, Liquor - hotel licence, Liquor - limited licence, Liquor - on-premises licence, Liquor - packaged liquor licence, Liquor - pop-up licence, Liquor - producer wholesaler licence and Liquor - small bar licence.

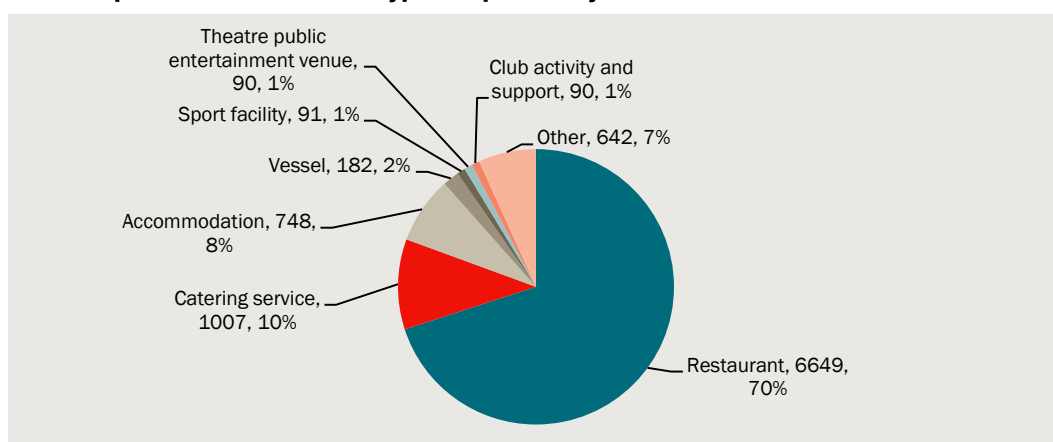
- small bar licences
 - 178 licence premises
 - 1 per cent of total current licence premises.

The top three business licence types impacted by this BRS are:

- on premise — restaurant (70 per cent)
- on premise — catering service (11 per cent), and
- on premise — accommodation (8 per cent) (chart 3.2).³¹

Collectively, these three categories account for ~90 per cent of licenced premises impacted by this BRS.

3.2 Liquor licence business types impacted by this BRS



Note: Some licenses are categorised against multiple business types. We have taken the first listed business type.

Data source: NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021 xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>

Further information on the locations and trends in liquor licensing are set out in Appendix A.

Legislative and regulatory framework

Liquor Act 2007 and Liquor Regulation 2018

The *Liquor Act 2007* and *Liquor Regulation 2018* govern the conditions that each liquor licence must fulfil, alongside its additional ongoing requirements. Table 3.3 outlines the statutory licence conditions/ongoing licence requirements, associated with the take-away sale of alcohol for on-premises and small bar licence types.

³¹ Some licenses are categorised against multiple business types. We have taken the first listed business type.

3.3 On-premises and small bar licence holder's sale of take away alcohol statutory licence conditions/ongoing licence requirements

Section	Clause	Applicable to	Description
s. 24 Ongoing licence requirement	On-premises licence – sale or supply of liquor must be with or ancillary to other service or product	<ul style="list-style-type: none"> ▪ on-premises restaurant ▪ on-premises catering service ▪ on-premises commercial tour operator ▪ on-premises cinema or theatre public entertainment venue ▪ on-premises local product promotion ▪ on-premises accommodation ▪ on-premises vessel ▪ on-premises others ▪ small bar 	<p>Liquor must be sold/supplied with another product or service</p> <p>Liquor may only be sold or supplied for consumption on the licensed premises with, or ancillary to, another product or service that is sold, supplied or provided to people on the licensed premises.</p> <p>This requirement does not apply if a primary service authorisation has been approved by Independent Liquor & Gaming Authority. However, the primary purpose requirements continue to apply.</p>
s.25 Ongoing licence requirement	Authorisation conferred by on-premises licence	<ul style="list-style-type: none"> ▪ on-premises accommodation 	<p>Sales to residents and take away sales</p> <p>The licensee is authorised to sell liquor by retail on the licensed premises:</p> <ul style="list-style-type: none"> ▪ for consumption on the licensed premises only – at any time on any day to a resident (or a guest of a resident while in the resident's company) or an employee of the licensee, and ▪ for take away – at any time but only to a resident. <p>Take away sales to residents must comply with the following:</p> <ul style="list-style-type: none"> – the sale must be ancillary to the provision of a meal for consumption away from the licensed premises (such as a picnic meal), and – the volume of liquor supplied to any such resident on any one day must not exceed 2 litres.
s. 25 Ongoing licence requirement	Authorisation conferred by on- premises licence (generally)	<ul style="list-style-type: none"> ▪ on-premises vessel 	<p>Special provisions relating to licensed vessels</p> <p>The licensee can sell liquor by retail to passengers on board the vessel, for consumption on board the vessel only:</p> <ul style="list-style-type: none"> ▪ from one hour before the vessel starts any voyage or passage and until 30 minutes after the voyage or passage is completed, or ▪ at such other times, or in such other circumstances, as the Independent Liquor & Gaming Authority may authorise.
s.27 Licence condition	Requirement to provide food on licensed premises	<ul style="list-style-type: none"> ▪ on-premises restaurant ▪ on-premises catering service 	<p>Food must be made available</p>

Section	Clause	Applicable to	Description
		<ul style="list-style-type: none"> ▪ on-premises commercial tour operator ▪ on-premises cinema or theatre public entertainment venue ▪ on-premises local product promotion ▪ on-premises airport ▪ on-premises tertiary institution ▪ on-premises accommodation ▪ on-premises vessel ▪ on-premises others ▪ small bar 	<p>Food of a nature and quantity consistent with the responsible sale, supply and service of alcohol must be available whenever liquor is sold or supplied. Exceptions to this requirement can be approved by the Independent Liquor & Gaming Authority.</p>
s.28 Licence condition	Certain licensed premises must be open to general public	<ul style="list-style-type: none"> ▪ on-premises restaurant ▪ on-premises cinema or theatre public entertainment venue 	<p>Must be open to general public</p> <p>A business cannot be limited to the sale or supply of liquor only:</p> <ul style="list-style-type: none"> ▪ to persons who have been invited to use or attend the licensed premise, or ▪ to a particular class, or particular classes, of persons using or attending the licensed premise. <p>Exceptions to this requirement can be approved on a temporary or permanent basis by the Independent Liquor & Gaming Authority</p>
c. 47 Licence condition	On-premises licence – authorisation to sell liquor for consumption away from licensed premises	<ul style="list-style-type: none"> ▪ on-premises local product promotion 	<p>Local product promotion take away sales</p> <p>Take away sales may only consist of liquor that has been produced in the local area in which the licensed premises are situated.</p> <p>Take away sales may only be made between 10am and 10pm (take away sales are not permitted on Christmas Day and Good Friday)</p>
c. 46 Licence condition	On-premises licence – authorisation to trade on premises other than	<ul style="list-style-type: none"> ▪ on-premises catering service ▪ on-premises commercial tour operator 	<p>Food must be made available on other premises</p> <p>Food of a nature and quality consistent with the responsible sale, supply and service of alcohol must be made available whenever liquor is sold or supplied on any premises other than the permanent licensed premises.</p>
c. 85 Licence condition	Drinking water to be available free of charge where liquor served	<ul style="list-style-type: none"> ▪ on-premises restaurant ▪ on-premises catering service ▪ on-premises commercial tour operator ▪ on-premises cinema or theatre public entertainment venue 	<p>Free drinking water must be available</p> <p>Drinking water must be available free of charge at all times while liquor is sold or supplied for consumption on the licensed premises. The drinking water must be available to patrons at or near liquor service points, or by the same means of service that liquor is available (e.g., waiter service)</p>

Section	Clause	Applicable to	Description
		<ul style="list-style-type: none"> ▪ on-premises airport ▪ on-premises tertiary institution ▪ on-premises accommodation ▪ on-premises vessel ▪ on-premises others ▪ small bar 	

Note: Additional licence conditions not outlined in the table above apply to the Sydney CBD and Kings Cross Precincts. Further, specific venue conditions may be imposed by the Secretary of the Department of Customer Service or the Independent Liquor & Gaming Authority Board. Refer to the Liquor & Gaming NSW website for details.

Source: NSW Government 2020, 'Statutory licence conditions – Fact Sheets', December, Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/licence-conditions>

The practical outcome of the Statement of Regulatory Intent communicated to on-premises and small bar liquor licence holders is that the statutory licence conditions outlined in table 3.3 are not enforced³² for these liquor licence types. This in turn allows for take away and delivery sales of alcohol for on-premises and small bar licenced premises.

Note that a permanent regulatory change has also been made so that small bars are allowed to sell house-made cocktails for take-away consumption if the cocktails are in sealed containers. This is part of the base case for this BRS.

Same day delivery of alcohol amendments

The NSW Government has also recently adjusted the requirements for same day delivery of alcohol. This includes requiring that:

- written instructions are supplied by the licensee to the delivery person detailing the adult who has been specified or nominated to receive the delivery
- employees or delivery agents aren't financially penalised for not completing a delivery because they think the recipient is under 18-years-old, is intoxicated or the recipient's details don't match the written delivery instructions
- records of refused deliveries are kept for one year
- customers can self-exclude from the alcohol delivery provider
- orders from someone who has self-excluded are rejected
- systems are in place for delivery people to check identity and age when they make the delivery
- sales and delivery data is collected for reporting to L&GNSW.

Further, By 1 December 2021, approved responsible supply training and knowledge tests must be successfully completed by all people engaged to make same day deliveries, and from 1 June 2022, a customer's age must be verified when an online order is made.

³² Except in cases of significant risks to patrons or the community.

Liquor & gaming NSW

Liquor & Gaming NSW:³³

- regulates the liquor, gaming, wagering, casino and registered clubs sectors in NSW, and provides associated policy advice to the NSW Government, and
- provides secretariat support to the Independent Liquor & Gaming Authority (ILGA).

Independent Liquor & Gaming Authority

ILGA is a statutory decision-maker responsible for a range of casino, liquor, registered club and gaming machine regulatory functions including determining licensing and disciplinary matters under the gaming and liquor legislation. ILGA takes a risk-based approach to discharging its functions.³⁴

Further, the ILGA Board was retained as an independent statutory decision maker to deal with higher risk and more contentious licensing decisions, as well as maintain its merits review and disciplinary functions.³⁵

Approval framework and costs

The NSW liquor licence process and costs vary across the different licence types, as well as the underlying businesses. Of particular relevance is that existing licences allowing for takeaway and delivery of liquor require a Community Impact Statement (CIS), typically Category B. A CIS is a written summary that describes the potential impact that a liquor licence may have on a neighbourhood and the measures put in place to manage these risks. There are two types of CIS:

- **Category A**, which requires applicants to consult with the relevant local:
 - council, and
 - police station.
- **Category B** (more complex applications), which requires applicants to consult with the:
 - local council
 - local police
 - local health district
 - Department of Family and Community Services
 - Roads and Maritime Services
 - the local Aboriginal community
 - special interest groups in the area, and

³³ NSW Government, 'About L&GNSW: Our Role', Department of Customer Service <https://www.liquorandgaming.nsw.gov.au/about-us/our-role>

³⁴ NSW Government, 'Independent Liquor & Gaming Authority'; Department of Customer Service, <https://www.liquorandgaming.nsw.gov.au/independent-liquor-and-gaming-authority/about-ilga>

³⁵ NSW Government, 'About L&GNSW: Our Role', Department of Customer Service <https://www.liquorandgaming.nsw.gov.au/about-us/our-role>

- anyone located within 100 metres of the proposed premises.

Further information on the approval framework and costs is set out in Appendix A.

Arrangements in other jurisdictions

Prior to COVID-19 measures

Each state and territory have different licence categories for both on-premises supply and off premises supply. They also differ in licensing processes and requirements.

Of particular interest for this BRS is the additional avenues available to Victorian consumers to purchase alcohol from restaurants and cafes through home delivery and takeaway and via third parties.

By linking the names of on-premises licensees and limited licensees, in Melbourne it appears that around 10 per cent of cafes and restaurants with an on-premises licence also have a renewable limited licence.³⁶ That is, around 10 per cent were able to undertake limited home delivery and takeaway of alcohol prior to COVID-19.

Refer to appendix C for further details.

COVID-19 temporary measures

All Australian jurisdictions implemented temporary COVID-19 liquor licencing changes to facilitate off premise (takeaway) sales, in response to public health orders requiring people to stay at home and/or restricted venue capacities. These are set out in Appendix C.

Permanent arrangements being implemented

Western Australia, Tasmania and the Northern Territory have restored pre-COVID settings in relation to takeaway alcohol sales by on-premises venues, while South Australia, Victoria and Queensland are debating bills in their respective Parliaments to permanently extend takeaway and delivery measures for on-premises licences (table 3.4).

3.4 Australian permanent on-premises alcohol takeaway and delivery measures

Jurisdiction	Apply to	Constraints	Authorisation
South Australia	<ul style="list-style-type: none"> ▪ Small bar, cafe, restaurant or community club 	<ul style="list-style-type: none"> ▪ Limit of two bottles of wine, or one bottle of wine and a six pack of beer, cider or pre-mixed spirits. ▪ Only with a meal ▪ Only between 8am and 10pm 	<ul style="list-style-type: none"> ▪ Unclear.

³⁶ CIE calculations based on VCGLR data at <https://discover.data.vic.gov.au/dataset/victorian-liquor-licences-by-location>.

Jurisdiction	Apply to	Constraints	Authorisation
Victoria	<ul style="list-style-type: none"> ▪ Restaurant and café 	<ul style="list-style-type: none"> ▪ Limit of 750ml bottle of wine, or 6 containers (not more than 375ml per container) of beer, cider, or pre-mixed spirits (including cocktails) ▪ Only with adult meal ▪ In sealed containers, bottles or cans ▪ Only during ordinary trading hours ▪ Age verification required 	<ul style="list-style-type: none"> ▪ Notify VCGLR
Queensland	<ul style="list-style-type: none"> ▪ A subsidiary on-premises licence (meals) ▪ Bar licence ▪ Community other licence, and 	<ul style="list-style-type: none"> ▪ Cafés and restaurants – maximum 2.25 litres of alcohol can be sold per transaction² ▪ Only with food order ▪ Controls for minors and intoxicated people ▪ Third party can deliver the alcohol 	<ul style="list-style-type: none"> ▪ Unclear

Note: Victorian Commission for Gambling and Liquor Regulation (VCGLR)

Sources: Government of South Australia 2021, 'Liquor Licensing (Miscellaneous) Amendment Bill 2021: Part 2—Amendment of Liquor Licensing Act 1997', p. 6, https://www.lga.sa.gov.au/__data/assets/pdf_file/0013/910012/Draft-Liquor-Licensing-Miscellaneous-Amendment-Bill-2021.pdf, Parliament of Victoria 2021, 'Introduction print – Explanatory Memorandum', p. 4, <https://www.legislation.vic.gov.au/bills/liquor-control-reform-amendment-bill-2021>; Parliament of Victoria 2021, 'Introduction print – Bill', pp. 8, 15-17, <https://www.legislation.vic.gov.au/bills/liquor-control-reform-amendment-bill-2021>

4 *The base case and options*

Options considered

This Better Regulation Statement considers the options set out in table 4.1.

- The base case is reverting back to pre-COVID-19 arrangements for liquor licensing for on-premises licensees. We assume that this would happen on 30 June 2022. The 30 June 2022 date is an estimate as to when the new normal post COVID-19 eventuates and is contingent on a range of uncertain factors.
 - It is currently unclear how long L&GNSW will maintain its Statement of Regulatory Intent. Key factors are the implementation of Public Health Orders made under the *Public Health Act 2010*, which in turn are influenced by the uncertain risk of COVID-19 community transmission and COVID-19 vaccine roll out.
 - The relaxation on the takeaway sale and delivery of alcohol for on-premises and small bar licence holders came into force on 23 March 2020, and when first announced, were to apply while the shutdown order is in force under the *Public Health Act 2010*.³⁷
 - L&GNSW have since clarified its regulatory approach codified in the Statement of Regulatory Intent will remain in place while the Public Health Order relating to restrictions on Gathering and Movement is in force and venues are unable to operate at their full capacity, or unless otherwise advised.³⁸
- The other four options are considered relative to this base case. These options comprise differences in the licensing requirements for on-premises licensees who sell alcohol through takeaway and home delivery and differences in the constraints on what can be sold by on-premises licensees.

³⁷ NSW Government 2020, 'Takeaway and delivery options a boost for small bars, restaurants and cafes', Liquor & Gaming NSW, 25 March 2020, <https://www.liquorandgaming.nsw.gov.au/news-and-media/takeaway-and-delivery-options-a-boost-for-small-bars,-restaurants-and-cafes>

³⁸ NSW Government 2020, 'Statement of Regulatory Intent in regards to COVID-19 coronavirus Liquor & Gaming NSW – Liquor Act 2007 – Regulatory approach in the context of COVID19', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/statement-of-regulatory-intent-in-regards-to-covid-19-coronavirus>

4.1 Options considered

No.	Description
Base case	Revert to pre-covid-19 arrangements, following the expiration of the Statement of Regulatory Intent
Option 1	Legislate for on-premises licensees to be able to sell takeaway and home delivery, without any constraints and with minimal additional licensing requirements.
Option 2	Legislate for on-premises licensees to be able to sell takeaway and home delivery, without any constraints but obtaining a license would require a community impact statement process.
Option 3	Legislate for on-premises licensees to be able to sell takeaway and home delivery, up to 1 bottle of wine, a six pack of beer or alcohol equivalent per order and only with a meal. Only minimal additional licensing requirement, such as notification would be required.
Option 4	Legislate for on-premises licensees to be able to sell takeaway and home delivery, up to 1 bottle of wine, a six pack of beer or alcohol equivalent per order and only with a meal. Obtaining a license would require a community impact statement process.

Source: The CIE.

The recommendations also discuss other aspects of options such as:

- piloting, future review and data collection requirements
- other licence conditions that could be included in options to minimise harm.

We note that the same day delivery requirements for alcohol would apply to on-premises licensees who undertook delivery under Options 1 through 4.

Evaluating the options

The options involve different levels of restrictions on alcohol sale for businesses with on-premises and small bar licences. We have evaluated these options both qualitatively and quantitatively.

- The qualitative evaluation considers the alignment with the objectives of the Act and the perspectives of different stakeholders.
- The quantitative evaluation is a cost benefit analysis, following NSW Government Guidelines for undertaking Cost Benefit Analysis.³⁹

For the cost benefit analysis, the main costs and benefits that could occur from these changes, relative to the base case, are set out in table 4.2.

³⁹ NSW Treasury 2017, NSW Government guide to cost benefit analysis, TPP 17-03, https://arp.nsw.gov.au/assets/ars/393b65f5e9/TPP17-03_NSW_Government_Guide_to_Cost-Benefit_Analysis_0.pdf.

4.2 Range of costs and benefits relative to the base case

Option	Costs	Benefit
Option 1 – on-premises licensees able to do delivery and takeaway with no constraints or additional licensing	<ul style="list-style-type: none"> Potential for additional alcohol-related harm Reduced profitability for bottleshops Minor additional licensing costs Potential compliance costs 	<ul style="list-style-type: none"> Increased benefits for consumers, such as from convenience and increased variety Increased profits for restaurants and other on-premises licensees
Option 2 – on-premises licensees able to do delivery and takeaway with no constraints but with additional licensing	<ul style="list-style-type: none"> Potential for additional alcohol-related harm Reduced profitability for bottleshops However, costs are less than Option 1 as few on-premises licensees would take up this option. Additional licensing costs Potential compliance costs 	<ul style="list-style-type: none"> Increased benefits for consumers, such as from convenience and increased variety Increased profits for restaurants and other on-premises licensees However, less than Option 1 as few on-premises licensees would take up this option.
Option 3 – on-premises licensees able to do delivery and takeaway with no additional licensing but with constraints on amount sold and with a meal	<ul style="list-style-type: none"> Potential for additional alcohol-related harm Reduced profitability for bottleshops However, costs are less than Option 1 as constraints are applied on sales. Minor additional licensing costs Potential compliance costs 	<ul style="list-style-type: none"> Increased benefits for consumers, such as from convenience and increased variety Increased profits for restaurants and other on-premises licensees Benefits are smaller than Option 1 as there are restrictions on what can be sold.
Option 4 – on-premises licensees able to do delivery and takeaway with no constraints with constraints on amount sold and with a meal and with additional licensing	<ul style="list-style-type: none"> Potential for additional alcohol-related harm Reduced profitability for bottleshops However, costs are less than other options as constraints are applied on sales and few on-premises licensees would take up this option. Minor additional licensing costs Potential compliance costs 	<ul style="list-style-type: none"> Increased benefits for consumers, such as from convenience and increased variety Increased profits for restaurants and other on-premises licensees Benefits are smaller than other options as constraints are applied on sales and few on-premises licensees would take up this option.

Source: The CIE.

The options are likely to have some impacts on business profitability, through diverting sales from somewhere else to on-premises alcohol. More specifically, for cost benefit analysis, this could impact on the ‘producer surplus’ for businesses, which is the revenue they earn less their costs. This is inevitable if takeaway and delivery of alcohol from on-premises licensees is taken up, as spending in one area means less spending in another. Partly this will come from reduced spending for other alcohol sellers and partly from other unrelated sectors.

We have not sought to measure any changes in profitability in the cost benefit analysis because these should approximately net out. For example, if someone spends an extra \$100 on an expensive bottle of wine from a restaurant to take home, then \$100 less will be spent on something else. The producer surplus for the restaurant will increase and producer surplus for some other business will decrease.

5 Stakeholder consultation

The CIE undertook varied activities to gather stakeholder views on the sale of alcohol for home delivery and takeaway from on-premises licenced venues (such as restaurants and small bars), involving:

- four online workshops and targeting consultation with a broad range of industry stakeholders in July 2021 (table 5.1).
 - we also released an Issues Paper⁴⁰ and sought and received written submissions.
- a survey of 1 004 people in NSW, to understand the uptake of the measures and the purchasing behaviours of consumers, and measures, and
- a survey of members of the Restaurant and Catering Industry Association to understand the expected impacts on them of takeaway and home delivery of alcohol.

5.1 Stakeholder workshop/targeted consultation participants

Industry Stakeholder	Industry Stakeholder
Liquor & Gaming NSW	ClubsNSW
Independent Liquor & Gaming Authority	Destination NSW
NSW Health	Cancer Council NSW
Master Grocers Association Liquor	NSW Police Force
Restaurant and Catering Industry Association	Retail Drinks Australia
Wayward Brewing Co	Endeavour Group
Australian Hotels Association NSW	Foundation for Alcohol Research and Education

Source: The CIE.

Industry workshops and submissions

Lack of evidence in general about impacts directly attributed to the Statement of Regulatory Intent

Most workshop participants agreed a clear lack of evidence exists on the use cases and associated impacts, either negative or positive, **directly attributed** to the Statement of Regulatory Intent. Stakeholders noted the following:

⁴⁰ The CIE 2021, 'Issues Paper: Changes to liquor licensing for restaurants, small bars and other on-premises licensees', Prepared for NSW Government, July

- The Statement of Regulatory Intent’s effect of automatically granting off-premise alcohol sales capability to on-premises licences, resulted in no official data being collected on the number and location of businesses taking up the measures. As such, anecdotal evidence of use cases has been relied on to date.
- No surveys have been undertaken on the consumers’ desire for, and resulting benefit of, increased convenience, associated with increased alcohol availability and choice due alcohol takeaway and delivery by on-premises licences, if indeed such consumer benefits could be objectively measured at all.
- It is unfair and unrealistic for documented empirical evidence of causality between the Statement of Regulatory Intent and increased harm to exist, given the reviews short timeframe and some data not available for 2020. The burden of proof rests with those seeking a change to the *Liquor Act 2007* to allow on-premises licences to sell alcohol takeaway or delivery, as they argue the Act requires L&GNSW to not grant new licences/authorisations unless it is satisfied that the overall social impact is not detrimental.
- COVID-19 associated “lock downs” have likely changed consumer alcohol consumption patterns, and as such, the period since March 2020 does not provide a true representation of possible increase in harms attributed to the sale of alcohol takeaway and delivery by on-premises licences. Data should be collected to assess the health and social impacts of allowing on-premises licences to sell alcohol takeaway and delivery. Specifically, the number and location of on-premises venues utilising alcohol takeaway and delivery, and the type and volume of alcohol and accompanying food sold.

No support for continuation from competitors and health and compliance organisations

Generally, health organisations, liquor licence regulators and competitors expressed a strong preference for on-premises licence conditions to return to those enforced prior to the Statement of Regulatory Intent, which prohibited the takeaway or delivery of alcohol by on-premises licences. The key concerns raised are:

- an increase in off-premise alcohol availability and density, leading to an increase in harms, such as chronic illness, emergency department presentations and interpersonal violence (both domestic and non-domestic)
- less stringent licencing application and annual renewal costs for on-premises venues, compared to other licence types, encouraging on-premises venues to become “bottle shops by stealth”
- an increased compliance burden associated with the expansion of alcohol takeaway and delivery to potentially an additional 9 000 plus on-premises licences. Specific compliance issues raised are:
 - additional resources required by external agencies to review and respond to prospective on-premises licences, now considered a higher risk licence category due to the ability to sell alcohol takeaway and delivery. For example, formal responses to Community Impact Statement Assessments.

- additional strain on police resources associated with the need to respond to the alcohol:
 - ... consumption in Alcohol Free Zones, leading to antisocial behaviour and reduced public amenity, and
 - ... sale in unsealed containers, leading to immediate consumption in a public place in breach of COVID-19 health orders.
- loss of revenue for existing off-premise licences, as consumers substitute alcohol purchase to on-premises licences.

Restaurant industry advocates support a constrained option

Stakeholders who support making permanent the ability for on-premises licensees to sell alcohol for takeaway and delivery, advocate for a measure which allows on-premises licensees to sell limited quantities of takeaway alcohol,⁴¹ which must occur ancillary to the provision of food for consumption off the premises.

Across all stakeholders consulted, there was no support for an unconstrained ability for on-premises licensees to sell alcohol for takeaway and delivery.

Specific approaches to minimise harm

Stakeholders also suggested the following additional harm minimisation measures, should the Government permanently allow on-premises licence holders to sell takeaway or home delivery of alcohol:

- alcohol takeaway and delivery available to on-premises licence holders by application only, accompanied by a Community Impact Statement, addressing:
 - trading hours
 - community concerns, and
 - necessary signage to guide patrons against consumption in Alcohol Free Zones.
- alcohol restricted for purchase only with a meal and limited to a commensurate volume proportionate to the purchased meal. However, we note that this requirement would reduce the number of on-premises licences eligible
- alcohol must be packaged in commercially sealed containers (to facilitate transport to consume off site), and
- consideration of a loading fee on the premises' Annual Liquor Licence Fee.

Further L&GNSW have recently communicated packaging requirements and promotion restrictions for on-premises alcohol takeaway/delivery, to avoid instances of immediate consumption in alcohol free zones and breaches of the NSW Public Health Orders COVID-Safe controls. Specifically: ⁴²

“alcohol for takeaway and delivery to be packaged in sealed vessels

⁴¹ For example, limits of 2.25 liters of beer, cider or pre-mixed spirits or a single 750ml bottle of wine in conjunction with a takeaway order.

⁴² NSW Government 2021, 'Media Release: Enforcement Tightened In Response To Emergence Of 'Kerbside Bars'', Department of Customer Service, August

cups, straws, ice, and other items promoting immediate consumption must not be sold or supplied for take-away with liquor

promotional material and activities must not promote or otherwise encourage the consumption of take-away liquor in any public place or any other activity which would breach the public health orders,

notices should be prominently placed at the point of sale, directing patrons that liquor is for consumption at home, and

the venue must continue to comply with all public health requirements and implement COVID-Safe controls specific to the take-away portion of the business, including social distancing and queue management.”

Key gaps identified in stakeholder consultation

The stakeholder consultation identified a number of key questions and gaps to be answered as part of the BRS.

- To what extent has takeaway and delivery by on-premises licensees been taken up by licensees and consumers?
- To what extent will takeaway and delivery by on-premises licensees increase consumption of alcohol, or redistribute from existing off-premise licensees?
- To what extent will takeaway and delivery by on-premises licensees increase harms?

We note that stakeholders involved in the health sector considered that the objective against which options should be assessed was the minimisation of alcohol-related harms, by returning to pre-COVID-19 arrangements. Although estimating the change in alcohol related harms is an important consideration for this evaluation, the objectives of the Act is to balance harms against the benefits from alcohol consumption.

Any changes to legislation should aim to improve alignment of the regulations to the overarching objectives of the Act. That is:⁴³

- regulate and control the sale, supply and consumption of alcohol in a way that is consistent with the expectations, needs and aspirations of the community
- facilitate the balanced development, in the public interest, of the liquor industry through a flexible and practical regulatory system with minimal formality and technicality, and
- contribute to the responsible development of related industries such as the live music, entertainment, tourism and hospitality industries.

To secure the objects of the Act, each person who exercises functions under the Act is required to have due regard to:⁴⁴

- the need to minimise harm associated with misuse and abuse of liquor (including harm arising from violence and other anti-social behaviour)

⁴³ NSW Government, ‘Liquor Act 2007 Section 3, Objectives of Act’, <https://legislation.nsw.gov.au/view/whole/html/inforce/current/act-2007-090#sec.3>

⁴⁴ NSW Government, ‘Liquor Act 2007 Section 3, Objectives of Act’, <https://legislation.nsw.gov.au/view/whole/html/inforce/current/act-2007-090#sec.3>

- the need to encourage responsible attitudes and practices towards the promotion, sale, supply, service and consumption of liquor,
- the need to ensure that the sale, supply and consumption of liquor, and the operation of licensed premises, contributes to, and does not detract from, the amenity of community life,
- the need to support employment and other opportunities in the
 - live music industry, and
 - arts, tourism, community and cultural sectors.

These suggest the need to consider harms **and** impacts related to the enjoyment of alcohol, i.e. consumer benefits.

Consumer survey

To address the significant gap in information, the CIE conducted a survey of 1004 NSW adults through an online survey run by PureProfile. This survey sought information on use of the measure and alcohol consumption. The survey respondents were randomly selected. Further details are set out in Appendix D.

The survey also sought to understand broader community views, given the legislative objective to “regulate and control the sale, supply and consumption of alcohol in a way that is consistent with the expectations, needs and aspirations of the community”. Across all people surveyed, there was strong support for the provisions during COVID-19, with 56 per cent of people indicating support in general and 26 per cent indicating support only during COVID-19 circumstances (table 5.2). Only 18 per cent did not support at all. The level of support was higher for those people who used the provisions to buy alcohol from restaurants and cafes through takeaway or home delivery.

The level of support outside of COVID-19 circumstances was fairly evenly balanced, with 56 per cent supporting and 44 per cent not supporting. For those not supporting, reasons included that they would not use it, because of alcohol-related harms or because this would take business from others.

5.2 Support for takeaway and delivery of alcohol from restaurants and cafes from survey of NSW people

View	All	Non-users	Users
	Per cent	Per cent	Per cent
Yes	56	51	66
Only during COVID-19	26	24	30
No	18	25	4
Total	100	100	100

Source: The CIE, based on a survey of 1004 people in NSW.

The results of the survey in terms of how people have used the takeaway and delivery provision are set out in later chapters.

Restaurant survey

The CIE also conducted a survey of on-premises licensees through the Restaurant and Catering Association. This sought to understand how these businesses were using the ability to provide takeaway and home delivery.

This survey was initially aimed at being undertaken at the same time as RCA's annual benchmarking survey, in which case it could identify the level of uptake. This was not possible because of timing, and hence the survey identifies the type of activities for restaurants that did take up, as there was very limited response by those that did not.

This survey received 246 responses, of which 219 were restaurants, 16 were cafes, 6 were small bars and 5 were function/event centres. This is about 7 per cent of the membership of RCA in NSW.

6 *Uptake by businesses and consumers*

Business uptake

Across NSW, allowing **all** on premise licensees to sell takeaway and delivery of alcohol increases the availability to purchase off premise alcohol from 0.76 to 1.89 licences per 1 000 population (approximately 149 per cent).

The increased availability varies significantly across NSW local government areas, ranging from an increase of 0 per cent (3.07 to 3.07 per 1 000 population) in Brewarrina Shire Council, to 325 per cent (2.39 to 10.14 licences per 1 000 population) in Sydney City Local Government Area (chart 6.1).⁴⁵ Although this represents the maximum possible uptake, this scenario is not realistic, as discussed below.

Of relevance:

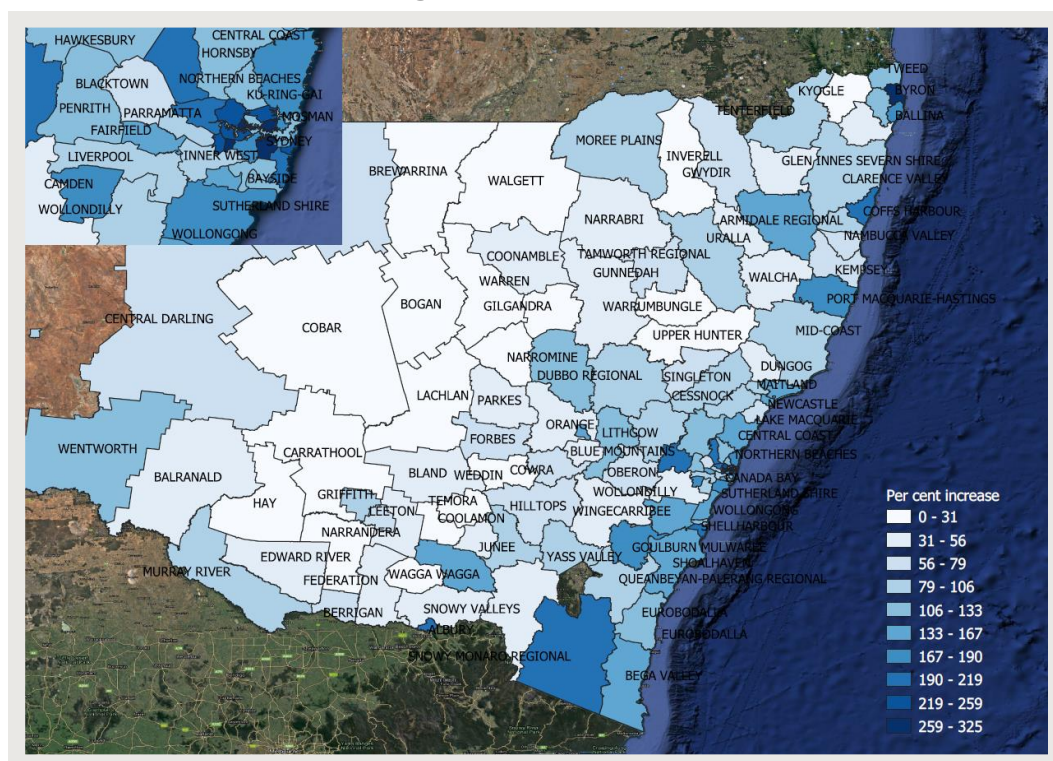
- 13 LGAs⁴⁶ (10 per cent) have a maximum potential to increase the number of outlets by 200 per cent or more.
 - The vast majority are inner Sydney metropolitan areas, or regional tourist destinations.
- 73 LGAs⁴⁷ (57 per cent) have a maximum potential to increase the number of outlets by 100 per cent or less.
 - Largely consisting of regional/remote and outer Sydney suburban NSW locations.

⁴⁵ Average increase of 107.4 per cent (to 2.81 licences per 1 000 population) and standard deviation increase of 74.57 per cent.

⁴⁶ Sydney, Byron, North Sydney, Burwood, Hunters Hill, Waverley, Willoughby, Canada Bay, Strathfield, Ryde, Randwick, Snowy Monaro Regional, Kiama, Parramatta, Albury, The Hills Shire and Coffs Harbour.

⁴⁷ Murray River, Cumberland, Queanbeyan-Palerang Regional, Mid-Coast, Tenterfield, Canterbury-Bankstown, Cootamundra-Gundagai Regional, Moree Plains, Campbelltown, Tamworth Regional, Bellingen, Griffith, Maitland, Clarence Valley, Singleton, Broken Hill, Lithgow, Cessnock, Leeton, Muswellbrook, Berrigan, Kempsey, Hilltops, Nambucca, Inverell, Blacktown, Central Darling, Forbes, Lake Macquarie, Cowra, Gunnedah, Bourke, Oberon, Dungog, Parkes, Edward River, Blayney, Narrandera, Narrabri, Wollondilly, Uralla, Coonamble, Federation, Upper Lachlan Shire, Glen Innes Severn, Balranald, Warrumbungle Shire, Bland, Cabonne, Snowy Valleys, Greater Hume Shire, Richmond Valley, Junee, Walcha, Narromine, Gilgandra, Murrumbidgee, Cobar, Temora, Upper Hunter Shire, Lockhart, Kyogle, Warren, Hay, Carrathool, Walgett, Gwydir, Bogan, Liverpool Plains, Lachlan, Coolamon, Weddin and Brewarrina.

6.1 Per cent increase in availability to purchase off premise alcohol by Local Government area (assuming 100 per cent on-premises take up)



Note: Off premise licences prior to the Statement of Regulatory Intent are Club, Hotel and Packaged.

Data source: NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021 xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>; NSW Government 2020, 'NSW 2019 Population Projections', <https://www.planning.nsw.gov.au/Research-and-Demography/Population-projections/Projections>; CIE.

The above figures assume that all NSW on-premises licensees implement takeaway and delivery of alcohol. Business surveys and evaluation of other jurisdiction's licences confirm the actual proportion of business uptake of takeaway and delivery of alcohol by on premise licences is much less than 100 per cent, and likely closer to half.

For example, in response to COVID-19, Victoria and South Australia made similar changes to their liquor licences. In both states, businesses had to apply for a licence, although this was at no cost and an easy process.

In South Australia, businesses could apply for a short term licence which allowed a limited quantity of takeaway alcohol to be sold with a meal. 29 per cent of restaurant and catering licensees applied for this license, 26 per cent of small venues, and a smaller shares of other business types (table 6.2).

6.2 Take up of short term takeaway licences in South Australia

Category	Licences as at 17 June 2021	Short term takeaway licences	Per cent take up
	No.	No.	Per cent
Club	1 348	193	14
On Premises	396	29	7
Residential	214	12	6
Restaurant & Catering	1 724	498	29
Small Venue	149	39	26

Note: On-premises are venues such as night clubs, karaoke bars, sports venues, cinemas, theatres. Residential is motels, guest houses and other types of guest lodging.

Source: CIE analysis based on data provided by the SA Attorney-General's Department.

Pre-COVID-19, Victorian on-premises licence holders could already obtain a renewable limited licence to sell takeaway and home delivery alcohol with a meal. The amount of alcohol is limited to one bottle of wine or up to six beers, ciders or pre-mixed spirits. Around 10 per cent of cafes and restaurants with an on-premises licence have this additional renewable limited licence.⁴⁸ UberEats has offered a service to sell small quantities of alcohol with meals from restaurants with renewable limited licences.

In response to COVID-19, Victoria also introduced a temporary limited licence. This doubled the amount of alcoholic beverages allowed to be sold and did not have a licence fee. About half of Victorian on-premises licensees took up this temporary limited licence. However, the extent to which they used the ability to sell takeaway and home delivery of alcohol is not currently clear.

Finally, a Griffith University Study⁴⁹ of hospitality industry responses to COVID-19 lockdowns found 53.8 per cent of survey respondents started to sell takeaway alcohol. We have used this figure as the central case business uptake value.

Where options require a substantial licence application process, including a community impact statement, uptake by business will be much smaller. We have assumed a 90 per cent reduction in business uptake if a Category B Community Impact Statement is required. This is a conservative estimate, as this arrangement is not very different to pre-COVID-19 arrangements (i.e. closely aligned to the base case). For example, if there was a desire to do so, it is possible for a restaurant to apply for a packaged liquor licence and progress through a community impact statement.

Customer uptake and use

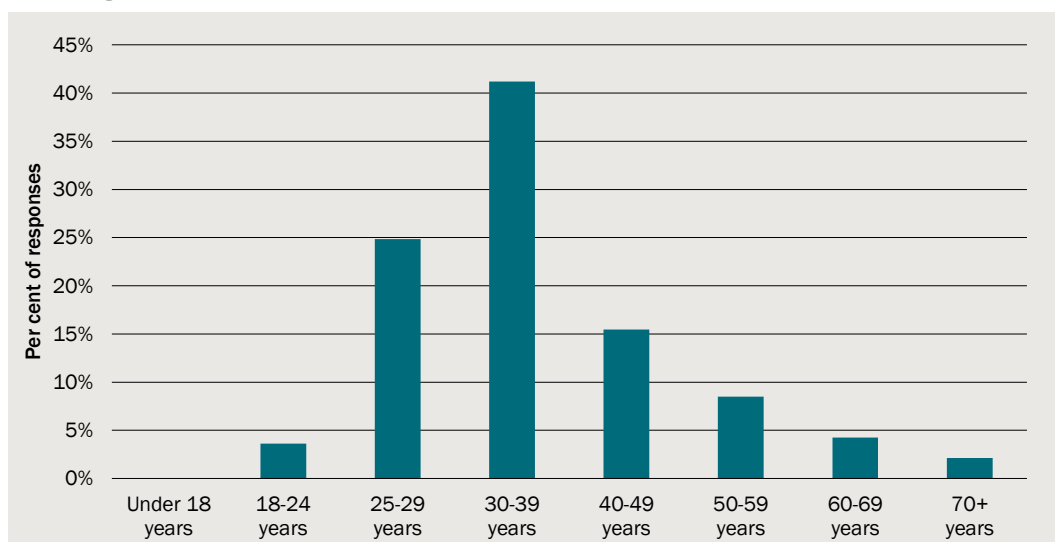
To quantify consumer uptake, a state-wide consumer survey was undertaken. Further information on the response rate and representativeness of the survey results are included in Appendix D.

⁴⁸ CIE calculations based on VCGLR data at <https://discover.data.vic.gov.au/dataset/victorian-liquor-licences-by-location>.

⁴⁹ Eckberg, S et al. 2021, 'Hospitality Study Report', Griffith University, August, p. 15

From the 1 004 responses received, 32.9 per cent had purchased takeaway or delivery alcohol products from restaurants, cafes, or small bars. The measures were most commonly used to purchase both takeaway and delivery alcohol (15.3 per cent), followed closely by takeaway only (13.0 per cent). Only 4.5 per cent of consumers used delivery only. Chart 6.3 shows the age groups of the 32.9 per cent of consumers that used the measures.

6.3 Age profile of consumers that used the measures (share of users)



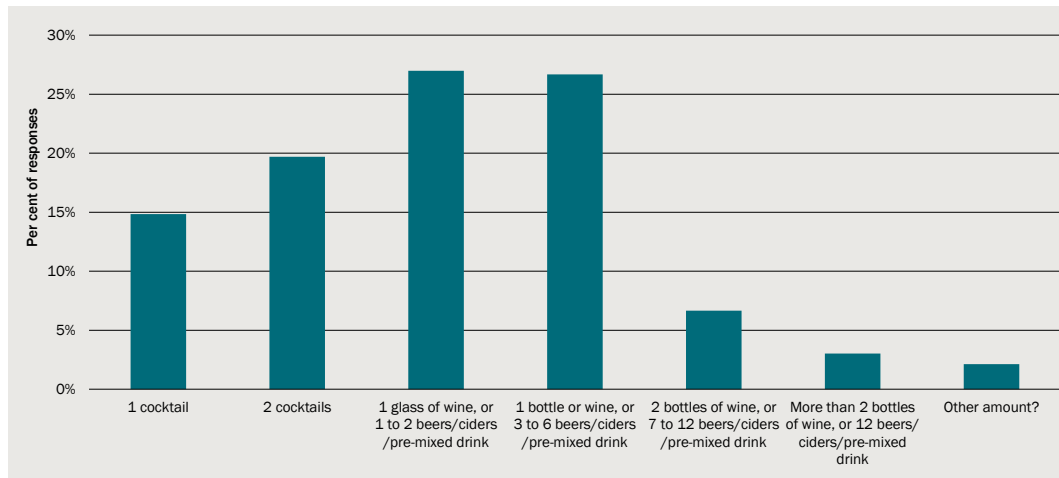
Data source: The CIE.

30 to 39 year old consumers accounted for 41.2 per cent of the total use. 25 to 29 year old consumers were also high users, accounting for 24.8 per cent the total population.

