

15 May 2017

Mr Duncan Pegg MP
Chair
Legal Affairs and Community Safety Committee
Parliament House
George Street
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Dear Mr Pegg

LIQUOR (RURAL HOTELS CONCESSION) AMENDMENT BILL 2017

The Queensland Coalition for Action on Alcohol (QCAA) welcomes the opportunity to provide feedback on the Liquor (Rural Hotels Concession) Amendment Bill 2017 (the Bill). QCAA is a coalition of health and community organisations in Queensland committed to reducing alcohol harm. Our aim is to identify and prioritise what needs to be done to achieve a cultural change that will reduce alcohol harm and improve the health and wellbeing of Queenslanders.

In Queensland, alcohol is associated with 1,143 deaths and 35,159 hospitalisations each year,¹ one in five road fatalities,² and 23 to 73¹ per cent of all assaults.³ Two in five Queenslanders (40 per cent) are affected by alcohol-related violence, either as a victim of this violence (21 per cent) or because a family member or friend has been affected (29 per cent).⁴

Rural and remote communities are not exempt from these harms. Indeed, the communities that are the target of this Bill experience higher rates of harm than their urban counterparts. The most recent National Drug Strategy Household Survey (NDSHS) shows that those living in remote and very remote areas are twice as likely to drink alcohol at risky levels as those in major cities, and that risky drinking increases with increasing remoteness, for both short and long-term harm.⁵

The regulatory system was introduced to protect communities from these harms. Checks are in place to determine suitability of licence applicants and compliance with the *Liquor Act 1992* (the Act), the availability of alcohol is controlled through trading hours to reduce the risk of alcohol-related violence, and measures are in place to reduce the risk of drinking environments. Licence fees are imposed which contribute to the cost of this regulation.

¹ Estimates vary because of differences in the way in which the involvement of alcohol in crime is defined, whether the figure relates to incidents attended by police or total recorded crime, different data collection processes, problems relating to the accurate and reliable measurement of alcohol consumption and intoxication, and underreporting by victims.

Holding a liquor licence is a privilege, not a right. We need to be sure that there are safeguards around the sale of alcohol, in whatever location this may occur. To address these concerns this submission focuses on two key areas:

1. Feedback on the Liquor (Rural Hotels Concession) Amendment Bill 2017
2. Strengthening the risk-based licensing system

These areas are outlined below in further detail.

1. Feedback on the *Liquor (Rural Hotels Concession) Amendment Bill 2017*

Position:

QCAA does not support the Bill and recommends that the Committee does not support the proposed *Liquor (Rural Hotels Concession) Amendment Bill 2017*.

The existing regulation of alcohol and the structure of licence fees acknowledge the potentially harmful nature of the product and recognises that these harms occur regardless of whether the alcohol is consumed in Fortitude Valley and Surfers Paradise or at the pubs in Charleville and Burketown. The proposed discounted rate would barely cover the costs associated with administering a licence, and the proposal to discount the fee payable if the premises were located at the nearest place that is not in very remote Australia opens the door to reducing the fee even further. Furthermore, the Bill itself is flawed because Queensland already has a risk based licensing system in place that recognises the different risks associated with the sale and consumption of alcohol depending on the environment in which the alcohol is sold.

The Bill seeks to discount the annual fee payable to 10 per cent of the fee that would be payable if the venue were not located in very remote Australia.⁶ This means the Bill is seeking a reduction of 90 per cent for venues in very remote Australia. The current base annual fee for a commercial hotel licence is \$3,507.⁷ Ten per cent of this fee is \$350.70, equivalent to less than \$1 per day, or less than the price of one soft drink.

In addition to seeking a 90 per cent discount, the Bill also seeks to link the discount to the amount that would be payable if the premises were located in remote Australia, rather than very remote Australia. Specifically, subsection (2) of the new Section 202A seeks to have the fee assessed at the rate of 10 per cent of the licence fee payable if the premises were not in very remote Australia. Subsection (4) of this section clarifies that the fee would be assessed against the rate payable if the premises were located at the nearest place that is not in very remote Australia. Herein lies the problem.

Licensed venues in very remote areas of Queensland already pay less for their licence than their city counterparts under Queensland's risk based licensing system. The annual fee for each venue is determined by the risk associated with the licence. High risk venues, such as venues that trade until 3am every night of the week, incur a higher fee than venues that close at 10 pm or midnight.

The fee payable by licensees is comprised of a base fee, determined by licence type, and any additional fee calculated on the risk posed by the venue. The base fee is a fixed fee that is designed to contribute to the administrative costs associated with a licence. These includes costs such as determining the fee for each venue against the risk criteria, ongoing communications with licensed venues and monitoring and compliance. Monitoring and compliance in rural and remote areas is likely to be higher in very remote areas than it is urban centres.

The risk component of the fee is determined by criteria relating to trading hours and compliance history. Commercial hotel licences pay additional fees for extended trading hours outside of standard trading hoursⁱⁱ

ⁱⁱ The risk loading for trading hours outside of standard hours varies according to time of day with venues trading during standard hours (10am – midnight) paying less than venues with extended trading hours. The loading for extended trading hours varies according to whether the venue trades before the standard opening time and after standard trading close. A further variation exists for the specific hours of trading before and after standard opening times. The amount increases the earlier the venue opens (ie whether the venue trades between 9am and 10am or earlier, between 7am and 9am) and the later the venue serves alcohol (ie whether the venue trades between 12am and 1am, 12am and 2am, or 12am and 3am).

with a loading for when these apply (ie during weekends only or at other times of the week as well), and poor history of compliance with the Act.⁸

The box below provides two examples of how the risk based licensing system applies, based on 2014 licence data and the fees and charges available on the Queensland Government website.⁹ Both venues are classified as Commercial Hotels. One venue is located in an urban setting and the other is located in a very remote part of Queensland. The annual fees have been calculated based on the base fee plus any risk associated with trading hours. There is no information available on the Liquor and Gaming website related to compliance history and therefore no additional fee for compliance risk has been included in the calculations. This potentially underestimates the annual licence fees for these venues. A complete breakdown of the fees can be found in Table One.

Charleville Cattle Camp Hotel

This hotel is one of a number of licensed premises in Charleville. In 2014, Charleville had three Commercial Hotels, three clubs, two motels, a restaurant and a tourist park. Opening hours for the Charleville Cattle Camp Hotel are 10am to midnight. The annual fee payable by the hotel in 2017, based on 2014 data, is estimated at \$3,507.

The Elephant Hotel

The Elephant Hotel is located in Fortitude Valley, Brisbane. It was one of 118 licensed premises in the Safe Night Precinct in 2014. The venue operates until late every night of the week. While a specific last drinks time is not publicly available, trading hours are assumed to be from 10am until 3am seven days a week based on the opening hours of the gaming facilities. The annual fee payable by the hotel in 2017 is estimated at \$13,247.

Table One: Licence fee comparison of venues located in urban and very remote locations

Licensed premises	Charleville Cattle Camp Hotel	The Elephant Hotel
Location	CHARLEVILLE	FORTITUDE VALLEY
Base fee	\$3,507	\$3,507
Risk criterion – extended trading hours or authorised trading hours		
<i>Approved extended trading hours for the licensed premises between 7am and 9am:</i>		
during weekends only	\$0	\$0
otherwise	\$0	\$0
<i>Approved extended trading hours for the licensed premises between 9am and 10am:</i>		
during weekends only	\$0	\$0
otherwise	\$0	\$0
<i>Approved extended trading hours for the licensed premises between 12am and 1.00am:</i>		
during weekends only	\$0	\$0
otherwise	\$0	\$0

Approved extended trading hours for the licensed premises between 12am and 2.00am:		
during weekends only	\$0	\$0
otherwise	\$0	\$0
Approved extended trading hours or authorised trading hours for the licensed premises between 12am and 3am:		
during weekends only	\$0	\$0
otherwise	\$0	\$9,740
Risk criterion - compliance history*		
<i>An infringement notice was served on the licensee and the licensee paid the fine in the previous licence period.</i>	\$0	\$0
The Commissioner decides to take disciplinary action relating to the licence, and in the previous licence period:		
The licensee did not appeal against the decision or the tribunal confirmed or set aside the decision or substituted another decision	\$0	\$0
The licensee was convicted of a supply offence, and in the previous licence period, the offence was taken to have contributed to the death of a person or a serious assault committed against a person on or near the licensed premises	\$0	\$0
TOTAL ANNUAL LICENCE FEE[^]	\$3,507	\$13,247

*while not clear on the website, it is assumed that the venue is open until 3am during the week and on weekends based on the opening hours of the gaming facilities.

*The compliance history for each of these venues is unknown and therefore the fee has been calculated at \$0

[^]Based on 2014 licence data

As the above shows, the fee paid by commercial hotels in very remote areas already takes into consideration the reduced risk associated with these venues compared to those in key entertainment precincts.

2. Strengthening the risk-based licensing system

Position:

QCAA recommends that the current risk-based licensing system be strengthened to better take into account the wide range of risks associated with the sale of alcohol in licensed venues.

The risk-based licensing system in Queensland needs tightening. For most licence types, the fee calculation does not take into consideration the patron capacity of the venue. This means that the licence fee for venues of the same type with the same trading hours and same compliance history is the same, regardless of whether the venue holds 200 or 2,000 patrons. Clearly the bigger the venue the greater the risk.

In addition, the system doesn't take into account the location risk of the venues associated with the proximity and density of other licensed venues and whether or not the premises are located in a high risk area such as a Safe Night Precinct. The density of outlets has been shown to be associated with increased rates of harm.

^{10,11}Liquor licence fees should take into consideration the risk of alcohol harm and the actual harm that occurs both within and outside licensed venues.

Community clubs appear to be the only licence type where patron capacity is accounted for, but even then, the fees vary based on membership size rather than patron capacity, and the scale is inadequate. A club with 2,000 or less members pays just \$648.40 for their annual fee (18 per cent of the fee for a commercial hotel licence and potentially just 32 cents per member) whereas a club with more than 2,000 members pays \$2,857 (a maximum of only \$1.40 per member). The fee should be determined by the membership size of the club

and the number of patrons that can be in the venue at any one time. Consideration should also be given to including a loading for venues that have gaming facilities, as occurs in Victoria.

The base fee for some licence types is particularly low. For example, a commercial hotel licence has an annual base fee of \$3,507 whereas a community club with 2,000 members or less has a base licence fee of \$648.40. The fee for community clubs needs to be re-calculated to better reflect the same administrative burden that applies to other licensed venues and venues with similar capacity, and the costs associated with addressing the harms from alcohol.

Another concern with the current system is that packaged liquor licence fee renewals are calculated on a base rate per bottle shop, with a risk loading added for extended trading hours before 10am. A risk loading should be introduced for extended trading between 10pm and 11pm and 10pm and midnight, to reflect the increased risk associated with late night trading. NSW adds another risk criterion related to the number of liquor outlets owned by a licensee, with the annual fee increasing according to the number of liquor outlets owned.

The current system does not include a risk criterion that targets the size of the packaged liquor outlet and associated potential turnover. One approach is to include a risk loading factor for size of floor space. Another approach is to consider the ACT approach where the annual licence fee for packaged liquor outlets increases as turnover in liquor sales increases.

Annual turnover is an important risk factor, not just for packaged liquor but for all liquor outlets, to address situations where there are significant differences in volume of sales for venues with a similar risk profile and where patronage may change over time but patron capacity remains the same.

Conclusion

QCAA therefore recommends that this Bill be overturned and that the risk based licensing system be strengthened to take into account the wide range of risks associated with the sale of alcohol in licensed venues. I would welcome the opportunity to discuss this matter with the Committee further.

Yours sincerely



PROFESSOR JAKE NAJMAN
CHAIR

¹Gao, C., Ogeil, R., & Lloyd, B. (2014). *Alcohol's burden of disease in Australia*. Canberra: Foundation for Alcohol Research and Education and VicHealth in collaboration with Turning Point

² Department of Transport and Main Roads (2017) *Drink driving discussion paper – Targeting high risk drinkers* Queensland Government

³ Morgan, A. & McAtamney, A. (2009). *Key issues in alcohol-related violence*. Research in practice no. 4. Retrieved from: <http://www.aic.gov.au/publications/current%20series/rip/1-10/04.html>

⁴ Foundation for Alcohol Research and Education (2017) *2017 Queensland Poll – Perspectives on alcohol-related violence and policies* FARE: Canberra, viewed on 4 May 2017 at <http://fare.org.au/wp-content/uploads/2017-Queensland-Poll-Perspectives-on-alcohol.pdf>

⁵ Australian Institute of Health and Welfare (2014) *National Drug Strategy Household Survey detailed report 2013* Drug statistics series no. 28, Cat no PHE 183, Canberra: AIHW

⁶ Queensland Government (2017) Liquor (Rural Hotels Concession) Amendment Bill 2017 Clause 3 Section 202A Subsection (2)

⁷ Office of Liquor and Gaming Regulation (nd) Fees and charges - Queensland liquor licensing – as at 13 October 2016 Department of Justice and Attorney-General viewed on 3 May 2017 at <https://publications.qld.gov.au/dataset/bcf03d20-ff59-4678-bdc7-2adfce2ee520/resource/a622ec53-72e8-4812-a7b7-f159899df608/download/tyolgr-1437838-v2c-liquorlicensingfeesandcharges.pdf>

⁸ Office of Liquor and Gaming Regulation (nd) Fees and charges - Queensland liquor licensing – as at 13 October 2016 Department of Justice and Attorney-General viewed on 3 May 2017 at <https://publications.qld.gov.au/dataset/bcf03d20-ff59-4678-bdc7-2adfce2ee520/resource/a622ec53-72e8-4812-a7b7-f159899df608/download/tyolgr-1437838-v2c-liquorlicensingfeesandcharges.pdf>

⁹ Office of Liquor and Gaming Regulation (nd) Fees and charges - Queensland liquor licensing – as at 13 October 2016 Department of Justice and Attorney-General viewed on 3 May 2017 at <https://publications.qld.gov.au/dataset/bcf03d20-ff59-4678-bdc7-2adfce2ee520/resource/a622ec53-72e8-4812-a7b7-f159899df608/download/tyolgr-1437838-v2c-liquorlicensingfeesandcharges.pdf>

¹⁰ Livingston M (2011) Alcohol outlet density and harm: Comparing the impacts on violence and chronic harms *Drug and Alcohol Review* September 2011, 30: 515-523

¹¹ Liang W & Chikritzhs T (2011) Revealing the link between licensed outlets and violence: counting venues versus measuring alcohol availability. *Drug and Alcohol Review* 2011, 30:524–34.