

Economic Impact of Packaged Liquor Licences



NSLHD Health Promotion is a partner in the 'Economic Impact of Liquor Licences' project. The project is a collaboration between the lead research institute, Deakin University, and other collaborative partners including Central Coast Local Health District, The Australian Prevention Partnership Centre and NSLHD Health Promotion.

What is the issue?

Alcohol is a harmful, toxic and addictive substance that causes many health conditions, injuries and deaths. Alcohol use is linked to 29 diseases and injuries, mainly various cancers and transport accidents but also cardiovascular diseases, suicide and self-inflicted injuries. In Australia, 4,090 deaths (4.09% of all deaths) were attributable to alcohol consumption in 2018 and 4.46% of the overall health burden was attributable to alcohol use. This health burden is costly with one study finding alcohol consumption attributable to \$18.17 billion of tangible costs in Australia in 2017-18. There is also another \$48.7 billion in economic costs when the value of health loss is taken into account.

The social effects of alcohol

The evidence suggests there are many health, social and other benefits to restricting alcohol availability and access particularly through reducing the number of licensed outlets in an area and restricting the trading hours of licensed venues. Key benefits include reductions in alcohol consumption, alcohol-related violence and assaults,

emergency department presentations, as well as injuries and motor vehicle crashes. Despite the large amount of evidence on health and social outcomes there were no economic studies found in the literature relating to alcohol licensing in Australia.

Liquor licensing in NSW

As a mandatory stakeholder, NSW Health assesses the health impact of potential licences and makes recommendations to the Liquor Licensing Authority. There is currently limited economic evidence that local communities and health authorities can use to support their recommendations when responding to new liquor licence applications.

How will the project address the issue?

This project proposes to utilise an economic modelling approach to undertake a cost impact analysis of liquor licences in NSW, establishing both the unit cost and total cost of alcohol-related harms to a local area. Northern Sydney Local Health District, together with the Central Coast Local Health District, Deakin Health Economics and the Australian Partnership Prevention Centre, will analyse international evidence on the associations between packaged liquor outlet density and harms with NSW-specific data on local area characteristics from national, state or local administrative data, such as the Australian Urban Observatory, NSW Health, Bureau of Crime Statistics and Research, and Liquor and Gaming NSW.

What are the expected outcomes?

- Strengthen NSW Health responses to liquor licence applications by accurately estimating the economic costs to the community.
- Support health, not-for-profit organisations and the community to more effectively review the impact of liquor licence applications in local communities.
- Identify any potential thresholds at which the health costs of liquor licences outweigh the economic benefits.
- Help fill the gap in evidence around the economic and health costs of liquor licencing decisions.
- Potential integration into the liquor licencing decision-making system to support the Independent Liquor & Gaming Authority with liquor licensing decisions.
- Support potential licence applicants identify more appropriate locations to establish a packaged liquor outlet, which is less likely to generate harm for a local community.

What is the relevance for policy and practice?

The findings of the analysis will enable NSW Health to identify the costs associated with packaged liquor licences at a local level, with consideration of the broader economic contributions generated by the liquor industry. It is hoped this evidence will strengthen the quality of objective responses to packaged liquor licence applications, improving health outcomes for the community.

This project is supported by a collaboration of researchers and policy makers from Northern Sydney Local Health District, Central Coast Local Health District, the Australian Partnership Prevention Centre, Deakin University and the NSW Ministry of Health.

Further Reading & References

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