Males were more likely to use the measures, accounting for 60.3 per cent of the total use. However, this might be more reflective of the fact that males tend to drink more than females on average.

Chart 6.4 shows that the most common purchase was either "1 glass of wine, or 1 to 2 beers/ciders/pre-mixed drink" or "1 bottle or wine, or 3 to 6 beers/ciders/pre-mixed drink". These two groups made up 53.6 per cent of all transactions.

6.4 Typical purchase made



Data source: The CIE.

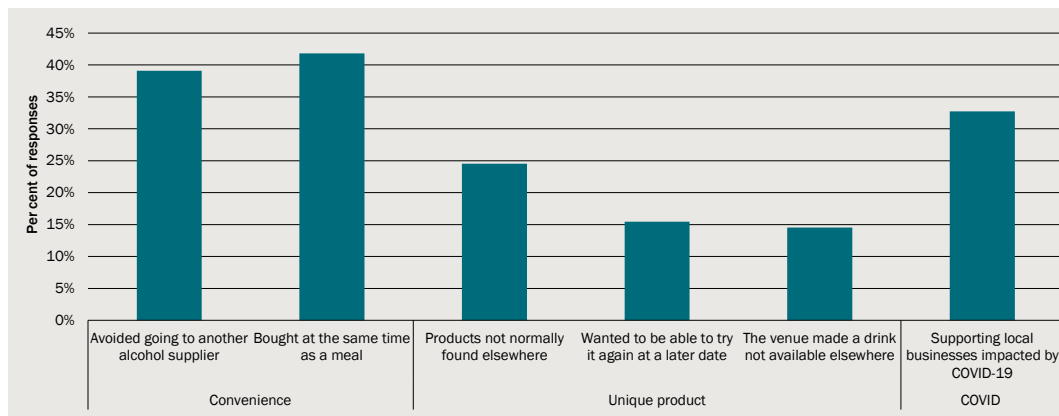
However, not everyone drinks the full amount purchased in a single occasion. 57.9 per cent of responses stated that they would normally or always drink the full amount. While 42.1 per cent of responses sometimes, not often or never drink the full amount.

Some people use the measures very often, while others only a few times. About a third of people that have used the measures purchased takeaway or home delivery once or more a week (34.8 per cent). 46.1 per cent used the measures once a fortnight or once a month. The remaining 19.1 per cent of people used the measures only a few times or only once.

Because of the wide range in alcohol volume purchased and the frequency of purchases, the consumer surplus and the additional alcohol consumed is expected to vary considerably across individual consumers. To accommodate for this, the calculations informing the CBA have been undertaken at an individual consumer level, rather than an average across all survey responses.

There are multiple reasons why consumers purchased takeaway or delivery alcohol from a on-premises establishment. These reasons are summarised in chart 6.5.

6.5 Reasons why purchased



Data source: The CIE.

Convenience was the most reported reason, either to avoid going to another alcohol supplier or for the convenience of purchasing alcohol at the same time as buying a meal. The second most common reason was to support local business during COVID-19. There was also a significant proportion of transactions because the venue was selling a unique product, or a product that they have made, such as a cocktail.

79.7 per cent of people typically purchased a meal with their takeaway or home delivery alcoholic drink.

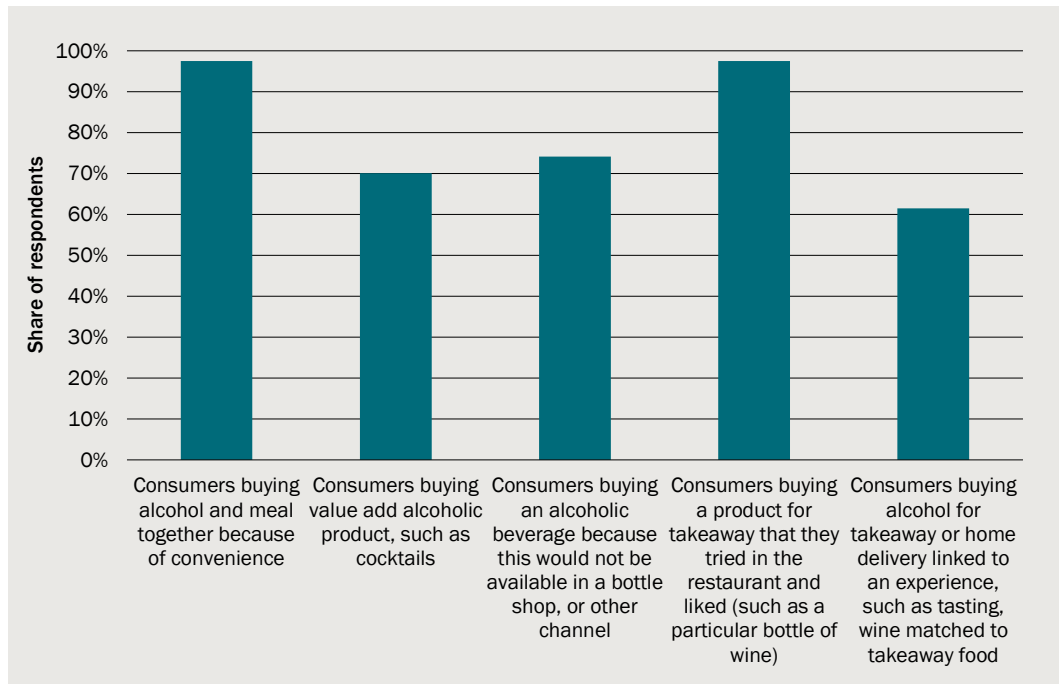
By considering the typical purchase volumes (converted into the average number of standard drinks) and how often each person used the measures, the total volume of alcohol purchased via takeaway or home delivery was estimated. Across the population that used the measures, this came to an average of 90.5 standard drinks per annum. Across the total population, this came to 29.1 standard drinks.

However, **not all alcohol consumption is additional consumption**. The estimated volume of additional alcohol consumption is further discussed in the harms chapter below.

We have also sought information from restaurants, as set out in the previous chapter, about what they believe are the reasons for consumers to take up and what they expect in terms of sales impacts. Key information from this includes that:

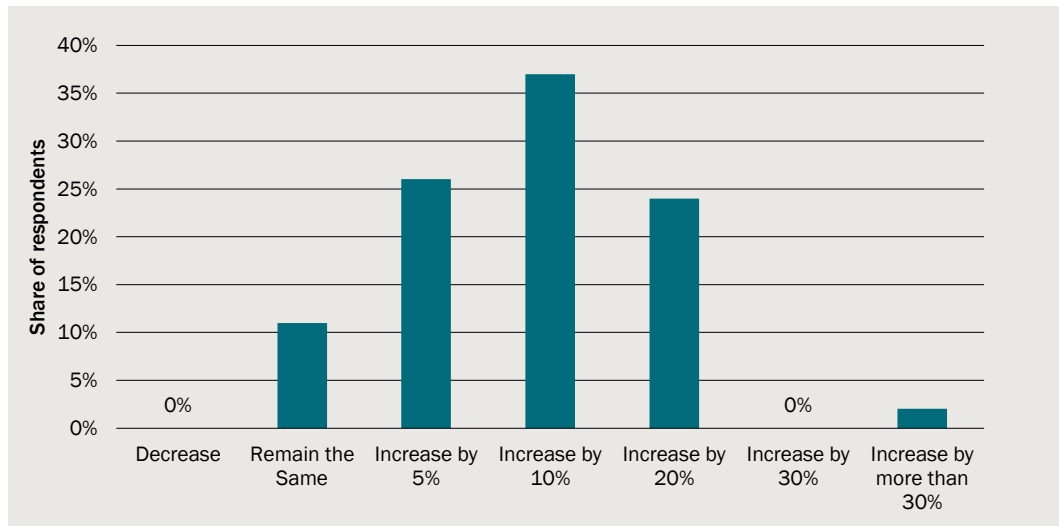
- restaurants indicated the vast majority (almost 90 per cent) of takeaway and delivery of alcohol occurred with a meal
- a range of different reasons for consumer use were supported, of which convenience and purchasing a product tried in the restaurant were indicated by the most respondents (chart 6.6)
- 94 per cent of respondents indicated that the typical purchase was a bottle of wine or six pack of beer or less
- the average impact on alcohol sales was expected to be 10 per cent (chart 6.7). A very small number of restaurants expected a more than 30 per cent increase, suggesting substantial changes to their business model.

6.6 Restaurant views of drivers of consumer use



Data source: Survey of restaurants.

6.7 Restaurant expectations of impact on alcohol sales volumes



Data source: Survey of restaurants.

7 Consumer benefits

The benefits for customers are broadly framed as ‘consumer surplus’. This captures the value to consumers above and beyond their next best alternative. It could comprise:

- the convenience of being able to purchase from more locations, or at the same time as purchasing a meal
- a larger range of alcoholic products available, such as value add products
- purchasing a particular bottle of wine that was consumed at the restaurant to drink again at a later time
- lower prices (although we do not expect that this is likely).

The uptake by consumers is a good indicator of whether the benefits to consumers are large or small. If benefits are small, uptake will be quite low, and if benefits are large uptake will be higher.

One approach to estimating consumer surplus for a product is to take data on uptake and apply a demand-elasticity to this to estimate the consumer surplus.⁵⁰ The consumer surplus will be highest where there is a substantial amount of alcohol being purchased through home delivery and takeaway (Q0 is large) and the slope of the demand curve is inelastic, or steep.⁵¹

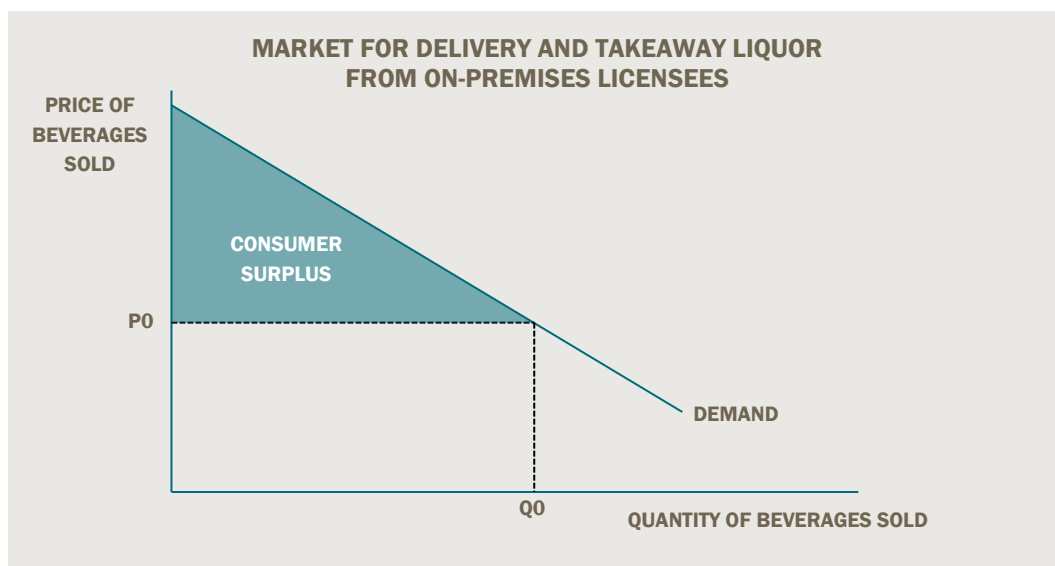
There have been a number of studies that have estimated the demand elasticity for alcohol in general.⁵² These suggest fairly low price elasticities of demand of around -0.5 for alcoholic beverages — that is, the quantity consumed does not fall that much with an increase in price. However, the price elasticity of demand for takeaway and home delivery of alcohol from on-premises and small bar licensees will be much higher. This is because there are many very similar alternatives.

⁵⁰ See for example G.A. de Wit et al 2016, Social cost-benefit analysis of regulatory policies to reduce alcohol use in The Netherlands, RIVM Report 2016-0065, <https://www.rivm.nl/bibliotheek/rapporten/2016-0065.pdf>.

⁵¹ The elasticity of demand refers to the proportional change in quantity with a proportional change in price. For example, if the quantity fell by 5 per cent for a 10 per cent increase in price, then the elasticity of demand is -0.5. Demand is generally described as inelastic if the elasticity of demand is between 0 and -1, as unitary elastic if the elasticity is -1 and elastic if the elasticity is between -1 and $-\infty$.

⁵² Leung, S and Phelps C 1993, *My Kingdom for a Drink: a Review of Estimates of the Price Sensitivity of Demand for Alcoholic Beverages*. In: Hilton, M.E., and Bloss, G., Eds; Sousa J 2014, *Estimation of price elasticities of demand for alcohol in the United Kingdom*, HM Revenue and Customs Working Paper 16, December; Holmes A 2016, *Convergence in Alcoholic Beverage Consumption Patterns among OECD Countries*, School of Economics University of Adelaide, November; Jiang H, Livingston M, Room R, Callinan S, 2016, *Price elasticity of on- and off-premises demand for alcoholic drinks: a Tobit analysis*, Article in Drug and alcohol dependence April 2016.

7.1 Estimating the consumer surplus from takeaway and home delivered alcohol from on-premises licensees



Note: Illustrative only.

Source: The CIE.

Our consumer survey identified that of the respondents who purchased alcohol takeaway or delivery from an on-premises venue. It then asked these respondents if they would have continued to purchase if the price was higher, with the higher price randomly allocated at either 10 per cent, 20 per cent or 30 per cent.

- 73 per cent of respondents indicated they would have continued to purchase if the price was 10 per cent higher
- 56 per cent of respondents indicated they would have continued to purchase if the price was 20 per cent higher
- 41 per cent of respondents indicated they would have continued to purchase if the price was 30 per cent higher.

We have used this information to construct the consumer surplus, as follows.

- 1 For people that answered that they would not have paid the higher price, the consumer surplus is somewhere between zero and the higher price. Using the rule of half, we have assumed this was 50 per cent of the higher price specified. That is, if they were asked if they would pay 10 per cent more and indicate no, then the consumer surplus used is 5 per cent.
- 2 For people that answered that they would have paid the higher price, the consumer surplus is at minimum the higher price, and there is no upper limit. We have assumed that the consumer surplus is 50 per cent more than the higher price specified. That is, if they were asked if they would pay 10 per cent more and indicate yes, then the consumer surplus used is 15 per cent.

The consumer surplus percentages are applied to the estimated price of alcohol; purchased. We use two approaches:

- 1 Central case — applying the consumer surplus to a price based on a bottleshop price plus what people indicated they paid above a bottleshop price. The average bottleshop

price used is \$2.23 per standard drink based on applying consumer price inflation to estimates in Jiang et al 2016.⁵³ This is considered a conservative central estimate, since the price per standard drink is seemingly low, and

- 2 Upper case — applying the uplift from typical restaurant price per standard drink. The average bottleshop price used is \$6.20 per standard drink based on applying consumer price inflation to estimates in Jiang et al 2016.⁵⁴

The estimated consumer surplus using these two approaches is:

- Central case — \$0.51 per standard drink, and
- Upper case — \$1.20 per standard drink for method 2, which we use as the upper scenario.

Note that we consider the Central case to be a conservative (low) estimate of consumer surplus, as people are likely to underestimate the premium they have paid above bottleshop prices, and are unlikely to have purchased the same quantity as embedded in the average bottleshop price. Buying in bulk results in significantly lower per unit prices for alcohol.

Changes in accessibility to alcohol

Another indicator of consumer surplus is the change in accessibility to alcohol, if the same products were being purchased. For example, if someone is purchasing a bottle of wine from a restaurant, and could have instead walked to the bottleshop, then the consumer surplus is likely to be low if there is a bottleshop nearby. This only applies if the same products are available.

Geospatial analysis of liquor licences across NSW (table 7.2) shows existing on premise licenced venues are typically co-located near off premise licenced venues, with:

- 52 per cent of on premise licenced venues located within 100m of a club, hotel or packaged liquor licence, and
- 91 per cent of on premise licenced venues located within 800m of a club, hotel or packaged liquor licence.

7.2 Distance of on-premises licence to a packaged, club or hotel liquor licence premises (whole of NSW)

Distance	On premise licences	On premise licences	Cumulative
Metres	Number	Per cent	Per cent
10	1 153	12.4	12.4
50	1 483	15.9	28.3

⁵³ Jiang H, Livingston M, Room R, Callinan S, 2016, 'Price elasticity of on- and off-premises demand for alcoholic drinks: a Tobit analysis', Article in Drug and alcohol dependence April 2016.

⁵⁴ Jiang H, Livingston M, Room R, Callinan S, 2016, 'Price elasticity of on- and off-premises demand for alcoholic drinks: a Tobit analysis', Article in Drug and alcohol dependence April 2016.

Distance	On premise licences	On premise licences	Cumulative
Metres	Number	Per cent	Per cent
100	2 234	24.0	52.2
400	2 831	30.4	82.6
800	800	8.6	91.2
1 000	151	1.6	92.8
2 000	325	3.5	96.3
4 000	180	1.9	98.2
10 000	108	1.2	99.4
20 000	35	0.4	99.8
>20 000	21	0.2	100.0
Total	9 321	100.0	100.0

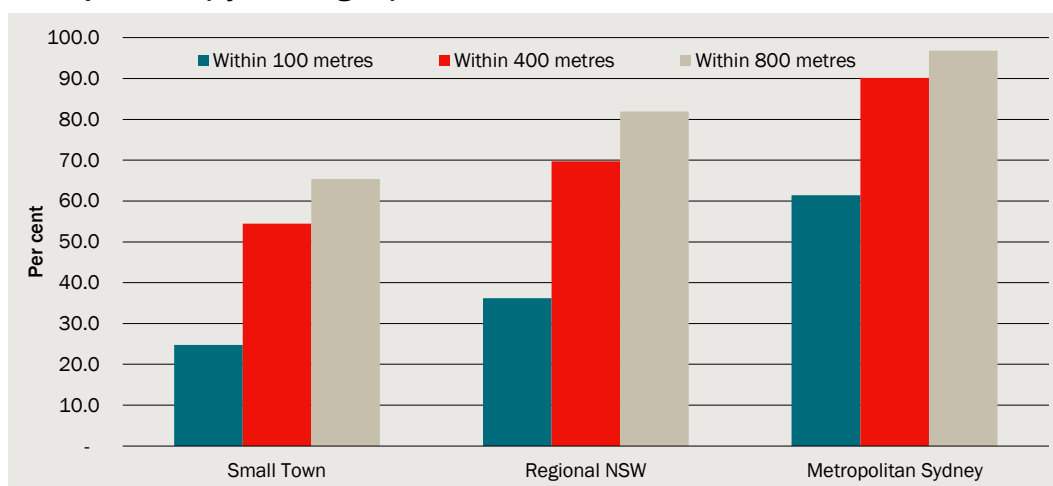
Note: Tables may not sum due to rounding.

Source: NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021.xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>: CIE.

On-premises licensed venues located outside metropolitan Sydney are typically located further away from off premise licensed venues (chart 7.3), with:

- 97 per cent of Sydney Metropolitan on premise venues located within 800m
- 82 per cent of Regional NSW on premise venues located within 800m, and
- 65 per cent of Small Town on premise venues located within 800m.

7.3 Distance of on-premises licence to a packaged, club or hotel liquor licence premises (by NSW region)



Note: Small town defined as Western NSW Local Government areas with a population less than 10 000 people.

Data source: Source: NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021.xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>: CIE.

This suggests that where convenience is the most important factor, consumer surplus will be highest in small town communities and smallest in metropolitan Sydney.

We have not sought to measure a formal consumer surplus from this, such as using time and transport costs, because convenience is only one factor cited by consumers who

chose to purchase alcohol through takeaway and home delivery from on-premises licensees.

8 *Costs from alcohol related harm*

The major potential cost from options that allow takeaway and home delivery of alcohol from on-premises licensees is an increase in alcohol-related harm.

Types of harms

The use and misuse of alcohol is associated with various harms to the user and to others. For example:

- the Australian drug harms ranking study (2019) found that alcohol was the most harmful drug when harm to users and harm to others was combined. When considering only harm to others (such as family members and the community), alcohol was found to be nearly double as harmful as crystal methamphetamines⁵⁵
- the 2019 National Drug Strategy Household Survey undertaken by the Australian Institute of Health and Welfare (AIHW) found that 22.8 per cent of recent drinkers had been a victim of an alcohol-related incident in the previous 12 months. 1.2 per cent of recent drinkers (aged 14 or older) reported that they had injured themselves while under the influence of alcohol and required medical attention, including 0.4 per cent that required hospitalisation, and ⁵⁶
- alcohol increases the risk of developing health problems such as mental and behavioural disorders, liver cirrhosis, some cancers and cardiovascular diseases, and physical injuries from acts of violence and road accidents⁵⁷

Alcohol related harms are experienced by the individual, family members, other relationships, and the broader community. For instance, alcohol is linked to family relationship breakdowns and other social support networks. There are also various community impacts, such as environmental impacts (including drinking in alcohol free zones) and an increase in crime.

Alcohol related harms and addiction is a complex issue. The extent and types of harms experienced from alcohol consumption depends on frequency and quantity of consumption and personal risk factors. The location of consumption can also influence the extent and type of harm. For example, drinking at home is considered to be higher risk, as there is no responsible service of alcohol at home, portion sizes are not contained, and the volume of consumption/standard drinks is reliant on the consumers knowledge.

⁵⁵ Bonomo Y. et al 2019, The Australian drug harms ranking study, Journal of Psychopharmacology, vol 33(7) 759-768.

⁵⁶ Australian Institute of Health and Welfare 2019, *National Drug Strategy Household Survey 2019: Detailed findings*, Australian Government, see <https://www.aihw.gov.au/reports/illicit-use-of-drugs/national-drug-strategy-household-survey-2019/data>

⁵⁷ World Health Organization, 2018, Alcohol fact sheet, see, <https://www.who.int/en/news-room/fact-sheets/detail/alcohol>

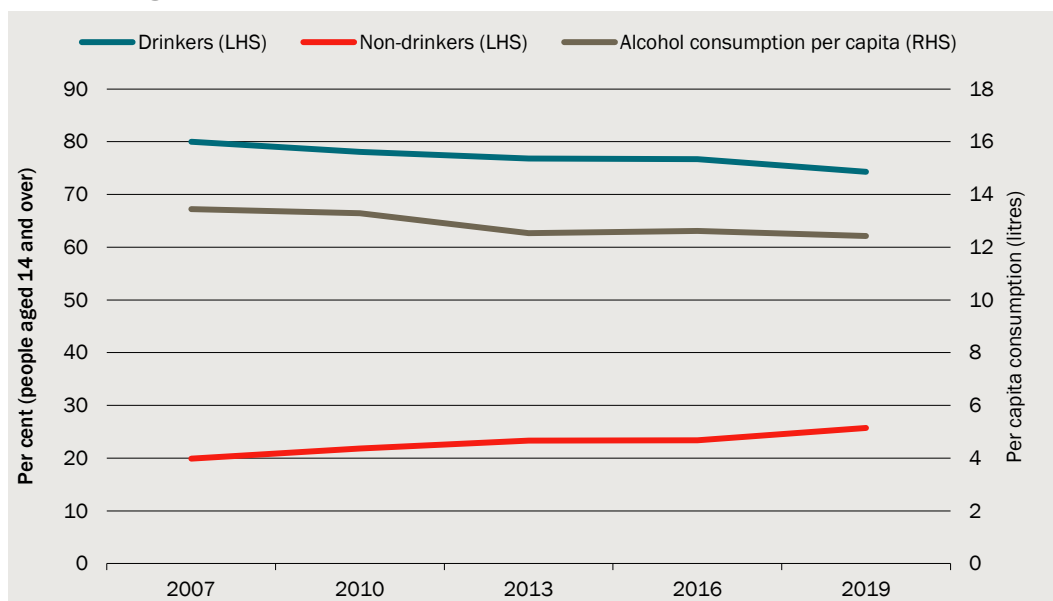
Not all people who drink alcohol will experience harms and there is a wide spectrum of use behaviours.⁵⁸ The level of use can range from someone who never finishes a full drink to a heavily dependent user that is experiencing various social disadvantages and alcohol related harms. When consumed in moderation, alcohol can provide benefits, such as feelings of relaxation, enabling social interactions, and helping to create a warm friendly atmosphere.⁵⁹

Trends in alcohol consumption

Australia's overall consumption of alcohol (on a per capita basis) has been in decline for the past ten years, and in 2017/18 (the latest year for data) was at its lowest level in more than 50 years.⁶⁰ Further, underage drinking is also declining, with more teenagers aged 12–17 abstaining from drinking and delaying drinking (average age of first drink) for longer.⁶¹

Chart 8.1 below shows the trend in the proportion of people who drink compared to the proportion of people who do not drink in NSW (including ex-drinkers and those who never drink a full glass). The average amount of pure alcohol consumed per annum for those who consume alcohol is also shown on the right hand axis (national data).

8.1 Change in alcohol consumption



Note: 2019 data for per capita consumption of alcohol refers to the 2017-18 figure as 2019 is not yet available.

⁵⁸ Department of Health 2017, National Drug Strategy 2017-2026, Australian Government, see https://www.health.gov.au/sites/default/files/national-drug-strategy-2017-2026_1.pdf

⁵⁹ Manning M., Christine S., Mazerolle P. 2013, The societal costs of alcohol misuse in Australia, Trends & issues in crime and criminal justice no. 454. Canberra: Australian Institute of Criminology.

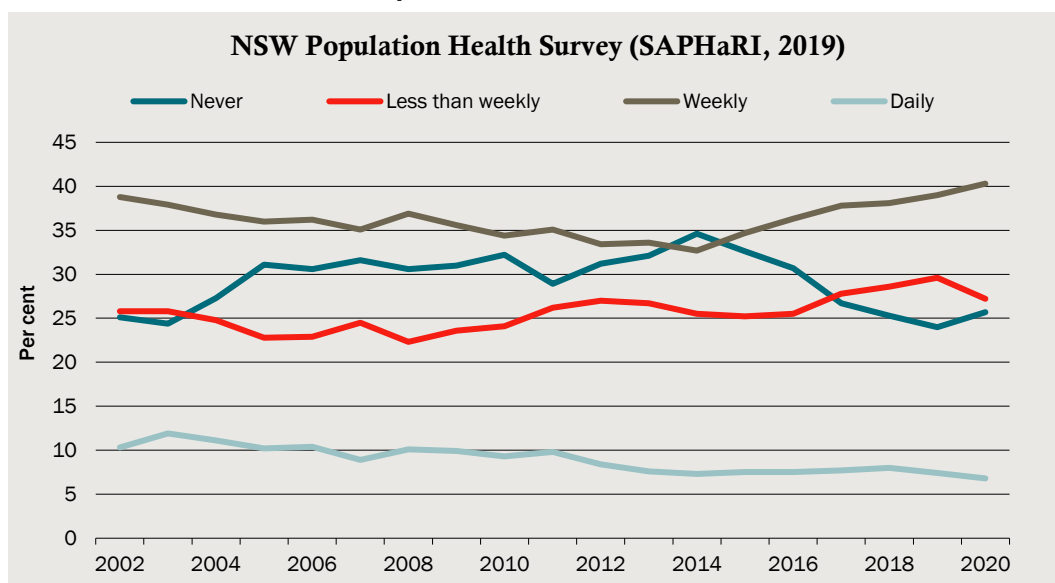
⁶⁰ ABS 2019, Apparent Consumption of Alcohol, Australia, 2017–18.

⁶¹ Australian Institute of Health and Welfare 2017. National Drug Strategy Household Survey 2016: detailed findings. Drug Statistics series no. 31. Cat. no. PHE 214. Canberra: AIHW.

Data source: AIHW, 2020, National Drug Strategy Household Survey 2019, see <https://www.aihw.gov.au/reports/illicit-use-of-drugs/national-drug-strategy-household-survey-2019/data>, and ABS, 2019, Apparent Consumption of Alcohol, Australia, <https://www.abs.gov.au/statistics/health/health-conditions-and-risks/apparent-consumption-alcohol-australia/latest-release#key-statistics>

In contrast to the AIHW and ABS data, the NSW Health's NSW Population Health Survey (SAPHaRI) shows that alcohol consumption has been increasing in recent years, shown in chart 8.2 below.

8.2 Trends in alcohol consumption in NSW



Data source: NSW Population Health Survey (SAPHaRI). Centre for Epidemiology and Evidence, NSW Ministry of Health.

The biggest difference between the SAPHaRI survey and the National Drug Strategy Household Survey is the number of weekly drinkers and the number of people who do not drink. While the SAPHaRI survey shows that weekly drinking is increasing and abstinence decreasing, the National Drug Strategy Household Survey shows the opposite. The reasons behind these differences are unclear, however, it does highlight some of the challenges in collecting accurate data on alcohol consumption behaviours.

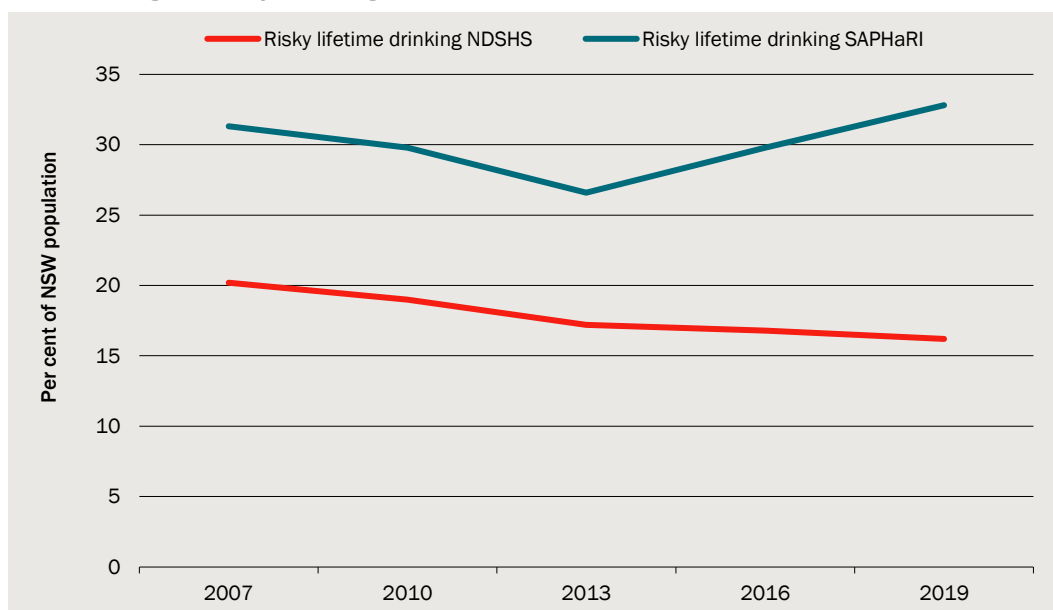
Trends in risky drinking consumption

The National Health and Medical Research Council (NHMRC) recommends that to reduce the risk of harm, healthy men and women should drink no more than 10 standard drinks a week and no more than 4 standard drinks on any one day.⁶²

Two indicators of risky drinking behaviour have been provided below in chart 8.3. First from the NSW Population Health Survey and the second from the National Drug Strategy Household Survey. The change in the level of risky drinking behaviour is unclear, with the two trends contradictory. However, it does show that between 16.2 and 32.8 per cent of the NSW population drinks to level that could cause lifetime harms.

⁶² National Health and Medical Research Council (NHMRC) 2020, Australian Guidelines to Reduce Health Risks from Drinking Alcohol, Australian Research Council and Universities Australia. Commonwealth of Australia.

8.3 Change in risky drinking over time



Note: The NDSHS 2019 data refers to the now outdated 2009 NHMRC guidelines, on average, had more than 2 standard drinks per day.

Data source: NSW Population Health Survey (SAPHaRI). Centre for Epidemiology and Evidence, NSW Ministry of Health, and AIHW, 2020, National Drug Strategy Household Survey 2019, see <https://www.aihw.gov.au/reports/illegal-use-of-drugs/national-drug-strategy-household-survey-2019/data>.

Changes in consumption since COVID-19

The impact of COVID-19 to alcohol consumption is still widely unknown. However, there are some preliminary studies that have started to investigate the impact, including:

- **Some people drank more, some less** — Biddle et al found that in May 2020, alcohol consumption had increased marginally. A national survey asked, ‘Since the spread of COVID-19 in Australia, are you drinking more or less alcohol?’. 20.2 per cent of the responses reported that their alcohol consumption increased (3.5 per cent saying it increased by a lot). 27.0 per cent of responses said that their consumption decreased (15.0 per cent saying it decreased by a lot).⁶³
- **Younger drinkers had the biggest fall in consumption** — Callinan et al (2020) reported a decrease in most alcohol indicators⁶⁴ during the first few months of the COVID-19 pandemic. Younger drinkers (18-25 years old) were found to have decreased their harmful consumption of alcohol more than older drinkers. Much of the reduction in consumption was from women.⁶⁵

⁶³ Biddle N., Edwards B., Gray M., and Sollis K. 2020, Alcohol consumption during the COVID-19 period: May 2020, Australian National University

⁶⁴ From the Alcohol Use Disorders Identification Test (AUDIT) and the Depression Anxiety and Stress Scale (DASS).

⁶⁵ Callinan S., Smit K., Mojica-Perez Y., D’Aquino S., Moore D., Kuntsche E. 2020, Shifts in alcohol consumption during the COVID-19 pandemic: early indications from Australia, *Addiction*, Volume 116, Issue 6

- **Changes in consumption are different across demographic groups** — Ritter et al (2020) found that there was no clear pattern of alcohol consumption during lockdown. Some people increased their consumption, others decreased consumption, and a significant proportion had no change. However, there were some specific population-based impacts, such as:
 - the closure of licensed venues was associated with decreased consumption in people aged 18 to 24, but had no impact on those people who increased consumption
 - amongst those that increased their alcohol consumption, there was less online purchases of alcohol, relative to those that had no change in consumption.
 - the people who decreased or had no change in consumption all drank at home, i.e. the majority of people did not increase their drinking at home, and
 - 7 per cent of their sample purchased take-away alcohol from licensed premises, such as restaurants. Although noted this was a small sample, there appeared to be limited impact on consumption.
- **High risk users increased consumption** — Sutherland et al (2020) found that compared to before March 2020, alcohol consumption (and cannabis) increased amongst a population that regularly consume illicit drugs. Within this population, 41 per cent of survey respondents reported an increase their alcohol consumption, 33 per cent reported a decreased and 26 per cent had no change.⁶⁶

Based on the mixed findings of these studies, there is no clear indication that the alcohol consumption trends will divert away from what has been the long-term trend. When considering the change in harms over time, we have assumed that the long-term trends in alcohol consumption discussed above will continue.

Trends in alcohol related harms

Health related harms

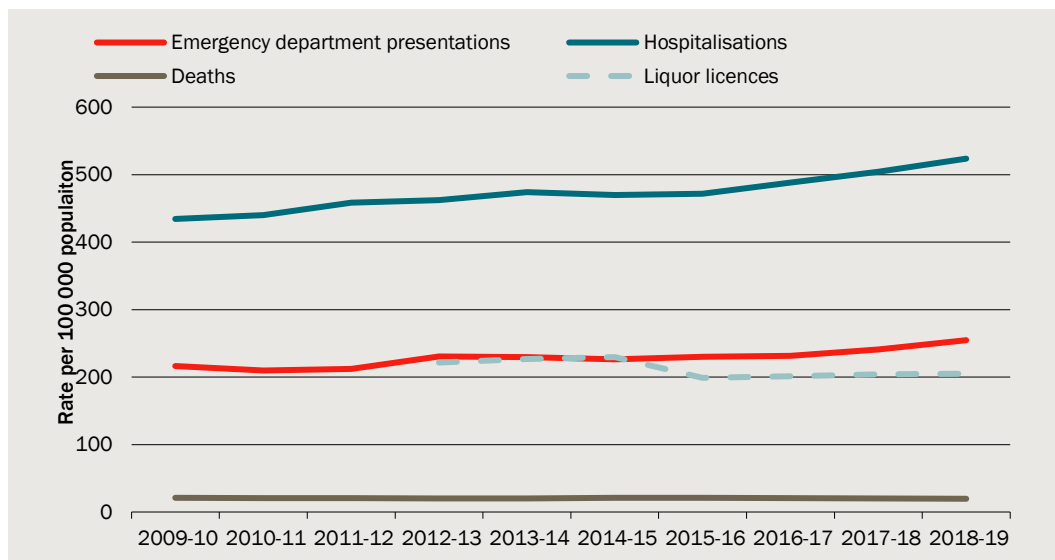
Excessive alcohol consumption is one of the main preventable public health problems in Australia, being second only to tobacco as a preventable cause of drug-related death and hospitalisation.⁶⁷ Chart 8.4 below highlights the trends in some of the key health related harms from alcohol. This shows that the rate of both hospitalisations and emergency department presentations have been increasing per 100 000 population. The rate of hospitalisations increased by 20.6 per cent since 2009-10 and emergency department presentations have increased by 17.7 per cent. During a similar timeframe (2012-13 to

⁶⁶ Sutherland, R., Baillie, G., Memedovic, S., Hammoud, M., Barratt, M., Bruno, R., Dietze, P., Ezard, N., Salom, C., Degenhardt, L., Hughes, C. and Peacock, A. (2020). Key findings from the 'Australians' Drug Use: Adapting to Pandemic Threats (ADAPT)' Study. ADAPT Bulletin no. 1. Sydney: National Drug and Alcohol Research Centre, UNSW Sydney.
<http://doi.org/10.26190/5efbef7c8d821>

⁶⁷ Centre for Epidemiology and Evidence, HealthStats NSW, NSW Ministry of Health, see www.healthstats.nsw.gov.au

2018-19), the rate of liquor licences per 100 000 fell by 7.4 per cent. There has been an 8 per cent decrease in alcohol related deaths over the same time period.

8.4 Change in alcohol related health harms (per 100 000 people)



Data source: Centre for Epidemiology and Evidence, HealthStats NSW, NSW Ministry of Health, see www.healthstats.nsw.gov.au

Justice related harms

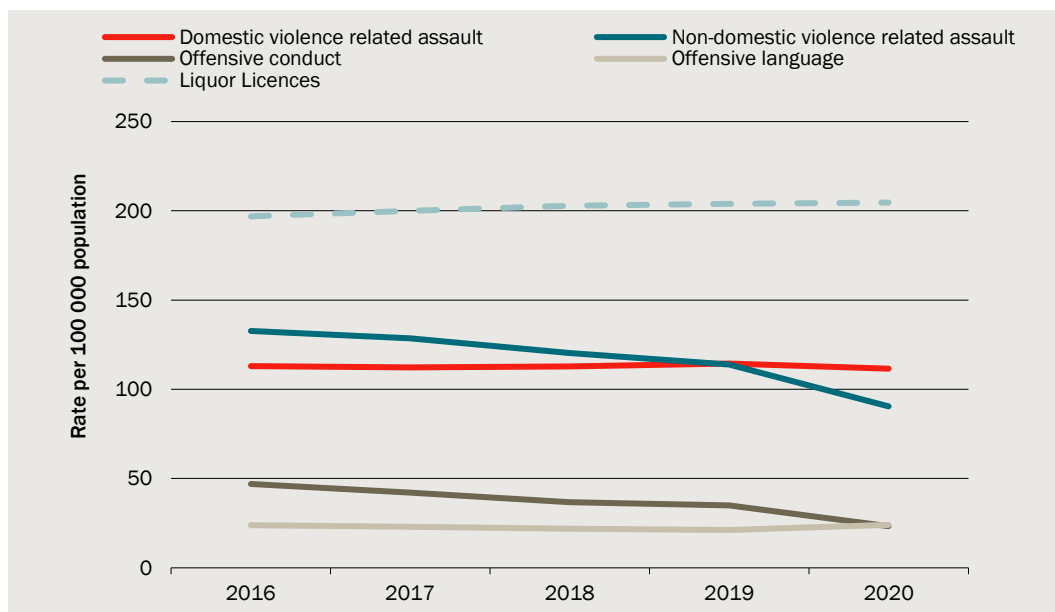
NSW Bureau of Crime Statistics and Research (BOCSAR) data⁶⁸ shows that three out of four alcohol-related crimes have been decreasing, at a per capita level. Chart 8.5 below shows the rate of offences per 100 000 population for alcohol related offences.

While there has been a slight increase in the rate of liquor licences per NSW population between 2016 to 2020 (increase of 7.7 per 100 000 population, or 3.9 per cent), there has been a decrease in alcohol related domestic violence related assaults (1.4 per 100 000 population), non-domestic violence (decrease of 42.2 per 100 000), and offensive conduct (decrease of 23.5 per 100 000). There was a small increase in alcohol related offensive language (increase of 0.3 per 100 000).

These sorts of trends highlight that the relationship and attribution of harms is complex and not clearly linked to the simple measures, such as licences per 100 000 population.

⁶⁸ NSW Bureau of Crime Statistics and Research 2021, 'Alcohol related violence', January to December, https://www.bocsar.nsw.gov.au/Pages/bocsar_pages/Alcohol_Related_Violence.aspx

8.5 Change in alcohol related crime harms (per 100 000 people)



Data source: NSW Recorded Crime Statistics January 2020-December 2020.

Value of harms

Total economic value of alcohol related harms in NSW

Although the association between alcohol and harms are widely known, there are only a limited number of studies that estimate the total **value** of harms. These studies include:

- Smith et al (2019) estimated that the total social cost of alcohol in 2015/16 was \$1 387 million in the Northern Territory, or \$7 578 per person.⁶⁹ This included:
 - \$701.3 million in ‘tangible costs’ such as health, road crash costs, crime, and child protection, and
 - \$685.5 million in ‘intangible costs’ such as premature death, costs of permanent impairment from road cash injuries, and pain, suffering and low of feeling safe from crime.
- Manning et al (2013) estimated the overall costs related to alcohol consumption across Australia in 2010 at \$14 billion.⁷⁰ This included
 - \$2.96 billion in costs to the criminal justice system
 - \$1.69 billion in costs to the health system
 - \$6.05 billion in costs resulting from lost productivity, and
 - \$3.66 billion in costs related to alcohol-related road accidents.

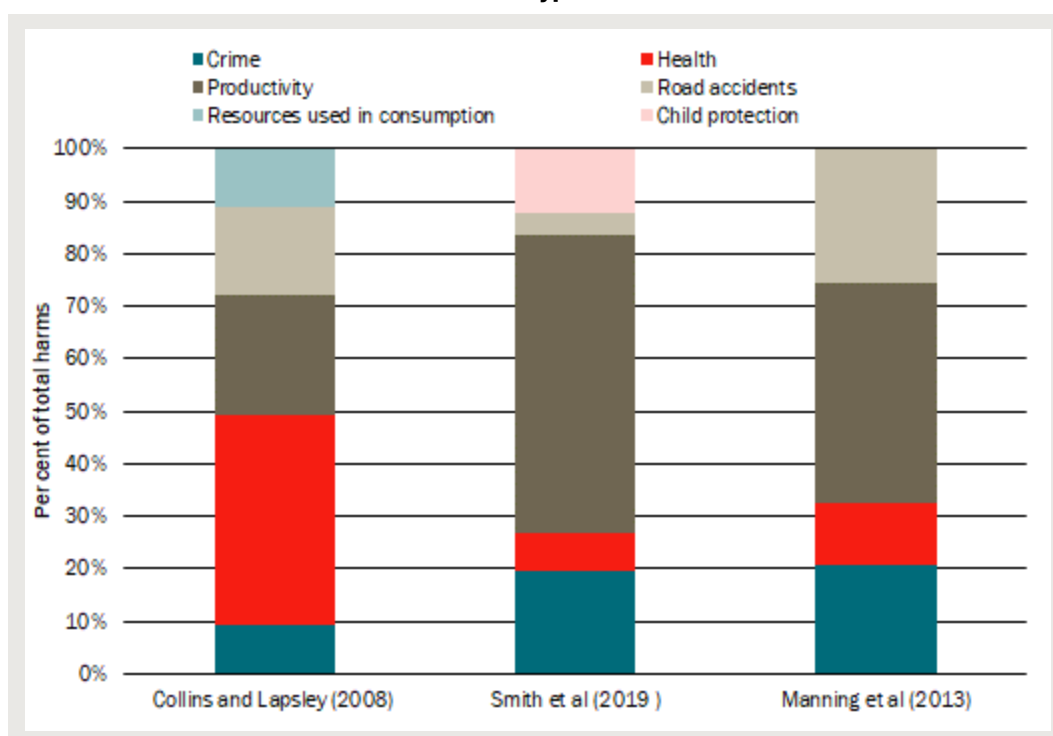
⁶⁹ Smith J., Whetton S. and D’Abbs P. 2019, The social and economic costs and harms of alcohol consumption in the Northern Territory, Darwin, Menzies School of Health Research.

