



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

14 June 2019

Dr Jennifer Buckley
Committee Secretary
Economic Policy Scrutiny Committee
GPO Box 3721
DARWIN NT 0801

By email: EPSC@nt.gov.au

Dear Dr Buckley

ASBFEO submission on the Liquor Bill 2019

Thank you for the opportunity to comment on the *Liquor Bill 2019*. The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) is strongly supportive of policies and legislation that minimise the harm associated with the misuse of alcohol. Also, we believe that any reform of liquor licensing must create a fair framework and foster competition in the market.

Master Grocers Australia and a number of regionally based small grocery stores have contacted ASBFEO expressing concern that the proposed reforms will adversely impact small businesses with existing grocery store licenses in the following ways:

Restricting competition

1. The primary issue raised is the capping alcohol sales at 25% of overall revenue. This cap gives large grocery chains the capacity to sell significantly higher volumes of liquor and effectively not be restricted by the The 25% cap does not provide any real restriction on a large store's ability to sell high volumes of alcohol since it occupies a far smaller proportion of their higher total revenue.
2. This is in contrast to small outlets which often have higher volumes of smaller "convenience" purchases. This mode of sales would mean that the small retailer is far more likely to exceed the 25% cap. Operating this way, the cap creates an unfair competitive advantage for national supermarket chains and large format standalone liquor retailers at the expense of smaller licensed grocery stores, often operating in outer urban or regional areas.
3. The current restrictions on new grocery sales licenses will also limit the diversity of providers and constrain competition in the market. Requirements for takeaway licenses to be standalone premises with no allowance for new retail businesses to have alcohol sales forming part of the business could allow for a proliferation of large format liquor stores and smaller "neighbourhood" liquor stores. This is not in keeping with maintaining a diversity of licensed premises.

Regulatory impost

4. A 25% cap also places a large logistical and compliance burden on small businesses. Businesses would need to continuously monitor sales to ensure that liquor sales remain below 25% of overall sales and potentially restrict or cease alcohol sales for a period of time if liquor sales appear to be tracking above 25% of revenue. Peak periods of alcohol sales coinciding with major events and celebrations like Christmas and New Year's Day would need to be averaged over the

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year to ensure that the annual cap is not breached. This poses a real difficulty of small businesses if a calendar year basis is adopted, since there is period to correct any excess over the cap.

5. ASBFEO is also concerned that the powers outlined in Clause 84(2)(a) may in future allow for the Minister to alter the 25% cap of total sales for the Grocery Store Licences without further consultation with the sector.

Compliance and Monitoring

6. The Bill itself holds a potential solution to the issues with the 25% cap. Monitoring and compliance powers within the Bill can be used to minimise community harm whilst allowing for fair competition and a diversity of traders. The *Liquor Bill 2019* incorporates the ability to use a risk-based licencing approach to monitor community impact of alcohol sales and act in a proportionate and nuanced way where there is evidence of adverse impact or harm.
7. The harm minimisation audits detailed in Part 6, Division 4 of the Bill also give the licensing authority the ability to alter licence conditions based on evidence of harm rather than imposing arbitrary caps on sales. An effective monitoring and compliance regime could be used by you to negate the need for a cap on sales that put small businesses at a competitive disadvantage.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Alexandra Hordern on 02 6121 5404 or at alexandra.hordern@asbfeo.gov.au.

Yours sincerely



Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman