ITEM-2  CCL 23/01/18 - REVIEW OF NEWCASTLE CBD LIQUOR LICENCE CONDITIONS

REPORT BY:  PLANNING AND REGULATORY
CONTACT:  DIRECTOR PLANNING AND REGULATORY / MANAGER
STRATEGIC PLANNING

PURPOSE

Council to endorse a submission to the review of liquor licence conditions in Newcastle being undertaken by the NSW Independent Liquor and Gaming Authority.

RECOMMENDATION

1  Council endorse the attached submission.

KEY ISSUES

2  Since March 2008, a suite of special licence conditions has been applied to 14 licensed venues in Newcastle’s CBD. The conditions were in response to community concerns related to alcohol-related violence and anti-social behaviour, particularly during late night trading periods.

3  The conditions include the requirement for a plan of management for each venue, compliance audit every three months, a staff member trained in the responsible service of alcohol working from 11pm till closing, shared radio network, no stockpiling of drinks and drink restrictions from 10pm (no shots, no mixed drinks greater than 30% alcohol, no ready to drink with greater than 5% alcohol and no more than four drinks per patron).

4  The NSW Independent Liquor and Gaming Authority (the Authority) are reviewing the range of special conditions to determine if the conditions remain valid.

5  The attached submission (Attachment A) identifies in the ten years since implementation of the Newcastle CBD liquor license conditions; the culture of nightlife in Newcastle has changed considerably. Council welcomes the review of these conditions in order to ascertain those elements that continue to be effective. Council's recommendations to the review relate to existing conditions, as well as, proposals for new conditions, that Council believes will incentivise and encourage strategic alcohol management and the development of the Newcastle night-time economy consistent with the city's revitalised future.

FINANCIAL IMPACT

6  There is no financial impact from completing this submission.
COMMUNITY STRATEGIC PLAN ALIGNMENT

7 Completing the submission aligns with our vision for a smart, liveable and sustainable city and our objectives for vibrant and activated public places and a caring and inclusive community.

IMPLEMENTATION PLAN/IMPLICATIONS

8 Not applicable.

RISK ASSESSMENT AND MITIGATION

9 Not applicable.

RELATED PREVIOUS DECISIONS

10 At the Ordinary Council meeting held on 12 December 2017, Council resolved as follows:

RESOLVED: (Councillors Mackenzie/Clausen)

Delegates authority to the Interim Chief Executive Officer, in consultation with the Lord Mayor, to lodge a submission to the NSW Independent Liquor and Gaming Authority’s Review of licence conditions for Newcastle CBD venues; and that Council’s submission reference:

a. Support for appropriate evidence based special license conditions as part of the suite of measures to reduce rates of alcohol-related violence in the city.

b. Support for an ongoing role for Council in the delivery of strategic alcohol management initiatives for the achievement of a vibrant and safe night-time economy.

c. Outlines Council’s on-going commitment to a thriving and safe night time economy in Newcastle.

11 The closing date for submissions was originally 24 January 2018. Extension to 7 February 2018 was announced on 19 January 2018. The Council meeting scheduled for 23 January 2018 provides opportunity for Councillors input to the submission.

CONSULTATION

12 The submission was prepared following meetings with a number of stakeholders including the Hunter Multicultural Community Drug Action Team, AHA Hunter, the Newcastle Liquor Accord and Newcastle City Police.
OPTIONS

Option 1

13 The recommendation as at Paragraph 1. This is the recommended option.

Option 2

14 Council not endorse the submission. This is not the recommended option.

BACKGROUND

15 Nil

REFERENCES

ATTACHMENTS

Attachment A: Newcastle City Council Submission to the Review of Newcastle CBD Liquor Licence Conditions

Attachment A
NSW Government  
Review of Newcastle CBD Liquor Licence Conditions  
Newcastle City Council Submission  

January 2018  

BACKGROUND  

On 21 November 2017 the NSW Government announced an independent Liquor Law Review of the range of special conditions that have applied to 14 hotels and bars in Newcastle’s Central Business District (CBD) since 2008.

The review will consider whether the policy objectives of these conditions remain valid and their terms appropriate, for securing the intended objectives.

As a leader in collaborative reforms and strategy in this field, Newcastle City Council (NCC) provides this submission which includes recommendations to guide the review, together with several options to enhance the legislation and provide a safe night time economy in Newcastle. The submission is evidence based and consistent with NCC’s strategic objectives set out in the Council’s Safe City Plan 2017-2020\(^1\) and the draft Newcastle After Dark: Night Time Economy Plan \(^2\).

POLICY CONTEXT  

Newcastle is both the second largest non-capital urban centre, and the second oldest city in Australia. The Newcastle Local Government Area (LGA) is home to 152,948 people (2016 census) and is expected to grow by an additional 32,000 people by 2036. The city welcomes about 4.1 million visitors each year. Newcastle is at the centre of the Lower Hunter region (600,000 people) serving as the primary provider of business, health, education and professional services.

The city has undergone a major transformation over the last two decades, with strong growth in services, activity and employment. In particular, there has been growth in knowledge industries, with the expansion of health, higher education, research centres, defence industries and professional and technical services. These industries, along with the traditional energy and engineering sectors, are providing the foundation for growth of Newcastle and the broader region.

Going forward, there are a number of key elements that will shape the future growth of Newcastle LGA and these include:

- City centre revitalisation\(^3\) - regeneration of the CBD as a place to live, work, invest and visit, e.g. in 2016-17 private investment development pushed

through the $1 billion milestone. 2017-18 is likely to see development exceed $1.5 billion. The city centre rail interchange opened in October 2017 and light rail will commence operation in March 2019.

- Port of Newcastle development - approved grant to build a $12.7 million cruise terminal and enhancement of coal export capacity and expansion for other products.
- Development of the visitor economy - through the cruise economy and new airline routes to Newcastle Airport.
- City centre university precinct - University of Newcastle city centre campus was a catalyst project with more stages to come over the next 10 years.
- Digital connectivity in the smart city - The Newcastle Smart City Strategy was adopted in 2017, and two major grant projects are underway: the $18m Hunter Innovation Project; and the $15m Smart Moves Project.

Newcastle has a number of strategic advantages that create opportunities for our continued transformation and ongoing growth:

- Newcastle offers high residential amenity with its coastal location and cultural, sporting and leisure facilities and is an attractive place to live and invest.
- Newcastle has a creative culture that is being translated into business opportunities, through mentoring, venture capital programs and industry clusters.
- Newcastle's industrial base includes specialisations in heavy engineering, defence and aerospace.
- Newcastle is accessible and linked to national and international markets through a major port, airport, road and rail.
- Newcastle has a growing local, national and international reputation as a destination and events city for leisure, business, sporting and cultural events. The city is a four time winner of the World Festival and Events City award, it has been acknowledged by international travel brands Lonely Planet and National Geographic as a must-visit destination, and a smart city, creatively rising to the challenges of 21st century urban life. Earlier this year Merewether Beach was named Australia's best city beach, beating the likes of Bondi Beach NSW, Surfers Paradise QLD and Cottesloe Beach WA.

A vibrant and safe night time economy will also be a key contributor to the city's revitalisation. Significant at both a national and regional level, Newcastle's night-time economy is presently the sixth largest in the country. It directly employs over twelve thousand people and accounts for 5.4% of the total Newcastle economy ($1.358 billion in 2015).

Ten years ago, Newcastle's night-time economy was considered locally to have a sometimes problematic nightlife compared to the remainder of the State. Of particular concern was alcohol-related violence and anti-social behaviour in and around our licensed premises. Community concern regarding undesirable nightlife incidents peaked in 2007 and 2008, prompting a range of State Government agencies to develop a suite of interventions, collectively called the Newcastle 'Intervention', 'Model' or 'Solution', focused on restricting consumption of alcohol and the late-trading licensed premises of the Newcastle city centre. Still in operation
today, these interventions were also introduced in the secondary nightlife precinct of Hamilton in 2010. Variations of the Newcastle Model were subsequently adopted by Sydney (CBD and Kings Cross excluding small bars), and by the Queensland Government (1am lock out law in Queensland safe night precincts was cancelled in January 2017).