⁷⁰ Manning M, Smith C & Mazerolle P 2013. The societal costs of alcohol misuse in Australia. *Trends & issues in crime and criminal justice* no. 454. Canberra: Australian Institute of Criminology, <https://www.aic.gov.au/publications/tandi/tandi454>.

- Collins and Lapsley (2008) estimates that in 2004/05, the total social cost of alcohol across Australia was \$15.3 billion. Tangible costs accounted for \$10.8 billion while intangible costs accounted for \$4.5 billion.

Across these studies, the estimation of costs across health, justice, productivity and other harms is inconsistent. The proportion of costs these three studies cover is shown in chart 8.6.

8.6 Allocation of harms across different types of harms



Data source: The CIE.

The most relevant and comprehensive study was Manning et al (2013). This study is the only estimate of societal costs of alcohol misuse reported by the Australian Institute of Health and Welfare (AIHW) in their consolidation of the most recent information on the impacts of consumption of alcohol and other drugs.⁷¹ Manning, Smith and Mazerolle (2013) updates and expands the estimates from Collins and Lapsley (2008), and is the preferred estimate due to its recency.

Some key exclusions that will tend to make the cost estimates from Manning, Smith and Mazerolle (2013) an underestimate include the following, as noted by the authors:

- Alcohol-attributable presenteeism, which relates to poor health leading to a reduction in a worker's capacity to perform. Sullivan (2019) estimates that presenteeism has a total societal cost approximately four times that of absenteeism in New Zealand. Manning, Smith and Mazerolle (2013) do not report the estimated cost of

⁷¹ AIHW, 2021, *Alcohol, tobacco & other drugs in Australia*, last updated 16 April 2021, available at: <https://www.aihw.gov.au/reports/alcohol/alcohol-tobacco-other-drugs-australia/contents/impacts/economic-impacts>

absenteeism, which would be necessary to enable applying this ratio to estimate presenteeism costs.

- Negative impacts on others associated with someone else's drinking are partially accounted for in their direct cost estimates. For example, traffic accident costs will include costs to others associated with someone else's drinking. Direct inclusion of all costs associated with someone else's drinking would involve some extent of double-counting with the cost categories already quantified.

Projecting the total societal costs to 2021

The total societal cost of alcohol misuse will change over time due to a range of factors. Three of the key factors are:

- how the number of people at risk changes
- how the cost of resources changes, and
- how the risk level of the population changes.

We project the total societal cost of alcohol misuse in Australia to be equal to \$21.3 billion in 2021 (table 8.7), based on the combination of these three uplift factors (table 8.8), as summarised in the equation below:

$$\begin{aligned} \text{Total societal cost of alcohol}_{2021} \\ = \text{Total societal cost of alcohol}_{2010} \times (1 + \text{Population growth}) \\ \times (1 + \text{Price growth}) \times (1 + \text{SEV growth}) \end{aligned}$$

The growth of each component is the growth between 2010 and 2021, the total societal cost of alcohol is obtained from Manning, Smith and Mazerolle (2013)⁷², and each growth factor is as defined below:

- **Population growth:** We assume that the growth in the adult population will be the most relevant driver for growth in the population at risk.⁷³
- **Price growth:** We use the GDP deflator from for general government at the national level to inflate prices for justice and health system costs, which are primarily costs to government. For traffic accident costs we use the Consumer Price Index (CPI)⁷⁴ and for productivity costs we use the Wage Price Index.⁷⁵

⁷² Manning, M., Smith, C. and Mazerolle, P., 2013, 'The societal costs of alcohol misuse in Australia, *Trends & Issues in crime and criminal justice*, no.454, Canberra: Australian Institute of Criminology, <https://www.aic.gov.au/publications/tandi/tandi454>

⁷³ Australian Bureau of Statistics, 2020, *National state and territory population*, September 2020, available at: <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/latest-release#data-download>

⁷⁴ Australian Bureau of Statistics, 2021, *Consumer Price Index, Australia*, March 2021, available at: <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

⁷⁵ Australian Bureau of Statistics, 2021, *Wage Price Index, Australia*, March 2021, available at <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release>

- Growth in the Summary Exposure Value (SEV) for Australia:** SEV is obtained from the GBD Compare data tool⁷⁶. The GBD Compare tool states that “SEV, or summary exposure value, is a measure of a population’s exposure to a risk factor that takes into account the extent of exposure by risk level and the severity of that risk’s contribution to disease burden.”. We extract the SEV data series from GBD Compare between 2010 and 2019, and apply an average growth rate over this period to further project SEV to 2021.

8.7 Total societal cost of alcohol misuse each year in 2010 and 2021

Year	Justice	Health system	Productivity	Traffic accidents	Total
	\$ billion	\$ billion	\$ billion	\$ billion	\$ billion
2010	2.958	1.686	6.046	3.662	14.352
2021	4.217	2.404	9.312	5.340	21.273

Note: Estimates are shown to 3 decimal places to remain consistent with the precision of results reported by Manning, Smith and Mazerolle (2013).

Source: Manning, M., Smith, C. and Mazerolle, P., 2013, ‘The societal costs of alcohol misuse in Australia, Trends & Issues in crime and criminal justice, no.454, Canberra: Australian Institute of Criminology, CIE.

8.8 Inflationers to project the total societal cost of alcohol misuse in 2021

Inflator	Justice	Health system	Productivity	Traffic accidents
	Ratio	Ratio	Ratio	Ratio
Population inflator	1.18	1.18	1.18	1.18
Price inflator	1.20	1.20	1.30	1.23
SEV inflator	1.01	1.01	1.01	1.01

Source: The CIE and sources as noted above table.

Use of the SEV to project the level of risk for a given population is the most uncertain aspect of this approach. Two key concerns are summarised in box 8.9. Noting these issues, SEV is an appropriate measure because it captures the complexity of changes in alcohol consumption behaviour via a single metric. As this discussion makes clear, there is a complex relationship between alcohol consumption behaviour and the costs of alcohol misuse.

⁷⁶ <https://vizhub.healthdata.org/gbd-compare/>

8.9 The SEV as a projector of risk associated with alcohol misuse

Firstly, using the average growth in SEV from 2010 to 2019 in order to project 2021 will not account for any step change in growth associated with the COVID-19 pandemic and associated lockdowns. The pandemic affected patterns of alcohol consumption in a range of ways, such as increasing typical volumes consumed, a shift in locations of consumption away from licenced premises towards home consumption, and other factors.

Secondly, we assume that the risk level associated with alcohol misuse relating to other cost burdens (e.g. justice costs), increases in proportion with the SEV. This is appropriate if risk exposure for disease will be similar to risk exposure for other types of costs. However, for example, risk exposure for drink driving incidents may also change if vehicle ownership patterns change. Alternative measures, such as the number of people exceeding the lifetime risk guideline or single occasion risk guideline,⁷⁷ but these measures ultimately suffer from the same issue that they may be better predictors of health risk than risk of other cost types (such as imprisonment risk or risk of presenteeism costs).

Source: The CIE.

Harms to NSW

In 2017-18, 2.7 standard drinks a day were consumed on average by people who drank alcohol aged 15 years or over.⁷⁸ This comes to nearly 1 000 standard drinks per year, or 12.4 litres of pure alcohol per person that drank in 2016-17 (77 per cent of the population).

Consistent with advice published by NSW Health, we have assumed that even small amounts of alcohol can increase the risk of harms, such as cancer, and the more an individual drinks the greater the risk of harm.⁷⁹

Building from this assumption, the cost of harms on average for each standard drink has been estimated in table 8.10.

⁷⁷ See: Australian Bureau of Statistics, 2018, *National Health Survey: First Results, 2017-18* — *Australia*, table 10.1 'Alcohol consumption — Lifetime Risk(a), Persons' and table 11.1 'Alcohol consumption — Single occasion risk(a), Persons', which are discussed at: <https://www.abs.gov.au/statistics/health/health-conditions-and-risks/alcohol-consumption/2017-18>

⁷⁸ Australian Bureau of Statistics, 2019, *Apparent Consumption of Alcohol, Australia*, Australian Government.

⁷⁹ NSW Health, 2018, *Reducing alcohol-related harm snapshot*, NSW Government, see <https://www.health.nsw.gov.au/aod/Publications/alcohol-related-harm-snapshot-2018.pdf>

8.10 Cost of harms per standard drink

Harm type	Cost per standard drink	Total cost in NSW
	(\$, per standard drink)	(\$ billion)
Justice	0.20	1.36
Health	0.12	0.77
Productivity	0.45	2.99
Traffic accidents	0.26	1.72
Total	1.02	6.84

Source: The CIE and sources as noted above table.

Applying these values to the NSW population provides a **cost of alcohol related harm estimate of \$6.8 billion dollars in 2021**.

Attributing harms to on-premises licences

There have been various studies considering the density and harms created by licenced premises. The table below summarises some of the more recent literature sources.

8.11 Harms and types of premises

Literature	Summary of findings
National Drug Law Enforcement Research Fund (2008)	<ul style="list-style-type: none"> ▪ Assaults are highly correlated with outlet density. As alcohol outlet density increases so do levels of assault. However, variance in assaults was more closely related to the volume of regular strength beer sold. ▪ The harm indicators varied by licence type. <ul style="list-style-type: none"> – Hotels/taverns and liquor stores had strong positive associations across all alcohol-related harm indicators. – Restaurants have a lower association to harms than some other licence types ▪ Greater physical availability of alcohol is associated with higher levels of alcohol-related harms ▪ Some communities will be more susceptible to experiencing the negative effects of changes to licensed outlet density than others
The Allen Consulting Group, 2009, Alcohol-related harm and the operation of licensed premises, Prepared for the Department of Justice	<ul style="list-style-type: none"> ▪ Alcohol-related harms varies between licensed premises. ▪ There is a negative relationship between licensees with restaurant conditions and offences in or near the premise. ▪ Venues offering live and recorded entertainment and hotel gaming facilities are positively correlated with the rate of offences in or near licensed premises ▪ Five factors are important predictors of risk: operating hours, patron intoxication, crowding, staff and management practices, and venue type
NSW Bureau of Crime Statistics and Research, 2014 The effect of liquor licence concentrations in local areas on rates of assault in New South Wales	<ul style="list-style-type: none"> ▪ The density of on-premises outlets predicted domestic violence and non-domestic violence assault rates. Domestic violence assault rates increase as the number of on-premises licences increase. ▪ Regulatory authorities should be concerned about increases in liquor outlet density.

Literature	Summary of findings
	<ul style="list-style-type: none"> – Any increase in on-premises licences would increase the rates of domestic violence. A 10 per cent increase in concentration would produce a 2.2 per cent increase in domestic violence assault rates. – For hotels, the domestic violence assault rate increases sharply once the concentration level exceeded 2.0 per 1,000 residents. – For packaged liquor, domestic violence assault rates increase once licence concentrations exceeded 0.75 per 1,000 residents.
Holmes J. et. al 2014, The impact of spatial and temporal availability of alcohol on its consumption and related harms: A critical review in the context of UK licensing policies, A critical review in the context of UK licensing policies. Drug and Alcohol Review, 33, 515-525.	<ul style="list-style-type: none"> ■ Controlling the availability of alcohol is a key intervention for reducing alcohol consumption and related harms. ■ Although a large body of research exists on the impacts of alcohol availability, this evidence base is somewhat generic and high level. ■ Attributing negative effects to broad outlet categories overlooks the wide diversity of outlets those categories contain.
Livingston M. 2010 A longitudinal analysis of alcohol outlet density and domestic violence, AER Centre for Alcohol Policy Research, Turning Point Alcohol and Drug Centre	<ul style="list-style-type: none"> ■ The density of all liquor licences is positively associated with rates of domestic violence over time, in Victoria. ■ General (or pub) licences and on-premises licences have a relatively small association with domestic violence, while packaged (off-premise) licences have a more substantial impact. ■ The study suggests that a need for licensing policies that pay more attention to off-premise alcohol availability.
Sax institute 2015, Evidence check: Community impact of liquor licences	<ul style="list-style-type: none"> ■ Overall, alcohol outlet density is associated with violence. This is particularly true for pubs/bars and packaged liquor outlets. ■ However, the volume of alcohol sold is a better predictor of harms than the number of outlets. ■ Alcohol outlet density is associated with changes in the rate of health problems. ■ The impact of outlet density on underage drinking and traffic accidents is not strong. ■ Reducing the hours during which on-premises alcohol outlets can sell alcohol late at night can substantially reduce rates of violence.

Source: National Drug Law Enforcement Research Fund (2008) Predicting alcohol-related harms from licensed outlet density: a feasibility study. Monograph Series No. 28, available at http://www.ndlrf.gov.au/pub/Monograph_28.pdf, The Allen Consulting Group, 2009, Alcohol-related harm and the operation of licensed premises, Prepared for the Department of Justice, NSW Bureau of Crime Statistics and Research, 2014 The effect of liquor licence concentrations in local areas on rates of assault in New South Wales

There are two important assumptions developed from this literature.

Firstly, it is well accepted that greater availability of alcohol is associated with higher levels of alcohol-related harms. Consistent with this, we have assumed that **the potential for additional harms is linked to the volume of alcohol consumed**. For any increase in alcohol consumed, there will be an associated cost from harms.

Secondly, the evidence is mixed across the literature on the extent harms are linked to premise type. Some studies found that the density of all premise-types is linked to harms, while others found that volume of alcohol sold was a key factor in attributing harms.

Studies that considered the volume of alcohol have undertaken a more detailed analysis and have been able to provide more granular findings. These studies found that restaurants (the majority of the premise types impacted by the measures) have a lower association to harms than some other licence types. However, we note that there are a

wide range of business models within this category, and there would be a varying level of harms.

Because of this lack of association between current on-premises establishments and crime related harms, the potential change in crime related harms is depended on the option progressed. For options that do not restrict the quantity of alcohol sold, it must be assumed that the *potential* harms from on-premises licences becomes consistent with packaged liquor outlets (i.e. the full range of harms). Although not all on-premises outlets are expected to sell at off-premise volumes, there is the provision to do so if chosen.

A limited quantity of alcohol available to be sold via take-away or delivery would be expected to have a **smaller impact on harms**, particularly any additional crime related harms as discussed in the literature.

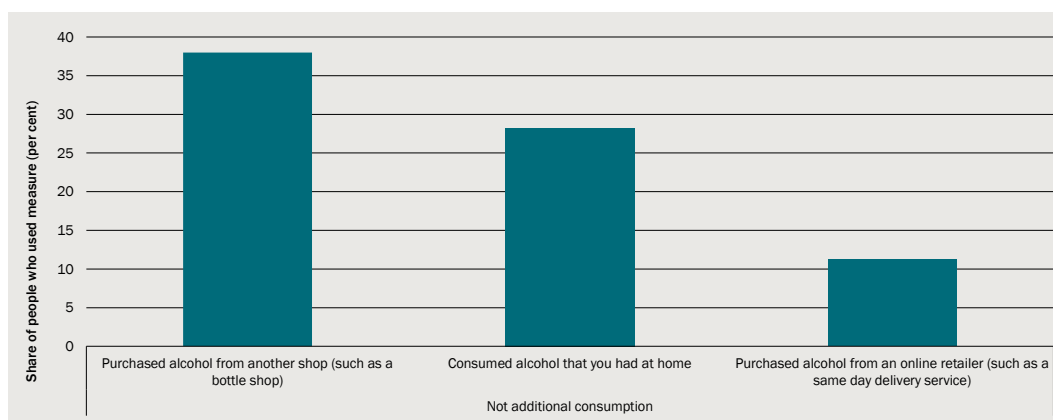
Based on these assumptions, three scenarios for harms have been identified:

- **Low harms scenario** — the low scenario considers that on-premises licence types are lower risk than some other licence types. If on-premises sales volumes were to remain relatively unimpacted, many of the crime related harms are less likely compared to other licence types. For the restricted sales volume option, these crime related harms will be excluded, and a harms value of \$0.12 per standard drink will be applied. This harms value includes harms from poor health outcomes.
- **Central harms scenario** — the central scenario acknowledges that many of the productivity harms are linked to health outcomes. For example, absenteeism from an alcohol related illness would be captured under a productivity cost. As any increase in alcohol consumption increases the risk of long-term chronic diseases, this scenario includes both health and productivity costs, valued at \$0.57 per standard drink.
- **High harms scenario** — this scenario includes the full \$1.02 per standard drink harms estimation. This will be applied to an un-restricted sales volume option, to reflect the potential for on-premises establishment to sell take away and delivery alcohol at high risk volumes.

Change in alcohol consumption and harms

As discussed previously, the consumer survey and the retail survey found that alcohol purchases were occurring via takeaway or delivery from on-premises licenced venues. However, not all this consumption is additional, and the survey indicated that most of these sales would have occurred anyway through alternative channels (such as pubs, clubs, bottle shops and online retailers) (chart 8.1). If the option to purchase alcohol from on-premises establishments wasn't available, most consumers would have still purchased alcohol from another source. These transactions are not additional alcohol consumption, as the alcohol products would have been purchased anyway.

8.12 If purchasing takeaway alcohol from a restaurant/cafe or small bar wasn't an option, what would consumers have done instead?



Note: People could answer more than one option.

Data source: The CIE.

By analysing these responses to the typical volume purchased for each consumer, it was found that **30.7 per cent of alcohol purchased was additional consumption, and almost 70 per cent would have been purchased from an alternative channel.**

While the consumer survey provides a reasonable good point of evidence about the share of consumption that is additional, the overall level of uptake is more uncertain, as set out in chapter 6. The change in the volume of alcohol consumption was calculated with two separate methodologies.

- Consumer survey methodology** — The consumer survey was first used to identify the total annual volume of takeaway and/or delivery alcohol that was purchased through on-premises establishments. To identify the subset of these transactions that was additional consumption, transactions that would have been sourced from other outlets without the measures were then excluded. The additional consumption was then calculated for everyone that used the measures, and an average additional alcohol consumption was identified.
- Retail data methodology** — The current retail value of alcohol sales from on-premises establishments was estimated by combining the total revenue by premise sub-types⁸⁰ by the estimated share of revenue related to alcohol⁸¹. This value was then divided by an average cost per on-premises and off-premise standard drink⁸² to estimate the proportion of sales across the alcohol sector (found to be 8.3 per cent of total alcohol sales). The restaurant take-up rate and the anticipated increase in alcohol sales revenue was then extracted from the restaurant survey to estimate the additional consumption per person.

⁸⁰ IBISWorld

⁸¹ Deloitte Access Economics, 2021, Alcohol Beverages Industry: Economic contribution and future opportunity.

⁸² Jiang H, Livingston M, Room R, Callinan S, 2016, Price elasticity of on- and off-premises demand for alcoholic drinks: a Tobit analysis, Article in Drug and alcohol dependence April 2016.

The average of these two methodologies found that on average **the volume of alcohol consumed increased by 0.5 per cent, across the whole population**. This uplift in drinking was used as the central case for the unconstrained option in the CBA modelling (option 1). The consumer survey methodology and the retail data methodology have also been included in the CBA as the high and low scenarios.

8.13 Standard drink estimates and additional consumption

Item	Unconstrained option, tick the box licensing (Option 1)	Unconstrained option, licensing, full CIS (Option 2)	Constrained option, tick the box licensing (Option 3)	Constrained option, licensing (Option 4)
	Per cent	Per cent	Per cent	Per cent
Central case				
Total consumption through the measures	1.7	0.4	1.2	0.3
Additional consumption	0.5	0.1	0.4	0.1
Low scenario – retail data method				
Total consumption through the measures	0.5	0.1	0.5	0.1
Additional consumption	0.2	0.0	0.1	0.0
High scenario – consumer survey method				
Total consumption through the measures	2.9	0.7	2.1	0.5
Additional consumption	0.9	0.2	0.6	0.2

Note: The estimated 30.7 per cent rate of additional drinking has been applied.

Option 2, 3 and 4 draw from the same methodology, however, constraints have been applied to the total consumption of alcohol sold through the measures. Each constraint has been outlined below:

- Option 2 applies a 75 per cent reduction in consumer purchases compared to option 1. This is an assumed reduction in consumer purchases, consistent with a substantially reduced number of businesses adopting the measures (assumed to be a 90 per cent reduction in business uptake, as previously discussed).
- Option 3 limits the amount of alcohol purchased within the consumer survey and the retail survey to those transactions that purchased a meal with their drinks, and limits consumption to a maximum of one bottle of wine or a six pack of beer. This was achieved by analysing the typical alcohol purchase from the consumer survey responses, where the respondent indicated that their alcohol purchase was with a meal. Respondents that did not purchase a meal were excluded from this analysis. As the licencing arrangement in this option is light touch, there is no reduction in the number of premises adopting the measures permanently.
- Option 4 is similar to option 2, except that some purchase are now excluded because they are not with a meal or are reduced to the maximum allowed.

9 Costs related to licensing and compliance

Currently, different types of licence go through different processes because of the view of the risk associated with the licence.

On premise licences for ‘standard’ restaurants and small bars have a streamlined approval process and are determined by a delegate (L&GNSW), rather than going through a more comprehensive process and being determined by ILGA (table 9.1).

9.1 Regulation applied by licence type

Licence type	CIS (comprehensive consultation)?	Streamlined approval?	Who determines?
Full hotel	Yes	No	ILGA
General bar	Yes	No	ILGA
Club	Yes	No	ILGA
Packaged	Yes	No	ILGA (other than a packaged liquor licence that sells liquor over the phone, fax, mail order, or through an internet site)
On premises	No ^a	Yes ^b	Delegate (except for a public entertainment venue - other than a cinema or a theatre)
Limited	No	No	Delegate
Producer wholesaler	No	No	Delegate
Small bar	Yes ^c	Yes	Delegate

^a A CIS is needed for an on-prem licence for a public entertainment venue (e.g. a nightclub); ^b Only for on premise (restaurants);

^c Only if extended trading past 2am is sought (not typical).

