# Risk-based licensing and alcohol-related offences in the Australian Capital Territory

## Researchers

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## Summary

Since December 2010, the Australian Capital Territory (ACT) has calculated and set liquor licensing fees according to venue type, occupancy, and trading hours, a practice known as risk-based licensing (RBL). RBL was introduced in the ACT amid growing concerns about the prevalence of alcohol-related problems at licensed premises, increases in the proportion of assaults involving alcohol and increases in hospitalisations for alcohol-related injury. RBL aims to recover some of the policing and regulatory costs of alcohol-related offences with higher risk licensees required to contribute proportionally more to these costs by paying higher licensing fees.

In 2012, the Standing Committee on Justice and Community Safety Inquiry into Liquor Licensing Fees and Subordinate Legislation reported that one year after the introduction of RBL in the ACT, alcohol-related offences had declined. However it was not clear to what degree alcohol-related offences had declined at licensed premises in entertainment precincts after midnight. Also, concerns persisted, particularly among licensees, that RBL disadvantaged some licensees and failed to address the contribution of off-trade licensees and pre-loading to alcohol-related harms.
This study investigated the impacts of RBL on patterns of alcohol-related offences in the ACT and stakeholders’ perceptions of its efficacy and limitations. It is the first study to attempt to evaluate the impacts of RBL on alcohol-related offences and to seek input from key stakeholders as to its efficacy and limitations.

The study employed quantitative and qualitative methods. Alcohol-related offences reported on the ACT Police Real-Time Offence Monitoring Information System (PROMIS) from 2010 to 2012 were analysed and disaggregated by location (for example public place, licensed premise, house or other location), suburb and time. Semi-structured interviews were conducted with police, licensees and regulators to aid interpretation of police offence data.

## Outcomes

The study found that from May 2010 until December 2012, all offences declined in the ACT by 21% in absolute terms and alcohol-related offences specifically relevant to RBL declined by 25%. For all offences and offences not involving alcohol, the majority of this decline was seen from 2010 to 2011 (by 15.1% and 16.8% respectively). However, for offences involving alcohol including those specific to RBL, there were larger declines in offences from 2011 to 2012 (by 16.5 and 16.6 % respectively). From 2010 to 2011, the proportion of all offences involving alcohol increased by 1.9%, while the proportion not involving alcohol declined by 1.9%, and alcohol-related incidents specifically relevant to RBL did not change significantly.

From 2011 to 2012, the proportion of all offences involving alcohol decreased by 1.3% and those specifically relevant to RBL decreased by 0.6%, however the proportion not involving alcohol increased by 1.3% during this time. This may have been due to increased police intervention with and reporting of offences in the first year of RBL (2011), followed by an adaptation to the reforms including the increased police presence and hence fewer alcohol-related incidents in the second year of RBL (2012).

Alcohol-related incidents relevant to RBL declined from 2011 to the end of 2012 at all times, locations and for all offence types by similar proportions. However there was a relationship between the year and the suburb that these incidents were reported in. Specifically, the proportion of all incidents reported in Civic increased from 2010 to the end of 2012. One possible explanation for this is that the funding generated from RBL to partly fund alcohol prevention has resulted in earlier intervention with and reporting of alcohol-related incidents, particularly in Civic where the concentration of police is reportedly high. This finding may also reflect an increase in the density of on-trade premises in Civic during this period.

Interviewees believed that the community had benefited from additional policing targeted at alcohol and that this had enabled earlier intervention with alcohol-related offences. Some interviewees suggested that RBL was compounding the issue of pre-loading because the higher fees were raising the price of drinks sold on-trade and thereby encouraging greater consumption of cheaper, off-trade drinks. Studies of alcohol sales data could help to evaluate these claims by examining whether the average price of alcohol sold on-trade and the proportion of alcohol sold off-trade have increased since 2010. However, this level of data is not currently available in the ACT.

## Recommendations

RBL has coincided with declines in alcohol-related offences throughout the ACT. This trend was corroborated by almost all interviewed who felt that RBL had benefitted the ACT, particularly in providing more police resources for alcohol prevention. In light of these findings and the significant costs of alcohol-related incidents to the ACT community, there is a good case for RBL to continue. RBL helps to recover the policing costs in preventing and intervening with alcohol-related offences and does so in a way which ensures that the venues with the greatest number of risk factors paying a larger share of these costs. Furthermore, it has achieved this without any detrimental impacts on the liquor licensing market as there is no evidence that the number of liquor licenses in the ACT has significantly changed since RBL’s introduction.

However, the study also highlighted a number of factors overlooked by RBL. Chief among these are the contributions of outlet density, preloading and off-trade licensing to alcohol-related offences. To what extent these factors are within the remit of RBL or are better addressed through complementary policy reforms remains to be determined. For instance, addressing outlet density demands an examination of saturation points, particularly in Civic and other entertainment precincts. Results of such a study could be used to inform and enforce caps on outlet numbers in these areas. Pre-loading may be more effectively tackled by setting a minimum price on all alcohol sold than by reforming RBL. The licensing practices of off-trade licensees need to be audited to determine if they warrant similar regulation to on-trade premises.

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