The complex nature of alcohol-related public disorder issues occurring also warranted an associated set of locally driven strategies. The Safe Newcastle: Alcohol Management Strategy (AMS) 2010-2013 was developed and implemented by NCC in response to growing community expectation of Council’s contribution to managing the detrimental impacts of alcohol in the city. Commenced in 2010, the principal focus of the AMS was to reduce alcohol-related harm and anti-social activities in the Newcastle LGA. It included a wide range of initiatives involving Council, NSW Police, other state government agencies and committees, Liquor Accords, University of Newcastle and business improvement associations. Many of the initiatives of the strategy have been successfully established as continuing activities. Continuing its interest in supporting effective management of alcohol consumption and its effects, Council has followed AMS with subsequent locally driven community safety focused strategies.

Since implementation of the interventions, Newcastle has undergone significant change led by a strong growth in smaller ‘low impact’ night-time venues and a burgeoning creative and dining scene. In this context, we define low impact venues as those with a strong, consistent focus on noise management and responsible service of alcohol, and a proven track record of minimal alcohol-related and liquor licensing incidents. This has coincided with the growing pace of urban renewal projects transforming the city and an increasing city centre residential population (4,499 at the 2016 census; an increase of 1,500 people from 2006).

Newcastle’s city centre contains the following late-trading licensed premises. As at November 2017⁴, it contains:

- 137 total licensed premises (437 LGA-wide);
- 88 trade under an on-premises licence (213 LGA-wide);
- 21 trade under a hotel licence (36 LGA-wide);
- 5 trade under a club licence (75 LGA-wide); and
- 6 trade as a small bar (6 LGA-wide).

In response to the city’s revitalisation, increases in the inner city residential population, the increasing diversity of late-trading licensed premises in Newcastle, NCC has developed the draft Newcastle After Dark: Night-Time Economy Strategy. The strategy includes actions for making Newcastle’s prominent nightlife areas more diverse, more inclusive and safer. Advocating for a greater diversity of late-trade offerings and options beyond those that are solely alcohol focused, is identified as a core principle in the draft Newcastle After Dark strategy. The Strategy will be presented to the elected Council in March 2018, recommending the draft strategy be released for community comment.

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⁴ Liquor and Gaming NSW
The review of the Newcastle CBD liquor licence conditions is an opportunity to build on the work done to date and provides a basis for integrating with Council’s strategic direction for the city’s night-time economy and revitalisation. The approach outlined below represents a balance between controlling undesirable alcohol related incidents through interventions that seek to stimulate the kind of city life that attracts broader participation and investment in Newcastle, day and night, together with robust plan of management practices and compliance and a solid research base. The approach also seeks to strengthen the alcohol management elements within the reform framework and extend them beyond the existing 14 venues subject to the conditions, to apply LGA-wide, to facilitate the growth of a safe and diverse night time economy across Newcastle.
RECOMMENDATIONS

Plans of Management and Compliance Audit Measures

Venues are currently required to develop and submit Plans of Management (PoM) as part of their liquor license application process. Historically the quality of PoMs is highly variable, and their ongoing assessment in terms of assessing venue performance has been not been consistent or clear. Council suggests introduction of the requirement for Plans of Management (PoM) to be more robustly prepared, and linked to closer scrutiny by Liquor and Gaming NSW of premise implementation and disciplinary compliance.

NCC recommends linking the enhanced PoMs to a tiered framework of compliance audits (Level A, B and C) that rewards licenced venues that consistently demonstrate good management policies and practices, including alcohol-related harm reduction measures. Venues that demonstrate high performance would be considered eligible for exemptions subject to additional criteria such as venue audit compliance, and levels of alcohol-related incidents and noise complaints. It is proposed that continued non-compliance and poor performance would result in the removal of exemptions and other provisions. NCC proposes that criteria and metrics for assessing the level of performance of a venue within the compliance audit process be developed collaboratively with key stakeholders.

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<tr>
<th>Indicative Standards of Performance for Compliance Audit Assessment</th>
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<td>Every 3 months</td>
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<td>L&amp;G NSW support provided</td>
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<td>Existing disciplinary scheme provisions</td>
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<tr>
<td>Exemptions</td>
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<tr>
<td>LIV classification (refer later in report)</td>
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</table>
**Recommnedation:** Introduce the requirement for plans of management (PoM) to be more robustly prepared, and linked to closer vetting by Liquor and Gaming NSW of premise implementation and disciplinary compliance.

**Recommendation:** The frequency of existing audits be replaced with a tiered framework of compliance audits (Level A, B and C) that rewards licenced venues that consistently demonstrate good management policies and practices, including alcohol-related harm reduction measures.

**Recommendation:** NCC proposes evidence based criteria for a tiered compliance audit standards of performance framework, including non-compliance mechanisms that return premises to current liquor licence conditions if standards of performance are not met.

**Alcohol and Trading Time Restrictions**

International\(^5\) and Australian\(^6\) research provides strong evidence of correlations between extended hours of trade and levels of alcohol related violence.

Generally, the later trade is permitted and alcohol is sold, incidents of violence are higher. More specifically, adding or subtracting just one or two hours of trading after midnight can make a substantial difference to violence rates\(^7\). A 2011 study\(^8\) into the Newcastle Intervention examined the effects of reducing trading hours of licensed premises from 5am to 3am. This reduction in trading time resulted in an estimated 37 per cent reduction in late-night violence. A similar finding was identified in a Perth study\(^9\), where adding one extra hour of additional trade after midnight was associated with a 70 per cent increase in late-night violence incidents reported to police. However, how this research relates to a diverse range of different venue sizes and styles is unclear. For example, a venue trading under a small bar license for an extra hour may not have an equivalent impact on late night incidents by virtue of a different clientele, culture and management model.

In line with this research, NCC supports a consistent time of night for both restriction of entry of 1:30am and trading close of 3:30am for all premises subject to the conditions, as the existing 10pm sale of alcohol restrictions and conditions, specifically the Responsible Service of Alcohol (RSA) requirements, no stockpiling and ceasing sales 30 minutes prior to closing time. The exception is to permit mixed drinks with more than 30mls of alcohol condition for all licensed premises to 12am.

NCC will continue the case-by-case determination of premise trading hours through its development assessment process. This supports the local government role in

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\(^8\) Kypri et al., (2011)

\(^9\) Chikritzhs and Stockwell (2002)
undertaking planning assessments of 'time of use' related developments. Council would take the status of a licensed venue as low, medium or high impact under consideration within all development assessments for extension of trading hours. Low impact venues would be approved to trade beyond 12am, in accordance with liquor license category restrictions on a trial system on the following basis:

- 12 month trial, with annual renewal based on achievement of a Level A in compliance audit;
- Failure to comply with low impact venue criteria would see exemptions revoked;
- All venues subject to withdrawal of exemptions and return to current liquor licence conditions if audit standards not met; and
- Supported by research outcomes.

**Recommendation:** NCC supports a consistent time of night for both restriction of entry of 1:30am and trading close of 3:30am for all premises subject to the conditions.

**Recommendation:** NCC supports retaining an employee whose sole function is to supervise Responsible Service of Alcohol (RSA) practices at the bar and throughout the premises.

**Recommendation:** NCC supports retaining existing suite of 10pm sale of alcohol restrictions, no stockpiling and ceasing sales 30 minutes prior to closing time, with the exception of the 'No mixed drinks with more than 30mls of alcohol' condition lifted until 12am. This recommendation is also subject to new recommendations on exemptions for low impact venues.

**Recommendation:** The condition of 'No mixed drinks with more than 30mls of alcohol' to be removed for all licensed premises. The deletion of this condition will enable venues the option of serving cocktails in a responsible manner while still retaining the conditions of no shots, no ready to drink (RTD) drinks, not more than 4 drinks to any patron at one time and free water available.

**Recommendation:** Continue the case-by-case determination by NCC of premise trading hours. Council would take as an input into decision-making the status of a licensed venue as low-medium-high impact in considering development applications relating to extension of hours of permissible trade. Low impact venues would be approved to trade beyond 12am, in accordance with liquor license category restrictions (for example 2am closure of small bars) on a trial system on the following basis:

- 12 month trial, with annual renewal based on achievement of a Level A in compliance audit;
- Failure to comply with low impact venue criteria would see exemptions revoked;
- All venues subject to withdrawal of exemptions and return to current liquor licence conditions if audit standards not met; and
- Supported by research outcomes.

**Inter-venue communication**
Council acknowledges the importance of venues being able to communicate with each other to share information over the course of the day/night concerning incidents or persons of concern, identify potential incidents and facilitate rapid and collaborative responses to incidents. Significant advances in communication technologies have rendered dedicated radio links obsolete. NCC is of the view that more effective network options are available, however, they should be introduced holistically for all late-trading venues that are subject to the conditions, rather than left for venues to determine independently via an ad hoc approach.

**Recommendation:** NCC supports a transition from a shared radio network to current digital technology options in order to enhance inter-venue communications.

### Exemptions

Our vision for the city's late-night trade is for:

- more 'low impact' venues;
- alcohol consumption is robustly managed;
- low rates of site specific alcohol-related incidents;
- effective management of noise;
- positive crowd interactions inside and outside of venues; and
- diverse venues that will attract diverse demographics.

NCC recommends implementation of a system that rewards licenced venues that have consistently demonstrated sound and effective alcohol related management policies and practices. The system for assessing effectiveness would relate to the degree of impact (low, medium, high). Council believes with the right suite of measures, support and compliance monitoring, classification as a low impact venue could be achievable by a range of venues including cinemas, restaurants, craft beer and wine bars, live music and performance venues (acoustic performance, micro theatre, stand-up comedy and poetry). No one venue type would be excluded from achieving low impact status, provided its business practices were maintained to the level of the eligibility criteria.

However, the impact of a venue on surrounding neighbourhood is heavily influenced by venue size and patron capacity. The table below outlines expectations about the relationship between a venue's patron capacity and its ideal level of impact.

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<tr>
<th>Venue Size</th>
<th>100 or less</th>
<th>100-300</th>
<th>300+</th>
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<tbody>
<tr>
<td>Ideal Impact</td>
<td>Low Impact</td>
<td>Low-Medium Impact</td>
<td>Medium Impact</td>
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The proposed Low-Medium-High impact venue framework designed to incentivise licensed venues to adopt business, alcohol service and venue management models and practices that mitigate impact on the community and surround areas. It is not structured solely around liquor license category (although that is a consideration), but seeks to integrate a range of criteria that collectively inform notions of impact.

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10 Freeing or state of being free from a liquor licence obligation or liability imposed on other licenced venues.
The framework is a tiered structure that incentivises venues to adopt improved practices, while retaining adequate controls to manage and penalise underperforming venue operators. Low Impact Venues are those that contribute economically and culturally to the city's night-time economy without contributing directly to public disorder and alcohol-related harm. It is Council's proposal that the final list of characteristics, tiered metrics and indicators, and relative weightings in assessment would be refined through collaborative stakeholder engagement including Liquor and Gaming NSW and Newcastle Police.

To follow is an indicative framework outlining the kinds of venue characteristics and impact indicators that Council considers would warrant inclusion in assessments of low, medium and high impact.
The low impact venue (LIV) classification would be supported by a range of exemptions available only to those awarded the classification. The exemptions could include extending restricted alcohol sales to 12am and potential removal of lockout requirements for those with the condition in place.

The ability to be considered for exemption from the existing suite of liquor licence conditions would apply only to low impact venues, incentivising a broad range of venues to work towards the classification. Further, opening the LIV classification up to all venue types as opposed to select types, e.g. small bars, facilitates greater

<table>
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<tr>
<th>Indicative Low-Medium-High Impact Venue Framework</th>
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<tr>
<td><strong>Venue Characteristics</strong></td>
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<tr>
<td>Alcohol Service Model</td>
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<td>Food Service</td>
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<td>Live Entertainment</td>
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<td>Hours of Trade</td>
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<td>Licensing Restrictions</td>
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<td><strong>Impact Indicators</strong></td>
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<tr>
<td>Recorded Liquor Licensing Incidents</td>
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<tr>
<td>Alcohol related Assaults</td>
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<tr>
<td>Venue linked Crime Data (exclude non-domestic alcohol related assaults)</td>
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<tr>
<td>Plan of Management Assessment</td>
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<tr>
<td>Annual Audit Assessment</td>
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<tr>
<td>Legitimate Noise Complaints</td>
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business diversification from a city revitalisation perspective. It will also assist to expand the number of venues actively working towards addressing excessive alcohol consumption and undesirable public disorder issues.

For licensed premises satisfying criteria as low impact venues, NCC supports implementation of trial exemptions. The exemptions would pertain to elements of the existing licensing conditions including moving the 10pm suite of drink restrictions to 12am. Council will, as required by planning legislation, separately consider later trading for venues, such as small bars and licensed restaurants beyond 12am that have satisfied low impact venue criteria and earned/maintained Liquor and Gaming NSW exemptions.

**Recommendation:** NCC supports implementation of trial exemptions for licensed premises satisfying criteria as low impact venues. Exemptions in this recommendation are suggested to be on the following basis:

- Exemption for a period of 12 months
- Annual Liquor and Gaming NSW renewal based on achievement of at least a Level A standard in annual compliance audits, and continued satisfaction of low impact venue criteria.
- Failure to comply with low impact venue criteria under existing audit and licensing requirements would see trial exemptions revoked

**Recommendation:** All premises be subject to the withdrawal of the exemptions (and return to current liquor licence conditions) under existing disciplinary scheme provisions.

**Research and Evaluation**

The Australian Institute of Criminology (AIC)\(^{12}\) carried out a study of evaluations that investigated the effectiveness of the liquor licensing reforms in Newcastle following the introduction of the 'Newcastle Model' in 2008. While the AIC concluded the evaluations provided support for the reforms, they could not confidently determine which components effected the change, how they operate and interrelate. Individual conditions such as lock outs and extended trading hours have been subject to research, however, the conditions as a collective package would benefit from detailed research.

Further, investigation into state-wide, downward trends in all crime categories, including significant incidents of non-domestic assaults in licensed premises, over the past several years, along with a slight drop in exceedances of the National Health and Medical Research Council lifetime risk alcohol guideline\(^{13}\) (i.e.

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consumption of no more than two alcoholic drinks on any day) is warranted to determine how this has affected alcohol related assault levels linked to licensed premises in Newcastle. It should be noted over the last year, a spike in alcohol-related assaults has been reported for Newcastle (and Lake Macquarie)\(^{14}\). Given the increase is recent, additional time will be required to determine if it is indicative of a new trend or isolated incidents.

Development of an effective, revised package of liquor licence conditions for Newcastle can only be realised if grounded in a strong research base that includes the above elements. An evaluation of the revised conditions once implemented, would also provide evidence of the effectiveness of the measures in operation.

**Recommendation:** Investigate the effectiveness of the collective package of initiatives that comprised the 'Newcastle Intervention'. This recommendation would aim to understand the effect of individual and integrated conditions at the scale of the specific venue and liquor license category.

- Topics for research would include interrelation of the licensing conditions with an assessment of impact of individual premise business and service models (e.g. table service verses bar service), patron numbers, hours of trade, and relationship to other venues, alcohol consumed verses time of night, crowd street movement and self-regulation initiatives.

**Recommendation:** Develop a definition of low, medium and high impact venues. Definitions to be developed with stakeholders and confirmed as part of the research and be able to be independently assessed and verified.

**Recommendation:**— Develop an evidence based standards of performance for compliance audits (including non-compliance mechanisms). Definition to be confirmed as part of the research and be able to be independently assessed and verified.

**Recommendation:** Implement research recommendations and definitions LGA-wide to ensure consistency of conditions and level competitive footing for businesses.

**Recommendation:** Undertake an evaluation of revised conditions (Newcastle Model 2.0), including enhanced PoMs and audit frequency:

- Incorporate peer review assessment of alcohol related crime/anti-social behaviour for specific venues (BOCSAR approved data)
- Implement evaluation outcomes LGA-wide

**Recommendation:** Commit representation from the L&G NSW Licensing division at the NCC Licensed Premised Reference Group monthly panel. The LPRG has representation from L&G NSW Compliance division (seek to continue their attendance in addition to the licensing division), NSW Police, Hunter New England

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Health and council. The LPRG panel ensures collaborative input into liquor license assessment processes.