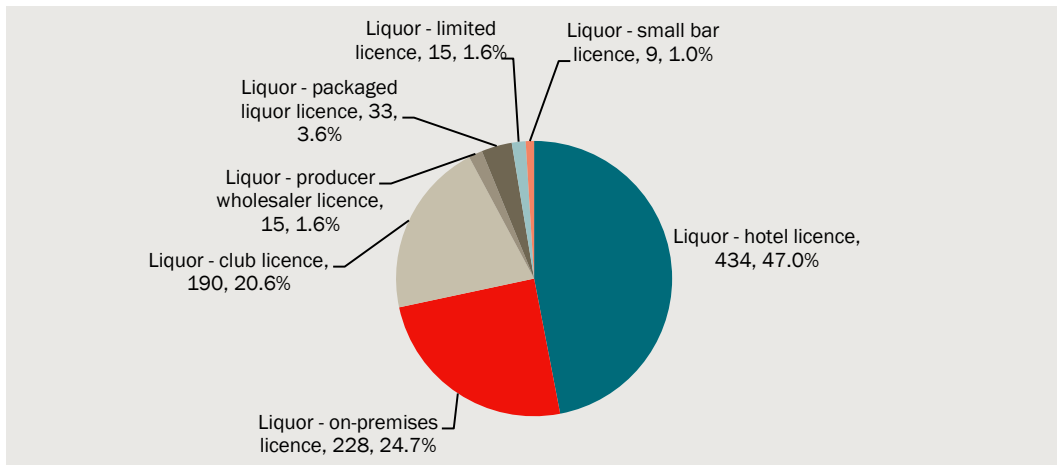
Source: NSW Liquor & Gaming.

The approval process is determined by ILGA. If on-premises licences were permanently allowed to sell takeaway and delivery alcohol, the associated risk of harms from these licence types may change, and ILGA may seek to assess these licence applications differently.

Complaints by licence type

On-premises licences, of which restaurants are one type, accounted for 24.7 per cent of total alcohol licencing complaints, the second highest number of complaints. Chart 9.2 shows the number of complains over the reporting period April 2019 to March 2020 (the reporting period prior to the Statement of Regulatory Intent).

9.2 2019-20 L&GNSW complaints by licence type

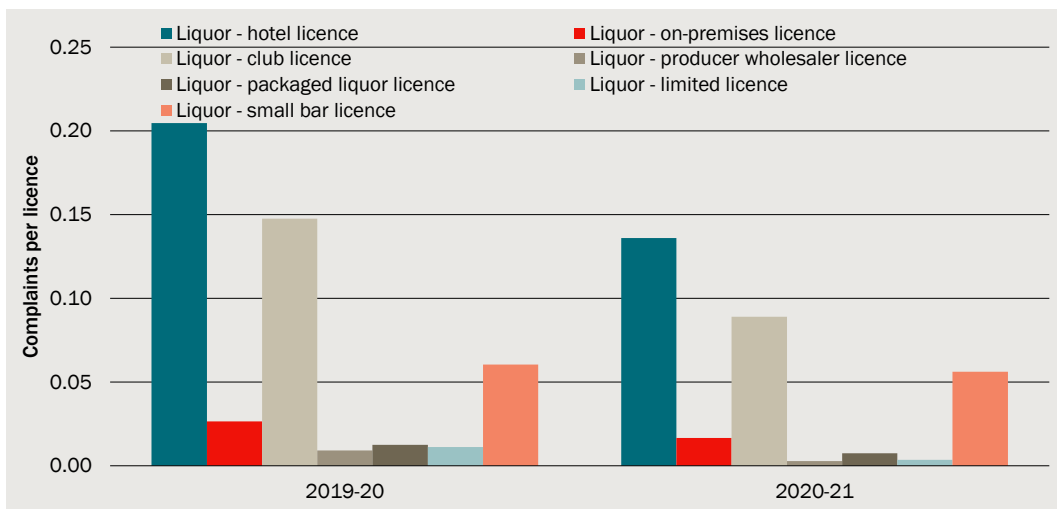


Note: Data is for the period April 2019 to March 2020.

Data source: L&GNSW monthly complaints by liquor licence.

However, on-premises complaints are much lower on a per licence basis at 0.03, compared to hotels, clubs and small bars for the same period, and 0.02 in 2020-21 (chart 9.3).

9.3 2019-20 and 2020-21 complaints per licence



Note: Annual data is for the period April to March.

Data source: L&GNSW monthly complaints by liquor licence; NSW Government 2020, 'Liquor licence data and dashboard/map: Premises list as at March 2020.xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>; NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021.xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>

Compliance issues since the SRI

Since the SRI, there have been examples of compliance issues that have required L&GNSW and NSW Police's attention.

One example is the emergence of 'kerbside bars'. These on-premises establishments have been selling ready-to-go cocktails that are made to be consumed immediately after

purchase, often in locations that are close to alcohol free zones. Some social media outlets have seen "margarita crawls" posted between several bars.

This practice has raised concerns, as it 'encourages patron crowding, congestion, and a lack of social distancing near the venue'. NSW Police provided various examples of police officers responding to such instances while enforcing COVID-19 social distancing requirements and addressing people consuming alcohol in alcohol free zones.

As a result of this practice, L&GNSW released a media statement outlining controls for the sale of take-away liquor and cocktails, including:

- all take-away liquor sold or supplied should be packaged in sealed vessels
- cups, straws, ice, and other items promoting immediate consumption must not be sold or supplied for take-away with liquor
- the venue's promotional material and activities must not promote or otherwise encourage the consumption of take-away liquor in any public place or any other activity which would breach the public health orders
- notices should be prominently placed at the point of sale, directing patrons that liquor is for consumption at home, and
- the venue must continue to comply with all public health requirements and implement COVID-Safe controls specific to the take-away portion of the business, including social distancing and queue management.

Although this issue is a clear public health risk during a COVID-19/health pandemic environment, the compliance issues raised are more aligned to a health order breach rather than a breach of their alcohol licencing. During a 'post COVID-19' environment, the issues of crowding, congestion, and a lack of social distancing near the venue would be less severe.

Estimated change in compliance costs

If an unrestricted option was to become permanent, the impact on the number of complaints and the additional compliance activities is unclear.

However, from discussions with stakeholders, if the volume of alcohol was unconstrained (option 1 or option 2) a conservative licencing approach may review all on-premises licences the same as off-premise establishments. This reflects the risk that unrestricted on-premises licence holders could sell at volumes similar to an off-premise licence (even if they do not choose to do so in practice). This has been applied to Option 2 and not to Option 1.

To estimate the additional compliance costs for each option, we have assumed that compliance costs increase for the licence holder, L&GNSW and other government agencies, relative to the potential volume of alcohol available to sell. This is consistent with the current application fee structure, in which licences that have a higher risk of harm have higher application and annual licence fees.

The key assumptions underpinning this calculation include:

- The estimated cost of an off-premise licence application can be as high as \$30 000, as identified through the stakeholder consultation process. We have assumed this figure is the upper range of the costs to complete a full category B community impact statement and applied to Option 2 and 4. A ‘tick the box’ style licence authorisation would still require business cost, but this would be significantly lower.
 - Given the high cost of a category B community impact statement, we have also assumed that business take up would reduce by 90 per cent from the current business take up rate.
- Additional costs for NSW Government and local government have been included to reflect additional review capacity. Expanding on a submission received, we have assumed that capacity is needed by NSW Police, NSW Health, and local governments to review each licence.

The inputs used to estimate the licence costs are summarised in table 9.4 below.

9.4 Additional licence costs by stakeholder

Impact	Full licence costs	‘Tick the box’ style licence
	(Options 2 and 4)	(Options 1 and 3)
	\$ per licence	\$ per licence
Impact on business uptake	Reduces by 90%	Nil
Cost to businesses	\$10 000 to \$30 000	\$500 to \$1500
Cost to NSW Health	\$0 to \$550	\$15 to \$30
Cost to NSW Police	\$300 to \$550	\$15 to \$30
Cost to L&GNSW	\$300 to \$550	\$15 to \$30

Source: The CIE.

For all options, the lower cost assumes additional costs for NSW Police and local governments. The upper cost also includes costs for NSW Health, and increases the average number of hours needed to undertake an assessment.

Although options 1 and 3 apply a ‘tick the box’ style application, there is still assumed to be a small cost for agencies per licence, as they will have a period of time to review, and if needed, provide information to refuse the application or modify conditions. However, as the volume of alcohol sales is constrained, there is not expected to be many problematic applications. Across all licences, the average cost is relatively small (between \$15 to \$30).

Option 2 and 4 assume that either half or all of the licence applications undergo a full assessment from agencies. To undertake a full assessment 12 hours of staff time is required.

Part of the additional costs to L&GNSW are captured in the application fees paid by businesses. However, a small additional fee has been assumed to facilitate the new licence application process.

10 *Cost-benefit analysis results*

The quantitative cost benefit analysis has been able to factor in:

- changes to alcohol-related harm — this reflects the amount of use, limitations on use and type of use
- benefits to consumers — this reflects the amount of use and how people value this relative to the next best alternative
- licensing costs for on-premises licensees and other stakeholders involved in licensing processes.

There are also distributional impacts, such as bottleshops facing reduced profits and restaurants having increased profits, relative to what would have occurred in the absence of the options. These are assumed to cancel out and are not measured.

Summary of key inputs into the CBA

A summary of the key inputs is shown in table 10.1.

- The expected take up for the unconstrained option is an average of the use reported by survey respondents and the expectations of restaurants and cafes in terms of increases in future sales. These were quite different, with the survey suggesting **29 standard drinks** per person older than 15 in NSW per year purchased through takeaway or delivery from on-premises licensees. In comparison, restaurants expected a smaller increase, amounting to **5 standard drinks** per person older than 15 in NSW per year
 - the take up for Option 3 is based on removing consumption where people indicated this did not occur with a meal and reducing consumption where this was above 1 bottle of wine or a six pack of beer
 - the take-up for Option 2 and Option 4 is based on a very large reduction in on-premises licensees using (90 per cent), leading to a 75 per cent reduction in consumption, compared to the options with minimal licensing. To justify the increased fees and administration to sell takeaway and delivery alcohol in Option 2 and 4, we have assumed that only businesses that would significantly benefit would pursue this option. As such, the reduction in consumption is less than the reduction in licensees
- Approximately **30 per cent of the take-up is expected to be additional alcohol consumption**, and 70 per cent is purchasing from an on-premises licensee instead of from another alcohol seller. This is based on the survey results.
- The consumer surplus per standard drink purchased is estimate at 50 cents (central estimate). This is based on the survey of consumers. This uses a conservative view of the price of alcohol from on-premises licensees. Using a recent study on the average

price per standard drink for on-premises establishments, the consumer surplus is \$1.20 per standard drink (upper estimate).⁸³

- The harm -per standard drink is estimated at \$1.0 for Option 1 and \$0.57 for other options. These estimates are based on:
 - Option 1 leading to a level of harm consistent with the average per unit harm for alcohol consumption in NSW. That is, estimates of total harm and divided by estimates of total consumption.
 - Options 2 to 4 are based on a level of harm consistent with the average health and productivity harms from alcohol use. No justice and driving harms are included.

Both estimates of harm are likely to be at the upper end, because of the characteristics of drinking at on-premises licensees and because of constraints imposed for Options 3 and 4. Further, in reality there is a lag between some impacts (such as health) and alcohol consumption that has not been factored in.

10.1 Take up and per standard drink estimates of costs and benefits, central case

Item	Unit	Unconstrained option, tick the box licensing (Option 1)	Unconstrained option, licensing, full CIS (Option 2)	Constrained option, tick the box licensing (Option 3)	Constrained option, licensing (Option 4)
Consumption per year	SDs per person per year	17.0	4.2	12.4	3.1
Additional consumption per year	SDs per person per year	5.2	1.3	3.8	0.9
Consumer surplus per standard drink	\$/SD	0.5	0.5	0.5	0.5
Harms per additional standard drink	\$/SD	1.0	0.6	0.6	0.6

Source: The CIE.

The consumer surplus estimate applies to all drinks purchased through the measures, while the harms per drink only applies the additional alcohol consumption. This is an important distinction, since not all drinks purchased through the measures are additional consumption. Some drinks would have been purchased through other retailers regardless. The additional consumption was estimated from the consumer survey, which asked what the consumer would have done if purchasing takeaway alcohol from a restaurant/cafe or small bar wasn't an option.

Central case estimated costs and benefits

The estimated costs and benefits across the options for the central case scenario is set out in table 10.2.

⁸³ On-premises price estimate from Jiang H, Livingston M, Room R, Callinan S, 2016, Price elasticity of on- and off-premises demand for alcoholic drinks: a Tobit analysis, Article in Drug and alcohol dependence April 2016

- Option 3 has the highest net benefits, of \$197 million in present value terms over ten years, because it best balances the consumer surplus increases and the increased alcohol-related harm.
- Option 1 has the largest consumer benefits, but also high costs associated with alcohol-related harm.
- Option 2 and 4 have lower consumer surplus and harm, as well as higher licensing costs. The licensing process would deter most on-premises licensees from taking up the ability to sell alcohol for takeaway or delivery.

Note that for Option 1 and Option 3, we have assumed that there are some licensing costs. This process is discussed in the recommendations.

10.2 Overall estimates of costs and benefits, central case

Item	Unconstrained option, tick the box licensing (Option 1)	Unconstrained option, licensing, full CIS (Option 2)	Constrained option, tick the box licensing (Option 3)	Constrained option, licensing (Option 4)
	\$m, present value	\$m, present value	\$m, present value	\$m, present value
Consumer surplus	418	104	304	76
Alcohol-related harms	-255	-36	-104	-26
Licensing costs	-4	-8	-4	-8
Net benefit	159	61	197	42

Note: Costs and benefits are calculated over ten years with a 7 per cent discount rate.

Source: The CIE.

Sensitivity analysis of costs and benefits

The ranking of options remains similar across different assumptions (table 10.3). Even when some parameters are tested, continuing the measures consistently produces a positive net benefit.

Option 1 is the preferred option under the higher measure of consumer surplus. Otherwise, Option 3 is the preferred option in all other sensitivities undertaken, which have included:

- using the uptake directly from the consumer survey
- using the uptake expected from restaurants
- using less conservative estimates of harm, and
- using a range of different assumptions about costs related to licensing
- assuming annual compliance costs per premise are the same as the annual licence fee charged for hotels and packaged liquor (\$556 per year), and
- using a range of assumptions about the time period and discount rate.

10.3 Overall estimates of net benefits, sensitivities

Item	Unconstrained option, tick the box licensing (Option 1)	Unconstrained option, licensing, full CIS (Option 2)	Constrained option, tick the box licensing (Option 3)	Constrained option, licensing (Option 4)
	\$m, present value	\$m, present value	\$m, present value	\$m, present value
Central case	159	61	197	42
Higher measure of consumer surplus	720	201	606	144
Restaurant expected uptake	42	11	66	10
Consumer survey expected uptake	276	110	327	75
3 per cent discount rate	194	76	240	53
10 per cent discount rate	139	52	172	36
5 year time period	91	32	113	21
Lower estimates of harm	271	89	279	63
Higher estimates of licensing cost	155	53	193	34
Lower estimates of licensing cost	160	64	198	45
Including compliance costs at an additional \$556 per year per premise	139	59	177	40

Note: Costs and benefits are calculated over ten years with a 7 per cent discount rate unless otherwise specified.

Source: The CIE.

11 Conclusion and preferred option

The preferred option is Option 3, which would allow on-premises licensees to continue to sell alcohol through takeaway and home delivery, but with restrictions including:

- limited to one bottle of wine or a six pack of beer or alcohol equivalent per order
- only sold with a meal
- a range of other less important constraints set out below to minimise harm and other public costs.

This option is preferred because it is the most consistent with the legislative objectives and existing licensing system and, under most scenarios has the highest net benefit to the NSW community. We note that under less conservative assumptions Option 1 (unconstrained sale) can have higher net benefits. However, it is clear that this option is not consistent with the overall legislative arrangements for the sale of alcohol in NSW.

Recommendations and key findings

The ability for on-premises licensees to sell takeaway and home delivery of alcohol has been widely taken up by on-premises licensees (more than half) and by consumers (about one third).

Our recommendation is that this should be made permanent through legislative change. This recommendation is not relevant to all premises. For instance, the condition in the SRI that the sale of liquor, including take-away and home delivery sales, must occur from the registered address of the licensed premises. This condition would exclude offsite catering businesses for example.

This recommendation should be undertaken with a range of constraints to ensure that this change is consistent with the objectives of the *Liquor Act 2007* and the community's expectations, including:

- limiting alcohol consumption per order to a maximum of one 750ml bottle of wine, or a six pack of beer, cider or pre-mixed spirits or cocktails (not more than 375ml per container)
- only allowing alcohol to be purchased with a meal
- only allowing alcohol to be purchased in a container that is sealed
- not allowing for on-premises licensees located in alcohol-free zones to promote alcohol products that are designed to be consumed in public/within the alcohol-free zone
- allowing the Licensing delegate from L&GNSW to limit trading hours for individual licences, based on the risks and circumstances of the local community. For example,

trading hours could be aligned to the trading hours of packaged liquor (bottleshop) licensees in the same area to limit late night alcohol availability,⁸⁴ or other considerations where appropriate. This could also define permitted start times

- requiring on-premises licensees to seek a separate streamlined style⁸⁵ endorsement/authorisation from L&GNSW which would be attached to the licence. This would allow for standard conditions to be applied to all licence authorisations, is aligned to the liquor legislative framework, can be revoked if there are major issues with compliance, and should allow interim authorisations so that businesses can start using the endorsement from the date they lodge an application, and
- allowing for key stakeholders such as NSW Police (and potentially NSW Health when considered high risk) to review new licences at their discretion and to make recommendations as to whether they should be rejected. Note that the recommended process is that an on-premises licensee would seek an endorsement/authorisation from L&GNSW, and then be able to sell through takeaway or delivery as the default. NSW Government agencies would then have a period of time, such as 28 days, to provide information to refuse the application or modify conditions.

A number of stakeholders have indicated a need to collect data from licensees to be able to undertake a later evaluation, and/or piloting of the change. We do not think there is a sufficiently strong reason for either of these at this stage:

- collecting of data from licensees would be sales data. This would indicate the total amount of alcohol being sold through the mechanism. The pattern of sales would have limited information, as all orders would be constrained in volume anyway under the recommended option. In our view, this information would not be useful to inform a future review, as consumer benefits and health costs are both impacted by the level of consumption. Future reviews should occur, and could use consumer and licensee surveys, rather than a formal data collection process that will shed limited light on the merit of the change
 - we also note that on-premises licensees will be subject to the same day delivery requirements, which require data collection. We recommend that these data collection requirements be reviewed for on-premises licensees as these are likely to impose a high regulatory burden for small businesses, and are less relevant given the constrained nature of the alcohol purchases being allowed.⁸⁶ Aspects of the same day delivery arrangements related to ensuring sales are not to minors or intoxicated people are very important and would need to remain in place for on-premises licensees

⁸⁴ Reducing the hours during which on-premise alcohol outlets can sell alcohol late at night can substantially reduce rates of violence, Livingston M., Wilkinson C., Room R. 2016, Evidence Check: Community impact of liquor licences, Sex Institute.

⁸⁵ Such as the application process granted to eligible restaurants and bars, where an interim approval is granted, allowing the business to start trading as soon as they lodge their authorisation online.

⁸⁶ The data collection requirements are less burdensome when the licensee partners with a same day delivery provider, such as MenuLog or Deliveroo. In this case, the reporting obligations fall back onto the delivery provider, not the restaurant. However, those licensees that do not partner with a same day delivery provider would be disadvantaged.

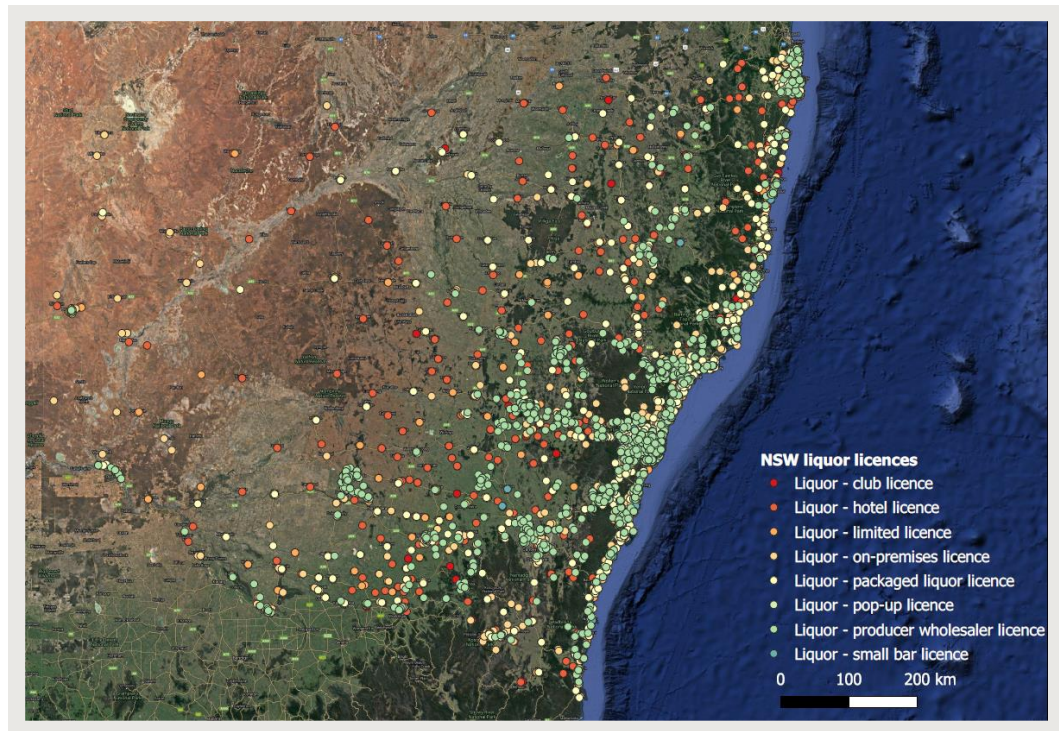
- piloting would involve undertaking the change in a limited set of places or for a limited time period. The latter has already occurred, albeit that the period has also been influenced by many other factors such as lockdowns. We are not sure that there is a strong reason to continue on a temporary basis for a longer period. It would be preferable to make the arrangement permanent and then to review it in four or five years. We are also not convinced that piloting in a particular location would provide useful information. It would be very difficult to determine whether any changes in the level of alcohol-related harms were due to this change, given the general volatility in some types of harms and long lead times before others are manifested.

A Liquor licence locations, access density and trends

Location

NSW liquor licences are clustered around the population centres on NSW's East Coast (particularly Sydney, Newcastle, Wollongong and the far North Coast) (chart A.1).

A.1 Map of NSW liquor licences by licence type



Data source: NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021 xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>; CIE.

Access and density vary across local government areas and populations

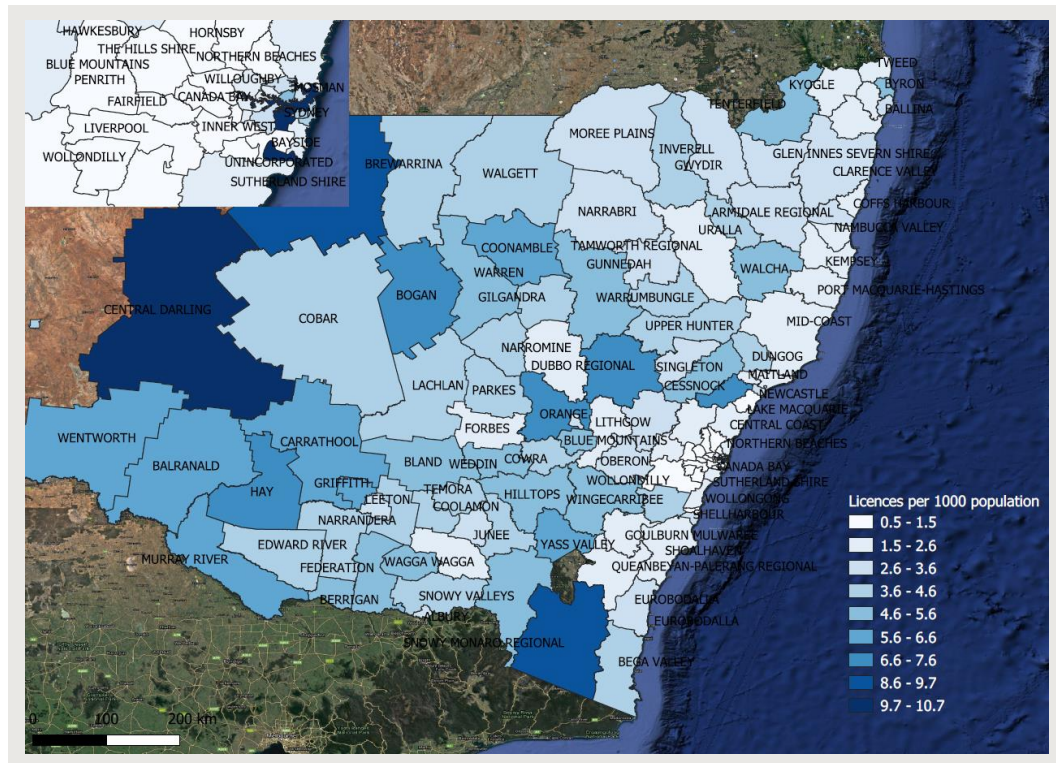
Total liquor licences

Across NSW, there are 2.25 *total* liquor licence premises per 1 000 population.⁸⁷ However, liquor licence density varies significantly across NSW local government areas,

⁸⁷ Includes all eight liquor licences, except, limited licences with no assigned Local Government Area.

ranging from 0.52 per 1 000 population in Blacktown City Local Government Area, to 10.67 in Sydney City Local Government Area (chart A.2).⁸⁸

A.2 Total liquor licence density by Local Government area (per 1 000 population)



Note: The map includes all eight liquor licences, except limited licences with no assigned Local Government Area.
 Data source: NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021 xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>; NSW Government 2020, 'NSW 2019 Population Projections', <https://www.planning.nsw.gov.au/Research-and-Demography/Population-projections/Projections>; CIE

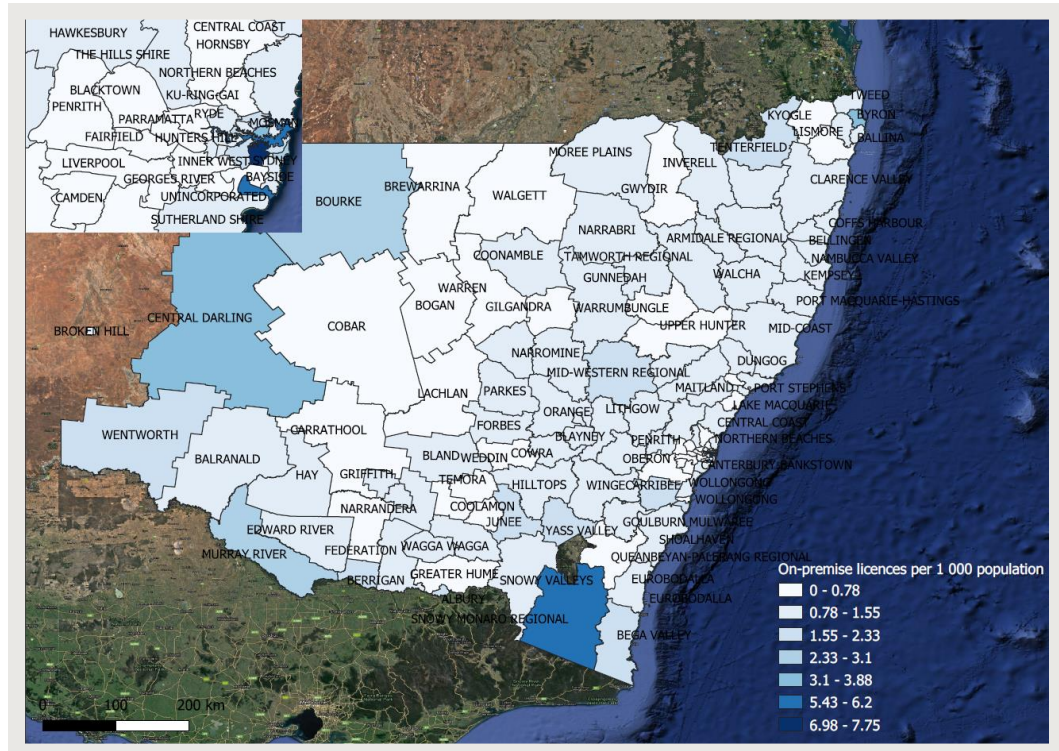
On- premise liquor licences

Across NSW, there are 1.13 *on-premises* liquor licences per 1 000 population. However, like total liquor licences, on-premises liquor licence density varies significantly across NSW local government areas, ranging from 0.18 in the Blacktown City Local Government Area, to 7.75 per 1 000 population in City of Sydney Local Government Area (chart A.3).⁸⁹

⁸⁸ Average 3.59 and standard deviation of 2.03 total liquor licence premises per 1 000 population.

⁸⁹ Average 3.59 and standard deviation of 2.03 total liquor licence premises per 1 000 population.

A.3 On-premises liquor licence density by Local Government area (per 1 000 population)



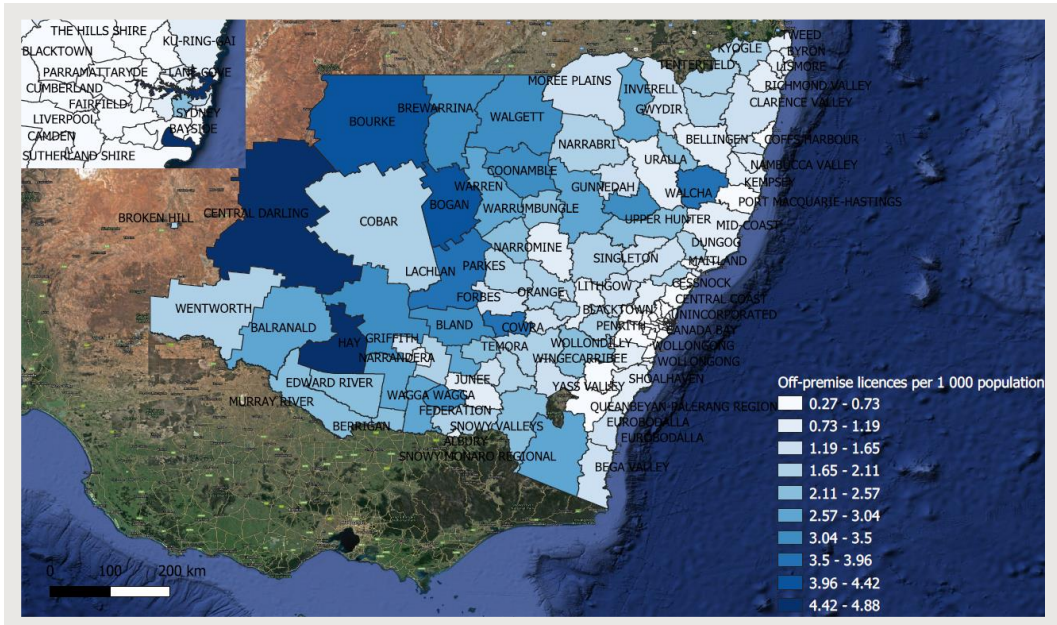
Note: The map includes on-premises and small bar licences.

Data source: NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021.xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>; NSW Government 2020, 'NSW 2019 Population Projections', <https://www.planning.nsw.gov.au/Research-and-Demography/Population-projections/Projections>; CIE

Off-premise liquor licences

Across NSW, there are 0.76 *off premise* liquor licences per 1 000 population. Again, off-premise liquor licence density varies significantly across NSW local government areas, ranging from 0.27 per 1 000 population in the Blacktown Local Government Area, to 4.88 in the Central Darling Shire Local Government Area (chart A.4).

A.4 Off-premise liquor licence density by Local Government area (per 1 000 population)



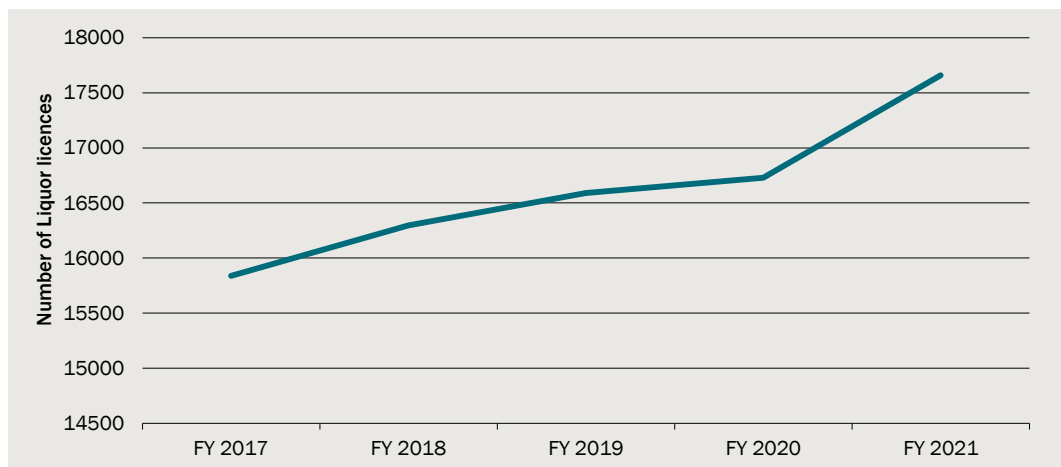
Note: The map includes club, hotel, and packaged liquor licences.

Data source: NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021 xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>; NSW Government 2020, 'NSW 2019 Population Projections', <https://www.planning.nsw.gov.au/Research-and-Demography/Population-projections/Projections>; CIE

Liquor licence trends

The total number of liquor licences have increased by an annual compound growth rate of 2.8 per cent, over the period 30 June 2017 to 30 June 2021 (chart A.5).

A.5 Total number of liquor licences over the period FY 2017 FY 2021



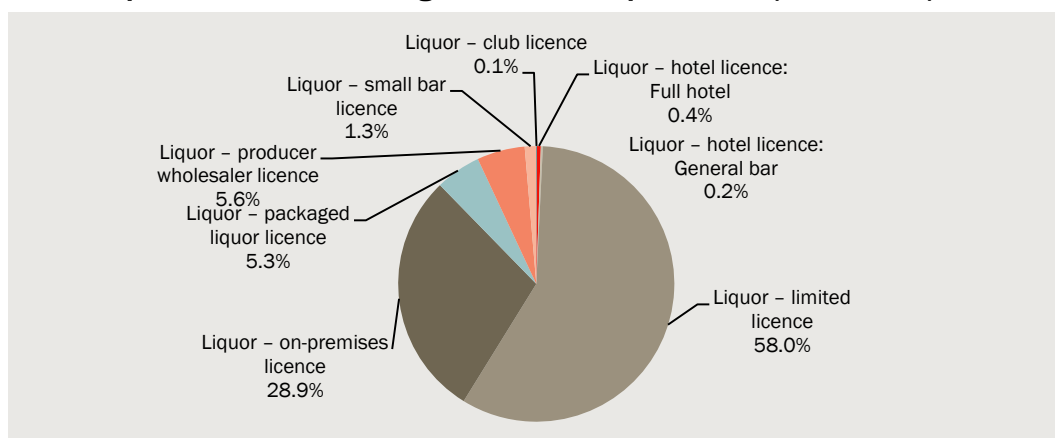
Note: Excludes limited licences.

Data source: NSW Government 2020, 'Annual Report 2019/20', Table 1: Number of licences in force in each Local Government Area as at 30 June 2020, pp. 19-21, Independent Liquor & Gaming Authority, https://www.liquorandgaming.nsw.gov.au/_data/assets/pdf_file/0008/949796/ILGA-Annual-Report-2019-20.pdf; NSW Government 2021, 'Liquor licence data and dashboard/map: Premises list as at June 2021 xlsx', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/liquor-licence-data>; CIE.

Over the period 30 June 2017 to 30 June 2020 an annual average of:

- 2 322 liquor licences were granted, of which:
 - limited licences accounted for 58 per cent, and
 - on-premises licences accounted for 29 per cent (chart A.6), and
- across all licence types, 28, 16, 526 and 299 licences were refused, suspended, cancelled, and withdrawn respectively (table A.7).

A.6 Proportion of new licences granted over the period 2017/18 to 2019/20



Data source: NSW Government 2020, 'Annual Report 2019/20', Table 2: Total number of liquor licences granted between the 2016-17 and 2019-20 financial years, p. 22, Independent Liquor & Gaming Authority, https://www.liquorandgaming.nsw.gov.au/__data/assets/pdf_file/0008/949796/ILGA-Annual-Report-2019-20.pdf; CIE

A.7 Licence actions taken between the 2016/17 and 2019/20 financial years

Licence Type	FY 2017	FY 2018	FY 2019	FY 2020	Average
	Number	Number	Number	Number	Number
Refused	28	18	51	16	28
Suspended	10	13	23	19	16
Cancelled	516	477	512	598	526
Withdrawn	366	276	194	359	299
Total	920	784	780	992	869

Note: Financial years.

Source: NSW Government 2020, 'Annual Report 2019/20', Table 3: Total number of liquor licence applications refused and withdrawn and total number of liquor licences suspended or cancelled between the 2016-17 and 2019-20 financial years, p. 22, Independent Liquor & Gaming Authority, https://www.liquorandgaming.nsw.gov.au/__data/assets/pdf_file/0008/949796/ILGA-Annual-Report-2019-20.pdf

B Approval framework and costs

The NSW liquor licence process and costs vary across the different licence types, as well as the underlying businesses.

Application processes

Broadly speaking, the approval process becomes more involved and costly based on ILGA's assessment of the risk of health related harms. ILGA's assessment of risk is influenced by:⁹⁰

- the type of proposed licensed premises
- the scale of the proposed licensed premises (that is, its size, layout and the maximum number of persons that the premises can accommodate)
- trading hours
- location, including:
 - outlet density
 - alcohol availability
 - local population demographic and socioeconomic factors
 - proximity to hospitals, places of worship educational facilities, facilities for the homeless/problem drinkers and public facilities
- Authority licensing data for the relevant area, and
- the current levels of harms experienced, based on the following data:
 - Australian Bureau of Statistics, and
 - crime data from the NSW Bureau of Crime Statistics and Research (“BOCSAR”).

We understand on-premises licences are considered a low risk of harm and as such involves a streamlined application process, often delegated to L&GNSW. Other licence types, such as Clubs, Off-premise and hotels are considered higher risk and require a more substantial application process, costs and time, such as:

- Community Impact Statement (box B.1), and
- advertisement on the Liquor & Gaming Noticeboard for 30 days⁹¹ to provide the opportunity for the community, including the local police and council, to comment.

⁹⁰ NSW Government, ‘GL4010 – Guideline 6: Consideration of social impact under section 48(5) of the Liquor Act 2007’, Independent Liquor & Gaming Authority, https://www.liquorandgaming.nsw.gov.au/__data/assets/pdf_file/0009/863244/gl4010-ilga-consideration-of-social-impact-guideline-6.pdf

⁹¹ On-Premises Restaurant applications, without authorisations, are advertised for 14 days.

B.1 Community Impact Statements

A Community Impact Statement is a written summary that describes the potential impact that a liquor licence may have on a neighbourhood and the measures put in place to manage these risks.

There are two types of community impact statements:

- **Category A**, which requires applicants to consult with the relevant local:
 - council, and
 - police station.
- **Category B** (more complex applications), which requires applicants to consult with the:
 - local council
 - local police
 - local health district
 - Department of Family and Community Services
 - Roads and Maritime Services
 - the local Aboriginal community
 - special interest groups in the area, and
 - anyone located within 100 metres of the proposed premises.

A Community Impact Statement is automatically required for the licence types shown in table B.2.

B.2 Licence types that require a Community Impact Statement

Category A	Category B
▪ packaged liquor licence limited to phone, fax, mail order or website sales	▪ packaged liquor licence (full)
▪ on-premises take-away authorisation (discussed below)	▪ hotel licence
▪ on-premises primary service authorisation (discussed below)	▪ club licence
▪ extended trading on Sundays for an on-premises licence (between 5am and 10am or between 10pm and 11pm)	▪ small bar licence ⁹²
	▪ on-premises licence for a public entertainment venue other than a cinema or theatre
	▪ producer/wholesaler licence (if selling alcohol between 12 midnight and 5am)
	▪ extended trading authorisation for a hotel, club, small bar (2am and 5am only) or packaged liquor licence
	▪ extended trading authorisation for an on-premises liquor licence allowing the sale of alcohol between 12 midnight and 5am on any day of the week

NSW Government 2021, 'Apply for a liquor licence', Department of Customer Service, <https://www.liquorandgaming.nsw.gov.au/operating-a-business/liquor-licences/applying-for-and-managing-your-liquor-licence/apply-for-a-liquor-licence>

⁹² For trade between 2am and 5am via existing development applications.

Licence fees

Generally, licences that are riskier require more extensive assessment, and as a result, the application fee and the annual fees are higher (table B.3).

B.3 Liquor licence application and annual fees

Licence type	Licensing fee (A)	Processing fee (B)	Total application fee (A + B)	Annual fee ^a
	\$	\$	\$	\$
Small Bar	154	241	395	223
Club	102	461	563	556
Hotel (General)	307	481	788	279
Hotel (Full)	1 536	1 282	2 818	556
On-premises	307	481	788	446
Producer / Wholesaler	307	481	788	223
Producer / Wholesaler with micro-brewery and small distilleries authorisation	154	241	395	223
Packaged	1 024	1 230	2 238	556 to 2 219 ^b
Pop-up Bar/event/promotion	0	169	169	N/A

^a Base fee only, and excludes risk-based loadings, trading hours risk loading and compliance risk loadings - including compliance history risk loading, patron capacity risk loading and location risk loading. Risk-based loadings increase when the risk level of a premises increases. For example: Licence premises with a large, late trading premises located in a major entertainment precinct, who demonstrate a poor compliance history, will be identified as high-risk by Liquor & Gaming NSW and attract additional risk-based loadings.

^b \$556 1to 3 outlets; \$1 110 4 to 9 outlets; \$2 219 10 + outlets.

Source: NSW Government 2021, Department of Customer Service 'Liquor fee schedule', <https://www.liquorandgaming.nsw.gov.au/operating-a-business/liquor-licences/liquor-licence-fees/liquor-fee-schedule>; NSW Government 2021, Department of Customer Service 'Annual liquor licence fees for 2021', <https://www.liquorandgaming.nsw.gov.au/operating-a-business/liquor-licences/liquor-licence-fees/annual-liquor-licence-fees>

If on-premises licences continue to allow take-away and delivery of alcohol as per the Statement of Regulatory Intent, there may be a change in the risk, and fees associated with the licence type.

Authorisations

In addition to the statutory licence conditions outlined in table 3.3, on-premises licences can apply to ILGA for an authorisation, including to sell takeaway alcohol.

What are authorisations?

Authorisations are specific approvals licencees can apply for as part of an existing, or new application, to expand their activities, but remain under the legislative umbrella for the respective licence. Authorisations are granted by ILGA after community engagement and risk evaluation. If approved, authorisations are a way of allowing some businesses

that need a more detailed application process to still operate under a less risky licence type – and not impact the licence conditions that apply to other on-premises licences.

Types of authorisations

On-premises licensees can apply for the following authorisations⁹³, as part of an existing, or new application, to expand their activities, but still remain under the on-premises legislative umbrella:

- **takeaway sales**
 - available to non-proprietary authorisations (i.e. not for profit):⁹⁴
 - ... ILGA is satisfied will be used to promote tourism or industry in the local area in which the premises is located, and
 - ... take-away is not the primary purpose of the business or activity carried out on the licensed premises.
- **primary service authorisation**
 - where a restaurant wants to sell alcohol without meals.
- **sale on other premises**
 - where a licence holder sells at another address than that associated with the liquor licence premise.

Authorisation costs

Table B.4 outlines the on-premises authorisation costs.

B.4 On-premises authorisation costs

Authorisation	Licensing fee	Processing Fee	Total application fee
	\$	\$	\$
Primary service	0	113	113
Sale on other premises	0	113	113
Takeaway sales	0	113	113
Vessel trading	0	113	113

Note: Effective as at 15 March 2021 and not subject to GST.

Source: NSW Government 2021, 'Liquor fee schedule', Department of Customer Service,

<https://www.liquorandgaming.nsw.gov.au/operating-a-business/liquor-licences/liquor-licence-fees/liquor-fee-schedule>

Broadly speaking, comparing the processing fees in tables B.3 and B.4, indicates an authorisation increases the total on-premises processing fee by 17 per cent (\$788 to \$919).

⁹³ Authorisations related to the Statement of Regulatory Intent provisions.

⁹⁴ NSW Government 'Take-away sales authorization: AM0070', Liquor & Gaming NSW, pp. i and 2, <https://www.liquorandgaming.nsw.gov.au/documents/fm/am0070-take-away-sales-authorisation.pdf>

Authorisation trends

Over the period 2016/17 to 2019/20 168 **on-premises licence related** authorisations (table B.5) were granted, of which:

- primary service authorisation accounted for 64 per cent, and
- sale on other premises accounted for 35 per cent.

B.5 On-premises associated authorisations granted between the 2016/17 and 2019/20 financial years

Licence Type	FY 2017	FY 2018	FY 2019	FY 2020	Average
	Number	Number	Number	Number	Number
Primary service authorisation	117	120	92	103	108
Sale on other premises authorisation	59	68	61	47	59
Take away sales authorisation	0	2	0	1	1
Vessel trading	0	1	0	0	0
Total	176	191	153	151	168

Note: Financial years.

Source: NSW Government 2020, 'Annual Report 2019/20', Table 4: Total number of authorisations, to which section 51 applies, granted by the Authority, p. 22, Independent Liquor & Gaming Authority, https://www.liquorandgaming.nsw.gov.au/__data/assets/pdf_file/0008/949796/ILGA-Annual-Report-2019-20.pdf

Data source: NSW Government 2020, 'Annual Report 2019/20', Table 4: Total number of authorisations, to which section 51 applies, granted by the Authority, p. 22, Independent Liquor & Gaming Authority, https://www.liquorandgaming.nsw.gov.au/__data/assets/pdf_file/0008/949796/ILGA-Annual-Report-2019-20.pdf

C Comparison to approaches in other jurisdictions

Pre-COVID-19 liquor licencing takeaway and delivery measures

The regulation of the sale of alcohol is conducted principally through individual licensing schemes and other legislated restrictions on trading hours that are imposed and administered through the individual states and territories. These licences cover *who* is eligible to hold a licence to sell alcohol and where, and, for ‘prescribed precincts’⁹⁵ *when* they may do so. Each state and territory has different licence categories for both on-premises supply and off premises supply. They also differ in licensing processes and requirements.

Of particular interest for this BRS is the additional avenues available to Victorian consumers to purchase alcohol from restaurants and cafes through home delivery and takeaway and via third parties.

Prior to COVID-19, Victoria has had a renewable limited licence that restaurants could use to provide liquor with meals for home delivery and takeaway, subject to restrictions on the scale and scope of liquor that can be supplied.⁹⁶ This licence category also covers a range of other liquor providers such as motels with mini-bars and internet vendors. Unlike in NSW, this category has allowed food delivery services such as UberEats to deliver alcohol from a selection of restaurants, with UberEats limiting this to a six pack of beer or a bottle of wine.⁹⁷ In Victoria, UberEats also delivers alcohol from packaged liquor stores, which it also does in New Zealand. It could do this in NSW, and has announced intentions to move into other states, but we are not aware of any of the third-party delivery companies actually doing this to date in NSW.

By linking the names of on-premises licensees and limited licensees, in Melbourne it appears that around 10 per cent of cafes and restaurants with an on-premises licence also

⁹⁵ Applies to approximately 100 venues in the Kings Cross precinct, and more than 1,300 venues in the Sydney CBD entertainment precinct. Refer to <https://www.liquorandgaming.nsw.gov.au/operating-a-business/liquor-licences/liquor-licence-conditions-and-precincts/prescribed-precincts>

⁹⁶ Various ways in which the supply may be limited include the: i) range of products (including the types of liquor and number of individual liquor products supplied), ii) customers iii), trading hours, iv) size of premises and v) means of delivery/supply to customers. Refer to Victorian Commission for Gambling and Liquor Regulation 2020, ‘Renewable limited licence’, <https://www.vcglr.vic.gov.au/liquor/restaurant-cafe/apply-new-licence/renewable-limited-licence>.

⁹⁷ <https://www.uber.com/en-AU/newsroom/ubereats-footy-feast/#:~:text=Today%20we're%20super%20excited,20%20of%20their%20favourite%20restaurants.>

have a renewable limited licence.⁹⁸ That is, around 10 per cent were able to undertake limited home delivery and takeaway of alcohol prior to COVID-19.

Following COVID-19, more restaurants and cafes took up the opportunity to sell takeaway and home delivery of alcohol in Victoria.

Post COVID-19 liquor licensing takeaway measures

All Australian jurisdictions implemented temporary COVID-19 liquor licencing changes to facilitate off premise (takeaway) sales, in response to public health orders requiring people to stay at home and/or restricted venue capacities. Two different types of liquor licencing approaches were adopted to give effect to the policy change:

- 1 The respective liquor licensing regulator issued licence condition exemptions via Regulatory Statements or Authorisation Orders that immediately applied to all relevant liquor licence holders.
 - a) Automatic opt-in approach
 - b) No legislative amendments were made to the liquor licencing framework
 - c) No new licences created
 - d) Liquor licence holders did not need to apply for the exemptions
- 2 A new temporary takeaway liquor licence was created and liquor licence holders can apply for the new licence.
 - a) Voluntary opt-in approach
 - b) Legislative amendments were made to the liquor licencing framework
 - c) New specific takeaway sale liquor licences created
 - d) Existing liquor licence holders must apply for the new takeaway licences to commence off-premise alcohol sales.

NSW and Queensland implemented approach 1, whilst all other Australian jurisdictions implemented approach 2. Table C.1 outlines the COVID-19 liquor licencing temporary measures implemented across Australia.

C.1 Australian COVID-19 liquor licencing temporary measures

Jurisdiction	COVID-19 temporary measures	Quantity restrictions	Additional conditions
NSW	<ul style="list-style-type: none"> ▪ Liquor & Gaming NSW issued a Statement of Regulatory Intent stating: <ul style="list-style-type: none"> – the regulator will relax its enforcement of the restriction of off-premise alcohol sales for on-premises and small bar liquor licence holders. 	<ul style="list-style-type: none"> ▪ Nil 	<ul style="list-style-type: none"> ▪ Any sale of must occur from the registered address of the licensed premises. ▪ A system of controls must be in place to ensure that liquor is not sold to minors or to intoxicated persons.

⁹⁸ CIE calculations based on VCGLR data at <https://discover.data.vic.gov.au/dataset/victorian-liquor-licences-by-location>.

Jurisdiction	COVID-19 temporary measures	Quantity restrictions	Additional conditions
			<ul style="list-style-type: none"> Take-away and home deliveries must not occur outside of the authorised trading hours of the licensed premises or beyond the standard take-away trading times in NSW.
Queensland	<ul style="list-style-type: none"> Commissioner for Liquor & Gaming issued authorisation for the following liquor licence types to sell takeaway liquor under the <i>Liquor Act 1992</i>: <ul style="list-style-type: none"> A subsidiary on-premises licence (meals) Bar licence Community other licence, and Restricted liquor permit. 	<ul style="list-style-type: none"> Subsidiary on-premises licences - cafés and restaurants – maximum 2.25 litres of alcohol can be sold per transaction^a Commercial other - bar licence, community other licence and restricted liquor permit – 2.25 litres of alcohol (total volume) per transaction and 750ml limit on distilled spirits within the total volume. Producer/wholesale licence without brewery licence – takeaway sales must not exceed 2.5 per cent (by value) of total sales of liquor. 	<ul style="list-style-type: none"> The takeaway alcohol can only be supplied in conjunction with a takeaway food order A system of controls must be in place to ensure that liquor is not sold to minors or to intoxicated persons. Customers can only order alcohol from liquor license holders and not third parties. <ul style="list-style-type: none"> However, a third-party can deliver the ordered alcohol.
Victoria	<ul style="list-style-type: none"> Existing permanent liquor licences that do not permit the supply of liquor for takeaway or delivery can apply for a temporary limited licence to do so. 	<ul style="list-style-type: none"> Two 750ml bottles of wine, or 12 containers (not more than 375ml per container) of beer, cider, or pre-mixed spirits (including cocktails), or One 750ml bottle of wine and six containers (not more than 375ml per container) of beer, cider or pre-mixed spirits (including cocktails). 	<ul style="list-style-type: none"> A BYO permit or restaurant and cafe licence can only sell takeaway/delivery alcohol with a meal As of 1 January 2021, a \$114.60 fee applies for a temporary limited licence for takeaway and delivery (previously no charge).
South Australia	<ul style="list-style-type: none"> Liquor licence holders operating a small bar, cafe, restaurant or community club can apply for a free short-term licence enabling them to sell alcohol with take-away meals. 	<ul style="list-style-type: none"> Two bottles of wine, or One bottle of wine and a six pack of beer, cider or pre-mixed spirits. 	<ul style="list-style-type: none"> The takeaway alcohol can only be supplied in conjunction with a takeaway food order
Western Australia	<ul style="list-style-type: none"> Food outlets and other venues with existing liquor licences could apply for an occasional liquor licence for up to six months to allow for the sale of packaged alcohol with a takeaway meal. 	<ul style="list-style-type: none"> One bottle of wine and a six-pack of beer, cider or pre-mixed spirits 	<ul style="list-style-type: none"> The takeaway alcohol can only be supplied in conjunction with a takeaway food order

Jurisdiction	COVID-19 temporary measures	Quantity restrictions	Additional conditions
ACT	<ul style="list-style-type: none"> Liquor licensees that hold an active 'on' liquor licence can apply to change their licence type to a 'general' liquor licence, allowing the business to sell liquor in closed containers for consumption 'off' the licensed premises. 	Unclear	<ul style="list-style-type: none"> Takeaway alcohol must be in sealed containers for consumption off the premises
Tasmania	<ul style="list-style-type: none"> Existing liquor on-licence holders could apply for a free temporary special permit to sell takeaway liquor with a takeaway meal. <ul style="list-style-type: none"> The special permits were issued for six months.^b Liquor licence holders who are authorised to sell liquor for consumption off the premises can arrange for liquor to be delivered to an address provided by the customer 	<ul style="list-style-type: none"> two 750ml bottles of wine; or two packs of up to six containers of beer or cider (maximum 375ml per container); or o one 750ml bottle of wine and one pack of up to six containers of beer or cider (maximum 375ml per container). no (nil) amount of spirits or pre-mixed spirits. 	<ul style="list-style-type: none"> On-premises licence holders with the additional temporary special licence can only sell alcohol in conjunction with a takeaway food order The sale of liquor by off-premise licence holder for home delivery must be undertaken by the liquor licence holder of the premises on their premises, not by the delivery service. <ul style="list-style-type: none"> For example, a delivery service that undertakes the sale itself, for example through an app that does not direct the sale proceeds directly to the licensee, cannot undertake the sale of alcohol.

^a Excluding distilled spirits, which can not be sold at all. ^b We understand the temporary special permits have since expired, removing the temporary takeaway arrangements.

Source: House A 2020, 'COVID-19 liquor licensing changes announced', *Drinkstrade*, <https://www.drinkstrade.com.au/covid-19-liquor-licensing-changes-announced-in-nsw>; NSW Government 2020, 'Statement of Regulatory Intent in regards to COVID-19 coronavirus Liquor & Gaming NSW – Liquor Act 2007 – Regulatory approach in the context of COVID19', Liquor & Gaming NSW, <https://www.liquorandgaming.nsw.gov.au/resources/statement-of-regulatory-intent-in-regards-to-covid-19-coronavirus>; Queensland Government 2021, 'Takeaway liquor authority notices', Justice and Attorney-General, <https://www.publications.qld.gov.au/dataset/takeaway-liquor-authority-notices>; Queensland Government 2021, 'Takeaway alcohol sales for off-premises consumption during coronavirus (COVID-19)', Business Queensland, <https://www.business.qld.gov.au/industries/hospitality-tourism-sport/liquor-gaming/coronavirus-advice/takeaway-alcohol>; Victorian Government 2021, 'Coronavirus (COVID-19) information for licensees', Victorian Commission for Gambling and Liquor Regulation, <https://www.vcglr.vic.gov.au/covid-19>; South Australian Government 2020, 'Update to short-term liquor licensing: Takeaway update - 25 May 2020', Consumer and Business Services, <https://www.cbs.sa.gov.au/news/update-short-term-liquor-licensing>; Western Australian Government 2020, 'New support for small businesses during liquor restrictions', 27 March 2020, Department of Local Government, Sport and Cultural Industries, <https://www.dlgsc.wa.gov.au/department/news/news-article/2020/03/27/new-support-for-small-businesses-during-liquor-restrictions>; 'Information for liquor licensees'; ACT Government 2021, 'Access Canberra', <https://www.accesscanberra.act.gov.au/s/article/liquor-licensing-and-permits-tab-overview>; Tasmanian Government 2020, 'Liquor sales and deliveries during COVID-19', Liquor & Gaming Branch: Department of Treasury and Finance, <https://www.treasury.tas.gov.au/Documents/20200416%20Fact%20Sheet%20-%20Liquor%20sales%20and%20deliveries%20during%20COVID-19%20FINAL.PDF>

D Approach to consultation

L&GNSW provided a list of stakeholders for this evaluation to engage with, as set out below (table D.1).

D.1 Stakeholder list

Business related	Other
Industry peak bodies/Industry associations:	L&GNSW (Policy, Licensing, Regulatory Education, Compliance)
- Australian Hotels Association NSW (AHANSW)	ILGA Reviews & Secretariat
- ClubsNSW	Service NSW
- Retail Drinks Australia	DPIE
- Restaurant and Catering Industry Association	Office of Local Government
- Independent Bars Association	Local Government NSW
- Alcoholic Beverages Australia	Local councils
- RSL and Services Clubs' Association of NSW	DPC
- Club Managers' Association Australia	NSW Police
- Night Time Industry Association	Independent Liquor & Gaming Authority (ILGA)
- Endeavour Drinks.	Multicultural NSW
NSW Small Business Commissioner	Ministry of Health
Legal practitioners (supporting licensees)	Family and Community Services
ATPs (approved training providers)	Aboriginal Affairs
General public / customers	Ambulance NSW
Destination NSW	Relevant Minister's offices – Liquor, Planning, Police, Health
	Sydney Local Area Health District
	St Vincents
	2011 Residents association
	Foundation for Alcohol Research and Education (FARE)
	Stay Kind (previously (Take Kare) NSW
	NSW ACT Alcohol Policy Alliance (NAAPA)
	Alcohol and Drug Foundation (ADF)

Business related	Other
	Cancer Council NSW
	Network of Alcohol and other Drugs Agencies (NADA)
	Australian Medical Association NSW
	NSW Council of Social Services (NCOSS)
	Aboriginal Health and Medical Research Council (AH&MRC) NSW

Source: NSW Government.

The engagement approach followed is outlined below:

- select consultations were undertaken to obtain specific data, such as working with the Restaurant and Catering Association on survey questions, Victorian and SA liquor regulators to obtain data and L&GNSW to obtain data on compliance costs
- an Issues Paper was released, setting out the key issues, options to consider and information sought to evaluate these. Formal written submissions were received by organisations
- 4 stakeholder forums were undertaken. Stakeholders were able to enrol into a forum that best suited them. This helped to ensure that stakeholders from different perspectives were combined. This provided an opportunity to further discuss the key issues outlined in the Issues Paper
- a limited number of one-on-one consultations were undertaken as needed to fill specific data gaps or when requested by stakeholders

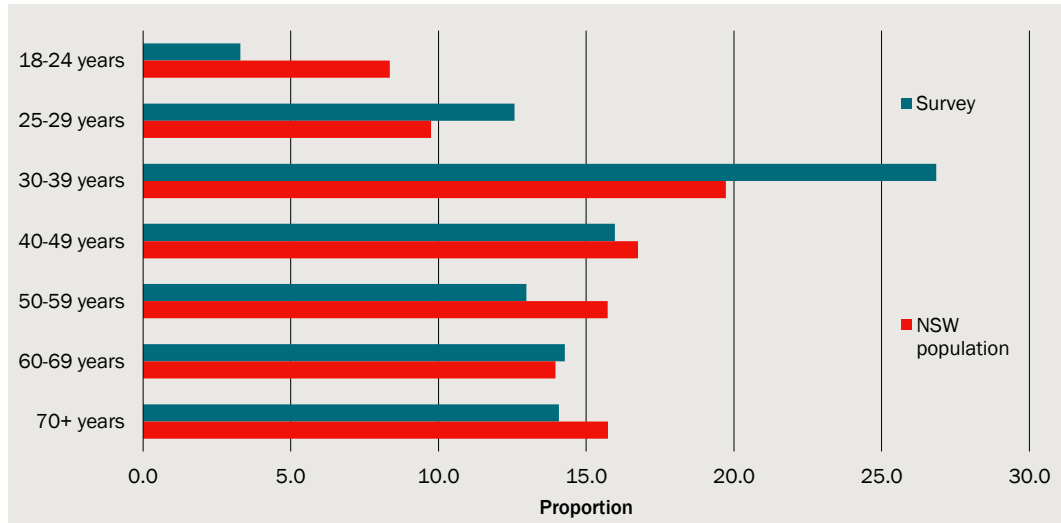
Survey of consumers

A population wide survey was undertaken to gather the experiences and purchasing behaviours of consumers. NSW residents over the age of 18 were invited to participate, regardless of if they have purchased takeaway or delivery alcohol from an on-premises establishment. The survey was undertaken online, and 1 004 responses were gathered.

We note the survey was designed to inform uptake of the measure and has not been adjusted to be representative of the population. Survey respondents are slightly skewed to:

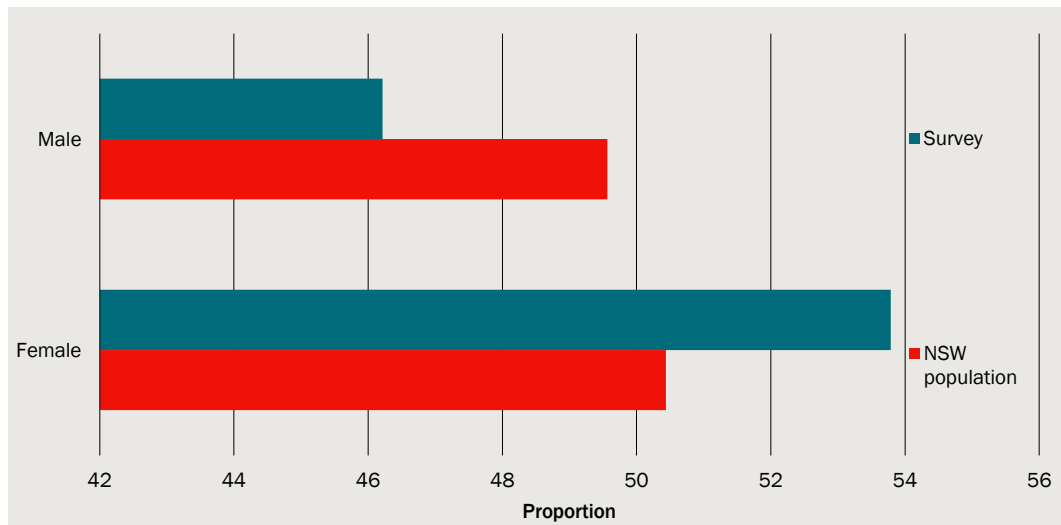
- the 25–39-year age range (chart D.2) – this may have resulted in a slightly over-stated uptake rate, since responses within this age group were more likely to have use the measures.
- females (chart D.3) – this may have resulted in a slightly under-stated uptake rate, as females generally consume less alcohol than males.
- metropolitan versus regional (chart D.4).

D.2 Proportion of survey respondents by age compared to the NSW population



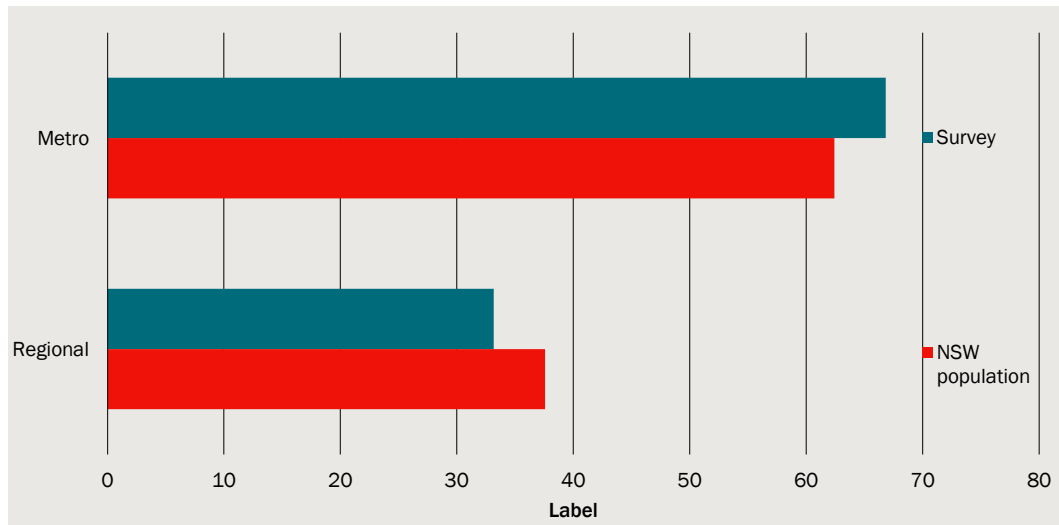
Data source: NSW Government 2019, 'NSW 2019 Population Projections: NSW projected population by Sex and 5 year Age Group (2 digit to 85+)', <https://www.planning.nsw.gov.au/-/media/Files/DPE/Other/Research-and-demography/Population-Projections/2019-NSW-Population-Projections-ASGS-2019-LGA.xlsx> ; CIE.

D.3 Proportion of survey respondents by gender compared to the NSW population



Data source: NSW Government 2019, 'NSW 2019 Population Projections: NSW projected population by Sex and 5 year Age Group (2 digit to 85+)', <https://www.planning.nsw.gov.au/-/media/Files/DPE/Other/Research-and-demography/Population-Projections/2019-NSW-Population-Projections-ASGS-2019-LGA.xlsx>; CIE.

D.4 Proportion of survey respondents by location compared to the NSW population



Data source: NSW Government 2019, 'NSW 2019 Population Projections: Population Accounts (movement perspective)', <https://www.planning.nsw.gov.au/-/media/Files/DPE/Other/Research-and-demography/Population-Projections/2019-NSW-Population-Projections-ASGS-2019-LGA.xlsx>; CIE.



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