AUDITOR-GENERAL'S REPORT

PERFORMANCE AUDIT

Working with hotels and clubs to reduce alcohol-related crime

NSW Office of Liquor, Gaming and Racing
NSW Police Force

The Legislative Assembly
Parliament House
SYDNEY NSW 2000

The Legislative Council
Parliament House
SYDNEY NSW 2000

In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Working with hotels and clubs to reduce alcohol-related crime: NSW Office of Liquor, Gaming and Racing; NSW Police Force.**

Peter Achterstraat
Auditor-General

Sydney
April 2008

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Foreword

Alcohol misuse is a major problem for our community. It is closely linked to crimes such as assault, malicious damage, and offensive behaviour. Almost one third of alcohol-related assaults occur on licensed premises, such as hotels and clubs.

We found that the number of non-domestic violence alcohol-related assaults has almost doubled over the last ten years. One way to reduce alcohol-related crime is to prevent people from reaching undesirable levels of intoxication. This is best achieved by licensees adopting responsible service of alcohol practices.

Both the NSW Police Force and NSW Office of Liquor Gaming and Racing regulate the liquor industry and work with licensees to minimise the harm caused by alcohol. This report explores how well they are working together and highlights some of the challenges they face in tackling this complex social issue.

Peter Achterstraat
Auditor-General

April 2008

Executive summary

The focus of our audit

Alcohol misuse has a significant impact on our community. It costs millions of dollars each day through lost labour, crime and health care.

Alcohol misuse is closely linked to crime and anti-social behaviour. This includes assault, malicious damage and offensive behaviour. Excluding domestic violence incidents, almost one third of alcohol-related assaults occur on licensed premises such as hotels and clubs.

There are three main ways to reduce alcohol-related crime on or near licensed premises. These are:

- preventing patrons from reaching undesirable levels of intoxication, through the responsible service of alcohol (RSA)
- introducing strategies that reduce the opportunity for crime such as extra transport at peak times and when premises close
- responding to incidents after they occur to prevent them from escalating and to deal with offenders.

Reducing alcohol-related crime is a challenging task. Many factors affect crime rates including the weather, the number of premises, access to transport, the age of patrons and time of day. Therefore it is important that government agencies and licensees work together to implement these strategies to reduce crime.

In 2003 the NSW Government held an alcohol summit which proposed new strategies to deal with alcohol-related harm. This led to many of the recent liquor reforms which will simplify how the industry is regulated.

This audit aims to assess how well the NSW Police Force (Police) and the Office of Liquor, Gaming and Racing (OLGR) work with licensees to reduce alcohol-related crime and anti-social behaviour. Specifically we wanted to find out whether Police and OLGR:

- work with licensed premises to promote RSA?
- take appropriate action for RSA and related breaches?

By 'licensed premises' we mean hotels, bars and clubs. By 'RSA and related breaches' we mean offences such as permitting intoxication on licensed premises, and selling alcohol to an intoxicated person.

Audit opinion

In NSW alcohol-related assaults have almost doubled over the last ten years. In 2006-07 there were 20,475 alcohol-related assaults excluding domestic violence incidents, up from 10,305 in 1997-98. In fact, the number of these assaults is increasing at a faster rate than total assaults. Incidences of alcohol-related malicious damage and offensive conduct have also increased, rising by 87 and 70 per cent respectively.

However we found that the number of alcohol-related assaults has reduced or stabilised in the last two years in about 14 per cent of Police local area commands. Of the four commands we visited, alcohol-related assaults had stabilised in two, and significantly reduced last year in another. OLGR has also had some success in reducing assaults in a number of licensed premises.

It is difficult to determine what works best to reduce alcohol-related crime. However we found that OLGR and Police were more likely to succeed where they used a range of education and enforcement strategies to change licensee behaviour and help reduce intoxication.

We found that OLGR is working with licensees to promote and enforce RSA, recently adopting an early intervention approach. But it is only in the last couple of years that it has focused on reducing intoxication.

Police approach to working with licensees varied. Some commands assisted licensees to comply with the law, but overall they tended to focus more on enforcement. Police work with licensees should include more initiatives to prevent breaches from occurring.

Both Police and OLGR enforce the liquor laws. While they have discretion in applying the law it is important that they do so with reasonable consistency. However we found inconsistencies within Police, and between Police and OLGR, in how they dealt with liquor offences. For example, one licensing officer might take a licensee to court for a practice that another issued a warning for. This left licensees we spoke to sceptical about whether the laws were being applied fairly.

With OLGR taking a more active role in enforcing the law, there is an increased risk of duplication. Both agencies now need to clarify their roles and responsibilities to reduce this risk and achieve a consistent approach across the state. This should be a priority given that the new liquor reforms commence mid 2008.

Patrons also need to be educated about responsible drinking and their obligations under the liquor laws. Although patron education campaigns have been run in a number of regions, more is needed statewide.

Police and OLGR recognise these challenges and have projects underway to address many of these issues. These include training initiatives and a new licensing database. Police also plan to adopt a new way of working with licensees which matches their response to the risk rating of the hotel or club.

Both Police and OLGR report that most licensees try to do the right thing and that a minority cause problems. Therefore it is crucial they continue to work together to minimise the harm caused by alcohol and make our communities safer.

Key audit findings

**Chapter 1
What is alcohol-related crime?**

Crime and anti-social behaviour are often linked to alcohol misuse. Many incidents such as assaults, malicious damage, offensive behaviour and theft are alcohol-related.

Excluding domestic violence incidents, almost one third of alcohol-related assaults occur on licensed premises such as hotels and clubs. Many incidents occur on Friday and Saturday nights between midnight and 3 am and are committed by males aged between 18 and 25 (see appendix 2).

There are three main ways to reduce alcohol-related crime on or near licensed premises. These are preventing patrons from reaching undesirable levels of intoxication, introducing strategies that reduce the opportunity for crime, and responding to incidents after they occur.

The NSW Office of Liquor Gaming and Racing (OLGR) and NSW Police Force (Police) regulate the liquor industry. A key role is to ensure compliance with the liquor laws, including the *Liquor Act 1982* (the Act).

A key objective of the Act is harm minimisation. This refers to harm associated with alcohol misuse, such as violence and other anti-social behaviour.

The Government recently reformed the State's liquor laws. Some of the key reforms include:
- the Licensing Court to be replaced with an administrative-based system
- the responsibilities of the Licensing Court and Liquor Administration Board to be transferred to a new authority
- expanded powers of the Director of Liquor Gaming and Racing such as imposing and varying licence conditions.

**Chapter 2
Do Police and OLGR promote RSA?**

OLGR and Police must work with licensees to promote RSA and harm minimisation. Without this there will be limited impact on levels of intoxication which increases the risk of alcohol-related crime.

We found that both agencies assist and support licensees to meet RSA requirements. OLGR provides licensee self-assessments, runs workshops, and presents at liquor accords meetings, which are formal partnerships with licensees. Police also use liquor accords to discuss licensing issues, however they tend to educate mainly through enforcement. For example, police may discuss intoxication and RSA with licensees when responding to incidents or inspecting licensed premises.

Both Police and OLGR use information on alcohol-related crime to target high-risk premises. However neither can access each other's information therefore cannot form a complete compliance record of premises. This may improve with the roll-out of a database which will consolidate data from a number of agencies.

One of the key mechanisms for raising new issues and sharing ideas with licensees are liquor accords. OLGR also uses a case management approach to work with high risk licensees. Police have a mixed relationship with licensees, citing licensees need to maximise sales from alcohol as the biggest barrier. Licensees we spoke to said that one of the key barriers was inconsistent approaches to licensing, both within Police, and between Police and OLGR.

While neither agency has a formal licensing course at present, most licensing staff interviewed had completed training in the past. However there is no course for new officers, and we found that general duty police could benefit from better knowledge of licensing laws. The Police Local Area Commands (LACs) we visited recognised this and were trying to address this gap.

Police and OLGR do not know whether their education and support initiatives work in reducing alcohol-related crime. This is because it is difficult to monitor the results of these strategies in isolation, so they use crime data to review their overall approach to licensing.

Chapter 3
Do Police and OLGR
enforce RSA?

OLGR and Police are better able to change licensee behaviour if they take appropriate action for RSA and related breaches. This means action must match the offence, be timely, and bring about the best results.

We found that both agencies use a range of enforcement options to deal with RSA and related breaches. In accordance with its policies, OLGR issues more severe penalties for matters such as intoxication, generally issuing a penalty notice or taking court action. Police also reported that they match penalties to the seriousness and frequency of breaches, however could not provide information to clearly demonstrate this. Police approach varied between LACs, with some appearing to take a zero tolerance approach. This may be due to the absence of enforcement guidelines which outline how breaches should be dealt with.

Police and OLGR have taken more enforcement action against licensees in recent years. For example, in 2007 police initiated court action for 130 matters regarding permitting intoxication, an increase of over 400 per cent since 1999. In 2006-07 OLGR issued 23 penalty notices for permitting intoxication, up from one in 2003-04.

We found that OLGR dealt with breaches in a timely manner, taking action for breaches within two weeks for most cases we reviewed, however Police were unable to easily provide data on processing times. Penalty notices take less time than other enforcement measures such as prosecution. Some licensing staff said that gathering evidence to prove intoxication for prosecution could be time consuming.

Police and OLGR monitor crime data, particularly assaults, as part of their overall approach to licensing. However they reported that it was difficult to determine which aspect of enforcement works best, with many saying enforcement alone would not change licensee behaviour and reduce crime.

The last ten years show an increasing trend in alcohol-related crime statewide. The result was the same for LACs visited, although they had reversed this trend for some crime categories in the last two years. Police report that the statewide increase in alcohol-related assaults is partly due to better reporting of alcohol-related crime, which occurred when the alcohol-linking program rolled out statewide mid 2004.

OLGR has had mixed success in reducing alcohol-related crime in licensed premises, with more positive results achieved in the last six to nine months.

Recommendations

We have made a number of recommendations designed to improve how Police and OLGR work with licensees to reduce alcohol-related crime. These include:

- developing a standard approach to enforcing the liquor laws
- delivering patron education campaigns
- removing barriers to working with licensees
- better guidance on how police should deal with breaches, and assist and support licensees on RSA
- better training for general duty police.

Specially, we recommend that the NSW Police Force and Office of Liquor Gaming and Racing:

- establish a working party to:
  - clarify roles and responsibilities under the new liquor laws (page 41)
  - develop a joint approach to licensing that includes both education and enforcement strategies, by December 2008 (page 41)
  - develop a risk-based annual program which identifies the areas and licensed premises to be targeted as part of its licensing operations, which is reviewed at least quarterly, by December 2008 (page 27)
- ensure that all relevant information about licensed premises is accessible to each agency so they can better target high-risk premises (page 25)
- review the impact of their operations to determine what works best in the long-term to reduce alcohol-related crime, and disseminate and share good practice (page 39)
- develop and deliver by July 2010, statewide patron education campaigns on the liquor laws, including the consequences of breaking the law for both patrons and licensees (page 22)
- assist NSW Health in developing and implementing statewide public education campaigns on responsible drinking (page 22)
- continue to work with the Australian Hotels Association and ClubsNSW to ensure licensees are informed about the alcohol-linking project and other new initiatives, including how data is used (page 30).

We recommended that the NSW Police Force:

- by December 2008 introduce guidelines which outline the joint approach to licensing including how police should:
    - work with licensees to prevent breaches from occurring by using a range of education and support initiatives (page 22)
    - respond to licensing breaches including enforcement options (page 41).
- by December 2008 analyse the appropriate resource requirements to tackle alcohol-related crime, and allocate these resources accordingly (page 28)
- by July 2009 implement the following training initiatives:
    - provide training in liquor licensing as part of general duty officer recruitment program (page 31)
    - reinstate and deliver a formal training course on licensing (page 31)
    - run an abridged version of the licensing course for general duty police where needed to ensure they have the licensing skills and knowledge to assist them to carry out their duties (page 31)
    - deliver a mandatory training package to LACs which includes information on the liquor reforms and the functions of each agency (page 41).

We recommend that the Office of Liquor Gaming and Racing:

- by July 2009 monitor the effectiveness of liquor accords to identify strategies that reduce alcohol-related harm, such as crime and anti-social behaviour (page 29)
- by December 2008 include on its website the results of enforcement action taken against licensees by Police and OLGR for breaches of the liquor laws (page 42).

Response from NSW Office of Liquor, Gaming and Racing

I refer to your correspondence of 28 March 2008 regarding the Performance Audit conducted by your Office in relation to working with hotels and clubs to reduce alcohol-related crime.

I have consulted with my Executive and the prepared responses are attached for your consideration.

Recommendation:

NSW Police and OLGR:
- *Develop and deliver by July 2010, statewide patron education campaigns on the liquor laws, including the consequences of breaking the law for both patrons and licensees*
- *Assist NSW Health in developing and implementing statewide public education campaigns on responsible drinking.*

Agency Response:

Agreed.

OLGR is chair of the Liquor Working Group a working group within the Crime Prevention Steering Committee, one objective of which is to consider strategic issues such as a state-wide patron education.

The Director of Liquor and Gaming has powers under the New Liquor Act to require a prescribed standard message on discount liquor advertising and promotions. The Director is currently consulting with industry and government stakeholders, including NSW Health to develop a common branded message with a utility throughout the state and other states.

The OLGR Liquor Accord Delivery Unit is examining the effectiveness of various patron communication initiatives already implemented throughout the 144 liquor accords. Additionally, OLGR has commenced a research project examining the ways to maximise the capacity of accords, particularly having accords engage wider in the community on such issues as patron education programs.

Recommendation:

That by December 2008, Police and OLGR develop a risk-based annual program which identifies the areas and licensed premises to be targeted as part of its licensing operations, which is reviewed at least quarterly.

Agency Response:

Agreed.

A risk-based business program presently exists that will be enhanced to be an annual joint agency initiative. However, OLGR's strategic enforcement initiatives are inherently short-term to medium-term responses designed for long term outcomes within a dynamic environment.

In this respect, hot spot venues and regions will be identified through ongoing various information gathering initiatives including Alcohol Related Crime Information Exchange program, Bureau of Crime Statistics and Research, and partnerships with Local Government.

In the past six months, hot spot enforcement strategies have been refined such that they are monitored weekly and will align with the new and flexible framework within the new Liquor Act.

Additionally, OLGR is a key partner in all of the Crime Prevention Partnership programs which is developed and implemented within a strategic and evidence based framework.

Recommendation:

That by July 2009, OLGR monitor the effectiveness of liquor accords to identify strategies that reduce alcohol related harm, such as crime and anti-social behaviour.

Agency Response:

Agreed.

OLGR's Liquor Accord Delivery Unit rolled out 35 workshops to accord licensees in 2007-2008. The workshops entitled Engineering Solutions focused on strengthening the capacity of local accords to identify local problems, gather reliable information, develop and implement sustainable strategies, and finally report outcomes.

The workshops provide licensees and regulators with the tools to assess how well liquor accords respond to local issues, and more particularly how effective each implemented strategy is in achieving the objective.

As part of the extra resources to implement the new Liquor Act, the Liquor Accords Delivery Unit will be allocated a five new officers who will support accords throughout New South Wales in implementing, monitoring and reporting strategies and objectives.

Recommendation:

That OLGR and Police review the impact of their operations to determine what works best in the long term to reduce alcohol-related crime, and disseminate and share good practice.

Agency Response:

Agreed.

OLGR operational procedures now ensure that NSW Police are informed of the strategies and outcomes more often and more formally.

These new procedures will be more effective with the roll-out of the ARCIE program, development of the OLGR web site, and within the framework of the new Liquor Act.

Recommendation:

That NSW Police and OLGR establish a joint working party to:
- *clarify their roles and responsibilities under the new liquor laws*
- *develop a joint approach to licensing that includes both education and enforcement strategies, by December 2008.*

Agency Response:

Agreed.

A senior NSW Police officer has been appointed to the Gaming and Liquor Licensing Implementation Committee, an OLGR established working group to manage the change arising from the new legislation.

A joint interagency working group of key operational police and OLGR officers has been established to facilitate a cohesive and seamless joint roll out of enforcement and educational strategies.

Recommendation:

That by December 2008, OLGR include on its website the results of enforcement action taken against licensees by Police and OLGR for breaches of the liquor laws.

Agency Response:

Agreed.

OLGR already informs stakeholders of the outcomes of compliance programs in various ways, including the industry Liquor and Gaming bulletin, What's New, and E-Accords Weekly, both of which are e-mail bulletins direct to accords, licensees, key partners, and through direct feedback in formal personal briefings to liquor accords.

It is also the intention of the Director to post the outcome of liquor law enforcement operations and formal decisions made, but taking into account operational imperatives and the secrecy provisions of the legislation.

(signed)

Carol Mills
Director-General
Department of Arts, Sport and Recreation

Dated: 11 April 2008

Response from NSW Police Force

Thank you for the opportunity to participate in the performance audit Working with hotels and clubs to reduce alcohol-related crime.

Within the State Plan, NSW Police is the lead agency for R1 Reducing rates of crime particularly violent crime *and* R3 Reduced levels of anti social behaviour.

Alcohol related crime is a key focus of NSW Police Force Executive Team. It is in the interest of our community that issues relating to alcohol related crime are dealt with on the basis of broad public policy rather than on an agency specific approach. A whole of community and Government approach is therefore crucial to work together to reduce crime that is caused by alcohol misuse.

Research funded by the National Drug Law Enforcement Research Fund 'estimating the short term cost of police time spent dealing with Alcohol related crime in NSW' *estimated that $50 million was spent on salaries by NSW Police in 2005 to address alcohol related crime, which is equivalent to 1000 full time police.*

As you have indicated in this report there are over 14,227 active licensed premises in New South Wales which present some challenges in relation to managing alcohol related crime. Non compliance from licensees and licensed premises is restricted to a small portion of licensed premises.

NSW Police Force has active representation on over 150 active liquor accords to ensure sound working relationships with licensed premises are maintained and local solutions are collaboratively identified and implemented.

NSW Police Force now has 6 Local Area Commands (LACs) participating in Crime Prevention Partnerships with a further 10 LACs soon to commence, enabling a collaborative approach by local government agencies to drive down crime, particularly assault in public places which may be attributed to alcohol.

During the 2007 election year the NSW Government committed to appointing an additional 30 police officers to tackle alcohol related crime. This election commitment will now be delivered ahead of time to increase the capacity of NSW Police Force to respond to alcohol related crime and ensure specialist officers and proactive management strategies are in place.

Using the additional 30 officers we are in the process of creating the Alcohol and Licensing Enforcement Command (ALEC) to coordinate and tackle alcohol related crime and to support local licensing police. By creating a centralised alcohol focused Command we will address some of the challenges that have faced NSW Police Force in the past that are outlined within this performance report.

ALEC will also allow NSW Police Force to formalise an ongoing operational relationship with the Office of Liquor, Gaming and Racing (OLGR) to manage alcohol related crime. This renewed working relationship will allow a coordinated approach to regulation (OLGR) and enforcement (NSW Police Force). We hold the view that enforcement, can in part, be educative. That is not to say that this is the sole function of NSW Police Force in dealing with spectrum of alcohol related crime.

The operational arm of ALEC will conduct targeted operations in consultation with those LACs identified as having high risk licensed premises using the 'top 25 license premises in NSW' risk management model, reviewing and responding to requests for assistance lodged by LACs for support at major events and work with OLGR compliance officers to develop and exchange expert knowledge and experience.

Through ALEC NSW Police Force will ensure that a targeted and coordinated approach is deployed to manage licensing operations with OLGR. ALEC will also allow formalisation of consultation with peak bodies in the liquor and hospitality industry such as the AHA whom we currently meet with quarterly.

The investment of in excess of $2.3 million into the Alcohol Related Crime Information Exchange database will enable NSW Police Force, OLGR and Office of State Revenue to consolidate, exchange and share accurate data relating to alcohol related crime. This database will go live on the 28 April 2008.

In relation to education, I acknowledge the training challenges outlined by the Audit Office in relation to licensing training. We have been working towards development of training specific to alcohol related crime in recent times with the dedication of a principal tutor to research, develop and deliver alcohol related crime training statewide.

Currently students enrolled in the Associate Diploma of Policing Practice (ADPP) receive education in regards to intoxication and the effects of alcohol and its implications when studying street offences and communication issues. This is conducted through theory and case study training and assessment.

During a probation year recruits are required to undertake both practical and reflective assignments relevant to their experiences and particularly in regards to street offence alcohol related crime.

NSW Police force is currently preparing new alcohol related crime training for all police recruits, general duties and licensing police to facilitate the implementation of the new 2007 Liquor Bill reform.

NSW Police Force has appointed a Principal Tutor specific to Licensing training. This officer is currently preparing the new licensing officers course and is aiming for a pilot course to commence late in 2008.

All officers are to complete the Alcohol Related Crime mandatory training package by July 2009, which will incorporate the application of licensing skills.

In relation to 'education for licensees to prevent breaches' a licensee of a hotel must have completed a Hotelier's Licence course which contains a Liquor Act module, and also a Responsible Service of Alcohol course prior to becoming a licensee. Any education given by Police of OLGT should be supplementary to the not insignificant education already received by people working within the liquor industry.

I look forward to working with you again in the future.

(signed)

A P Scipione APM
Commissioner of Police

Dated: 11 April 2008

1 What is alcohol-related crime?

1.1   What is alcohol-related crime?

Crime is often linked to alcohol misuse

Crime and anti-social behaviour are often linked to alcohol misuse. Many incidents such as assaults, malicious damage, offensive behaviour and theft are alcohol-related. For example in 2006-07, 44 per cent of non-domestic violence assaults were alcohol-related.

Alcohol can have a serious impact on individuals, families and local communities. For example assaults with weapons, such as bottles and glasses, can cause severe physical disability. In 2004-05 state governments were estimated to have spent 1.36 billion dollars to deal with problems related to alcohol misuse such as poor health, road accidents and crime.

As shown below, almost one third of alcohol-related assaults recorded by police occur on licensed premises, such as hotels or clubs. And it would be reasonable to assume that some incidents recorded as occurring outdoors may have occurred near licensed premises.

Incidents occur near pubs and clubs

Exhibit 1: Alcohol-related assaults by location 2006-07

Transport 3%
Other 4%
Commercial 4%
Outdoors 35%
Residential 24%
Licensed premises 30%
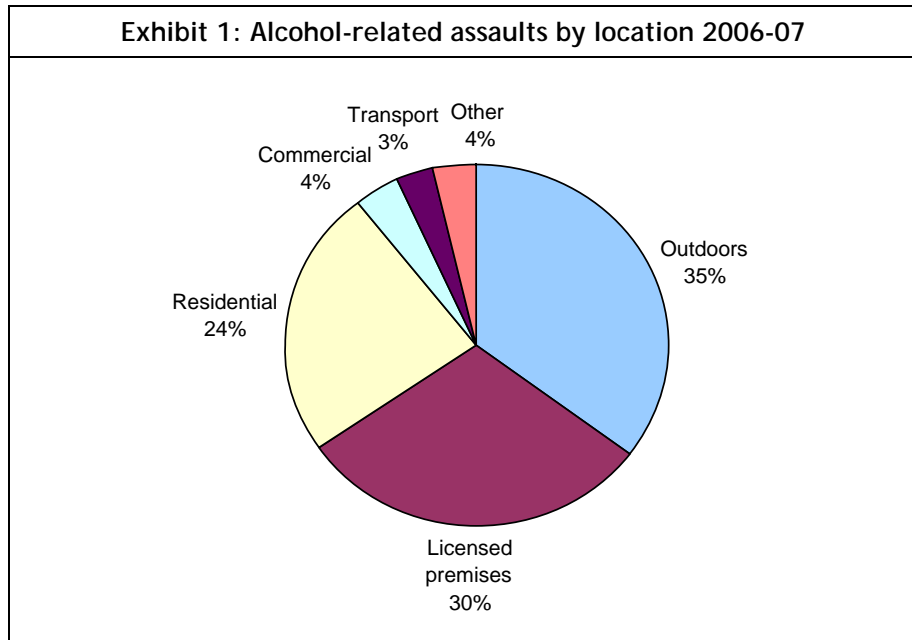
Source: Bureau of Crime Statistics and Research
Note: Excludes alcohol-related domestic violence assaults

Many incidents occur on Friday and Saturday nights between midnight and 3 am. Males aged 18-25 are more likely to commit alcohol-related offences. In 2006-07, this group committed 26 per cent of alcohol-related assaults, closely followed by males aged 26-35 at 23 per cent.

Other factors that affect the level of alcohol-related crime include the weather, major events, access to transport, and the number or concentration of licensed premises in an area.

The NSW Government recognises the impact that alcohol-related crime has on the community. Two priorities in the NSW State Plan are to reduce the number of assaults, and improve perceived problems with anti-social behaviour such as public drunkenness.

1.2   How do we reduce alcohol-related crime?

There are three ways to reduce alcohol-related crime

There are three main ways to reduce alcohol-related crime on or near licensed premises. These range from preventing incidents from occurring in the first place to responding to calls for assistance.

Exhibit 2: Reducing alcohol-related crime

Prevent patrons from reaching undesirable levels of intoxication:
▪ implementing responsible service of alcohol strategies such as
  - offering low or non-alcohol drinks at discount rates
  - discouraging rapid consumption by banning liquor shots or limiting the number of drinks per person
▪ patron education campaigns.
 	
Introduce strategies that reduce the opportunity for crime:
▪ high visibility policing
▪ lockouts ie restricting entry to premises at a certain time
▪ premises within the same area staggering their closing hours
▪ introducing extra public transport at peak times
▪ better street lighting and security.
 	
Respond to incidents after they occur:
▪ police attending incidents to deal with offenders
▪ issuing fines to licensees and/or patrons who breach liquor laws.

Source: Audit site visits

Responsible service of alcohol (RSA) aims to minimise the risk of harm from excessive alcohol consumption. It refers to strategies put in place by licensees to promote a safe drinking environment such as refusing to serve intoxicated patrons.

RSA is not new. It has been part of state liquor laws for nearly a century. Key changes of the liquor laws included:
▪   the introduction of harm minimisation as an objective in 1996
▪   mandatory RSA training for licensees and bar staff from late 2003.

Harm minimisation refers to harm associated with alcohol misuse, such as violence and other anti-social behaviour. In 2000 the Government introduced liquor accords in NSW. These are voluntary partnerships between licensees and government agencies, which aim to reduce alcohol-related crime and improve community safety.

1.3   What is the government's role?

Jurisdictions across the world struggle to deal with this complex social issue. All states within Australia are using similar strategies, such as those discussed in Exhibit 2, in an effort to reduce alcohol-related incidents.

OLGR and Police enforce the liquor laws

In NSW the Office of Liquor Gaming and Racing (OLGR) and NSW Police Force (Police) regulate the liquor industry. A key role is to ensure compliance with the liquor laws, particularly the *Liquor Act 1982 (*the Act*)*.

OLGR works primarily with licensed premises, whereas police powers extend to the broader community. Both agencies have specialist staff that deal with liquor licensing matters using a range of education and enforcement strategies.

NSW Police spend significant time and resources each year dealing with alcohol-related crime. In 2005 total alcohol-related activity salary costs was estimated to be just under $50 million.

New liquor laws to commence mid-2008

The NSW Government recently reformed the State's liquor laws. In mid 2008, the current liquor laws will be replaced by a single Act for the supply and sale of liquor, including sales in registered clubs.

Some of the key changes include:
- the Licensing Court to be replaced with an administrative-based system
- the responsibilities of the Licensing Court and Liquor Administration Board to be transferred to a new authority, the Casino Liquor and Gaming Authority
- expanded powers of the Director of Liquor Gaming and Racing, such as imposing and varying licence conditions
- simplified liquor licensing categories and fees, including the introduction of a small bars licence
- doubling the fines for intoxication offences
- new offences to deal with troublesome patrons, such as prohibiting ejected patrons from re-entering a venue for 24-hours.

The government will provide an additional $10.8 million to OLGR over a three year period to implement the new laws.

1.4 What is the focus of the audit?

Audit objective

This audit assesses how well NSW Police and OLGR promote and enforce responsible service of alcohol to reduce alcohol-related crime and anti-social behaviour. Our report answers the following questions:
- do Police and OLGR work with licensed premises to promote RSA?
- do Police and OLGR take appropriate action for RSA and related breaches?

Audit scope

By 'licensed premises' we mean hotels, bars and clubs. We did not review licensed restaurants, cafes, or bottle shops. By 'RSA and related breaches' we mean offences outlined in sections 125 and 125C of the *Liquor Act 1982*, such as permitting intoxication, and selling or supplying alcohol to an intoxicated person.

This audit did not examine:
- alcohol-related domestic violence
- alcohol-related crime at or near residential premises (eg house parties)
- underage drinking and the secondary supply of alcohol.

For the purpose of this report 'licensing staff' refers to both Police and OLGR officers responsible for licensing.

See Appendix 3 for further information on the lines of inquiry, scope, criteria and audit approach.

2 Are Police and OLGR promoting responsible service of alcohol?

At a glance	**The key question we wanted to answer was:**
	Do Police and OLGR work with licensed premises to promote responsible service of alcohol (RSA)?
	Our assessment:
	Both agencies assist and support licensees to meet RSA requirements. OLGR provides licensee self-assessments, runs workshops, and presents at liquor accords meetings, which are formal partnerships with licensees. Police also use liquor accords to discuss licensing issues, however they tend to educate mainly through enforcement.
	Both Police and OLGR use information on alcohol-related crime to target high-risk premises. However neither can access each other's information therefore cannot form a complete compliance record of premises. This may improve with the roll-out of a database which will consolidate data from a number of agencies.
	One of the key mechanisms for raising new issues and sharing ideas with licensees are liquor accords. OLGR also uses a case management approach to work with high risk licensees. Police have a mixed relationship with licensees, citing their need to maximise sales from alcohol as the biggest barrier. Licensees we spoke to said that one of the key barriers was inconsistent approaches to licensing, both within Police, and between Police and OLGR.
	While neither agency has a formal licensing course at present, most licensing staff interviewed had completed training in the past. However there is no course for new officers, and we found that general duty police could benefit from better knowledge of licensing laws. The Police Local Area Commands (LACs) we visited recognised this and were trying to address this gap.
	Police and OLGR do not know whether their education and support initiatives work in reducing alcohol-related crime. This is because it is difficult to monitor the results of these strategies in isolation, so they use crime data to review their overall approach to licensing.

2.1 Are education strategies in place for licensees?

Our assessment	**Both Police and OLGR assist and support licensees to meet RSA requirements. However Police need to adopt a more balanced approach to working with individual licensees focusing on prevention as well as enforcement.**
	As regulators of the liquor industry, both OLGR and Police have a role in assisting licensees to meet their responsibilities under the liquor laws. This will help reduce alcohol-related harm.
OLGR has education strategies in place	OLGR educates licensees about RSA through a variety of strategies, ranging from informal discussions with licensees to statewide licensing conferences or seminars.

Exhibit 3: OLGR's licensee education strategies
▪ Workshops on RSA and licensing laws
▪ Liquor accord toolkit on developing accords
▪ Presentations at liquor accord meetings
▪ Liquor accord workshops to identify local issues to be addressed
▪ Liquor and Gaming Bulletins
▪ Licensee self assessment modules on liquor law compliance
▪ Posters and signs on the liquor laws
▪ Information on RSA and liquor laws on OLGR website
▪ e-Accords weekly newsletter
▪ Working with the media to convey RSA messages to the public

Source: OLGR site visits and data request

In the past OLGR worked with licensees mainly in response to complaints or requests from police. Recently there has been a shift towards proactive support focusing on early intervention. In 2007 OLGR introduced its Alcohol-Response Taskforce (ART) which uses education as a key strategy to address problems within a particular location. The first stage of ART involves information sessions for licensees, bar and security staff on RSA and licensing laws. OLGR also audit licensees to identify problems and suggest changes to improve compliance with liquor laws.

Police educate licensees mainly through enforcement

Each Police Local Area Command (LAC) determines how it will assist licensees on RSA and licensing matters. Key strategies include presenting at liquor accord meetings or holding information sessions for security or bar staff on request.

Overall Police used enforcement as the primary means to educate licensees about RSA and licensing issues. For example, police may discuss intoxication and RSA with licensees when responding to incidents, inspecting licensed premises, or running special operations.

Police report that they introduced guidelines on how LACs should work with licensees in 2004 as part a project to improve recording of alcohol-related crime. This included a detailed checklist on responsible hospitality, including RSA, for police to discuss with licensees. Police report that they are using this checklist when undertaking covert operations, however it did not appear to be currently in use in the LACs we visited.

Police report a new approach to working with licensees will be introduced this year. The Escalated Licensing Operations Response Model (ELORM), developed by The Rocks LAC, matches police response to the risk-rating of the premises.

While ELORM should improve the consistency of police response, we believe more comprehensive guidance is needed which focuses on how police should work with licensees to prevent breaches from occurring in the first place. For example, police should not always wait until a licensee breaks the law to act, particularly where new licensees are concerned.

Recommendation   That by December 2008, NSW Police revise the guidelines on working with licensees to include how to prevent breaches from occurring by using a range of education and support initiatives.

Patron education is also needed   Both licensing staff and licensees reported that patron education, along with licensee education, is needed to reduce alcohol-related crime. This includes educating patrons about responsible drinking and the liquor laws, particularly RSA and intoxication.

As part of liquor accords, both Police and OLGR have developed and implemented a number of local patron education campaigns.

Exhibit 4: Patron education campaigns

No excuses campaign

This campaign educates patrons about fail to quit offences. It informs patrons that they are breaking the law if they refuse to leave a premises when asked by bar staff or security. The campaign used posters and regional TV and radio advertisements to deliver the message.

Enough is enough

This Mid North Coast Liquor Accord campaign promoted safer drinking practices. It comprised of a series of television and radio commercials promoting responsible consumption of alcohol on licensed premises.

Think the Drink school campaign

The Eurobodalla Liquor Accord introduced the Think the Drink campaign in February 2007. It aimed to educate future patrons about RSA by targeting young people still at school so that the message reaches several generations.

Source: Audit site visits to OLGR and Police LACs, Audit Office research

Some police reported that local patron education campaigns are less successful in metropolitan areas because patrons do not necessarily live in the area.

Although patron education campaigns have been run in a number of regions, there needs to be regular statewide campaigns particularly in light of the recent liquor reforms.

Recommendation   NSW Police and OLGR:

- develop and deliver by July 2010, statewide patron education campaigns on the liquor laws, including the consequences of breaking the law for both patrons and licensees

- assist NSW Health in developing and implementing statewide public education campaigns on responsible drinking.

2.2 Does education work in reducing alcohol-related crime?

Our assessment

We do not know whether Police and OLGR's education and support initiatives work in reducing alcohol-related crime. This is because neither monitors the results of these strategies in isolation, but use crime data to review their overall approach to licensing.

No monitoring of the results of education initiatives

Police and OLGR do not monitor the impact of licensee education or support strategies on alcohol-related crime. Licensing staff report that it is difficult to isolate which strategies work best.

However they review specific projects to check whether initiatives have changed community awareness. For example, knowledge of the liquor laws or perception of crime.

Exhibit 5: Evaluating the Manly Code of Respect

In 2005 Manly LAC developed a code of respect to help reduce anti-social behaviour and crime in the Manly Corso.

The code outlines ten unacceptable behaviours including fighting, drunkenness, offensive language, public urination and vandalism. The code is posted in several public locations such as car parks, the beach front, ferry wharf and in licensed premises.

Local liquor accord members used two key strategies to implement the code. The first was a public education campaign about unacceptable behaviour, and the second involved enforcing the laws through high visibility policing.

In late 2007 Manly LAC surveyed 250 local businesses, including licensees, to find out their views on the Manly Code of Respect and satisfaction with local police. The results of the survey showed that:

- 88 per cent were aware of the code of respect
- 82 per cent were confident with Manly police and their response to anti-social behaviour
- 55 per cent were satisfied with the Code of Respect strategy in Manly Corso.

Results show that assaults and malicious damage have stabilised since 2006.

Source: Audit site visits Manly LAC

OLGR also reviews participant feedback on its liquor accord conferences and RSA workshops. Most participants find the workshops useful.

In addition, both agencies monitor crime data to find out whether their overall approach to licensing is working. This includes assaults and street offences. See Section 3.2 for more on this.

Education alone will not significantly reduce alcohol-related crime. However it is an important crime prevention measure, critical in working with licensees and promoting use of RSA strategies.

There are a range of RSA strategies licensees can adopt to suit their premises. Some strategies are required by law, such as offering free water and training staff in RSA. Others may be adopted voluntarily by licensees or be a condition on their liquor licence. Overall, they aim to reduce intoxication levels and therefore reduce the risk of alcohol-related crime.

Licensees can adopt a range of RSA strategies

Exhibit 6: RSA strategies adopted by licensees
▪ Offering free water and bar snacks
▪ Promoting low alcoholic and non-alcoholic drinks at discount rates
▪ Banning liquor shots to discourage rapid consumption
▪ Having meals available at all times
▪ Limiting the number of alcoholic drinks purchased per person to slow consumption
▪ Improving environmental factors such as appropriate lighting and floor layout so it is easier to observe patrons
▪ Ensuring bar staff have completed RSA training and undertake refresher courses
▪ Having more and better trained security staff to ensure intoxicated persons do not enter the premises
▪ Employing RSA marshals to monitor patron behaviour and identify patrons who are intoxicated or at risk of being intoxicated

Source: Australian Hotels Association RSA Manual, OLGR , Licensee interviews

While many of the licensees we spoke to have these strategies in place, OLGR and Police should continue to raise these with high-risk premises as possible RSA solutions.

2.3   Are high-risk premises targeted?

Our assessment   **Police and OLGR use information on alcohol-related crime to target high-risk premises and areas.**

There are 14,227 licensed premises in NSW including 3,718 hotels and clubs. To maximise compliance with the laws, Police and OLGR must be able to identify areas and premises with high levels of alcohol-related crime, and direct resources accordingly.

Crime data is used to identify high-risk premises   We found that both Police and OLGR use information on alcohol-related crime to identify high-risk areas and premises, also called hotspots. This includes information on alcohol-related assaults, street offences, complaints, and other intelligence reports.

Police also use data from the alcohol-linking project which was introduced throughout NSW in 2004. This project links incidents to the place where offenders or victims had their last drink. This helps police identify licensed premises that may have patrons with high intoxication levels.

Data not easily accessible to OLGR

At present OLGR must request crime data from Police and there can be delays. And neither Police or OLGR have access to information on enforcement action taken by each other. However this may soon be addressed with the introduction of the Alcohol-related Crime Information Exchange (ARCIE).

ARCIE aims to improve the exchange of information

Exhibit 7: Alcohol-related Crime Information Exchange
ARCIE aims to improve access to information on alcohol-related crime by consolidating data from: ▪ NSW Police ▪ Office of Liquor, Gaming and Racing ▪ Office of State Revenue (OSR). The database contains: ▪ alcohol-related crime data ▪ alcohol-linking project data ▪ enforcement activity such as legal action taken ▪ licensing court results ▪ licensed premises details such as company ABN, trading hours, people associated with the premises, licence conditions ▪ alcohol-related crime infringement notices from OSR. ARCIE is due to be implemented by mid 2008.

Source: NSW Police data request, OLGR Hotspot Enforcement Guide 2007

It is important that Police and OLGR continue to review and improve ARCIE to ensure that they capture all necessary information. For example, ARCIE does not yet contain information on OLGR's compliance activities.

Recommendation

Police and OLGR ensure that all relevant information about licensed premises is accessible to each agency so they can better target high-risk premises.

Police target high-risk areas

Police use information on alcohol-related crime to target high-risk premises and other hotspots. This includes focusing activities at times when alcohol-related crime is more likely to occur.

Police targeting relates mainly to enforcement rather than licensee education or support. Three key strategies include:
▪ business inspections of high-risk premises by general duty police
▪ extra police rostered Friday and Saturday nights
▪ special operations of hotspots or licensed premises targeting intoxication or other licensing issues.

During a business inspection general duty police walk through a licensed premises checking for possible breaches of liquor laws. This may include checking for intoxicated patrons or security matters. The number of business inspections has increased significantly over the last four years, up 333 per cent since 2003. Police report this could be due to better recording of inspections, rather than increased activity.

In addition, to be effective general duty police must know what to look for and how to respond to breaches. We discuss training needs further in Section 2.4.

Police to adopt a risk-based approach to target premises

With the statewide roll out of ELORM, Police will also be required to match their response to the risk-rating of the premises. There are four risk ratings, from low to extreme. The ratings are based on the number of incidents at premises involving alcohol, underage persons, violence, malicious damage, stealing and security matters. ELORM outlines the response for each rating. For example, for 'high-risk' premises police should:

- meet the licensee
- conduct overt and covert audits
- evaluate security performance
- lecture staff at premises (eg security and bar staff)
- review license conditions and trading hours
- discuss the premises at tasking and deployment meetings.

OLGR also has a new strategic licensing approach

In 2007 OLGR introduced a strategic approach called the Alcohol Response Taskforce (ART). It uses data on alcohol-related crime to target areas for intervention, and works closely with licensees to address problems in specific premises. OLGR use a staged approach involving education and enforcement, and work collaboratively with local police.

Exhibit 8: Alcohol-Response Taskforce (ART)
OLGR identified Coffs Harbour as being one of the top five locations for alcohol-related assaults.
OLGR and Police launched ART in Coffs Harbour June 2007. OLGR held several workshops to educate licensees about RSA and the liquor laws.
It also audited licensed premises in the area. These audits identified premises at risk of not complying with liquor laws, especially RSA. Feedback was provided to licensees on ways to improve compliance and minimise harm.
OLGR and Police continued to undertake covert and overt operations of high-risk premises. To date OLGR has completed 44 audits of 29 different licensed premises in the area.
Since ART was introduced assaults on licensed premises have reduced by a third when compared to the same time the previous year.

Source: Hotspot Liquor Licensing Enforcement Guide, 2007, OLGR scorecard

To date OLGR has launched ART projects in six regions. However it has not yet developed a program of future projects. OLGR reports that it will soon recruit staff for a new strategic planning unit that will undertake this role. It reports that this unit will also be responsible for identifying the top twenty high-risk premises it will focus on in 2008.

Complementary approaches are needed

While both agencies target high-risk premises, they decide where to intervene independently of each other. To maximise licensee compliance with the law both agencies should develop complementary approaches. This will help ensure a consistent approach to licensing and reduce the risk of duplication.

It will also help maximise coverage across the state. OLGR has only about 20 inspectors who work with hotels and clubs on liquor licensing related matters. Although OLGR intends to recruit more licensing officers, it must still work closely with local police.

Recommendation

That by December 2008, Police and OLGR develop a risked-based annual program which identifies the areas and licensed premises to be targeted as part of its licensing operations, which is reviewed at least quarterly.

We also found that Police could better allocate resources. Police report that most LACs have at least one constable responsible for licensing, with about 80 officers statewide. However we found that there was no relationship between the number or rank of police licensing staff and the number of licensed premises or level of crime.

Exhibit 9: Police licensing resources					
LAC	Licensed premises	No. of ARA 2006-07	ARA as % of total assaults	Licensing sergeants	Licensing constables
Manly	107	241	62%	1	-
Rocks	400	265	55%	1	3
Newcastle	195	674	43%	1	3
Tweed	261	442	38%	-	1
NSW	14,227	20,475	27%	na	na

Source: Audit site visits, Police data request
Notes: Licensed premises includes hotels, clubs, restaurants, bottle shops.
ARA refers to non-domestic violence alcohol-related assaults.
Statewide data on the current number of licensing sergeants and constables is not available.

Two LACs we visited had increased the number or seniority of licensing staff to reflect the significance of alcohol-related crime in their command. However, this was at the expense of other police units. For example, Manly has a licensing constable position, but staff it with a sergeant from the general duties unit.

While a staffing ratio is probably too simplistic, there is no guidance to help LACs determine what resources are appropriate for the level of crime in their area. Police report that each LAC should ensure it has at least one dedicated officer dealing with licensing matters. But this might not be enough in some locations.

In the 2007 state budget the government promised NSW Police an extra 30 licensing staff. Police advise that they intend to set up a strategic business unit to determine how to best use these resources.

Recommendations
That by December 2008, Police analyse the appropriate resource requirements to tackle alcohol-related crime, and allocate these resources accordingly.

2.4 Are agencies and licensees working in partnership?

Our assessment
Police and OLGR have protocols in place to work with licensees. OLGR's relationship with licensees was generally positive, however both Police and licensees reported that their relationship was less constructive.

The key partnership protocol is liquor accords
One of the key mechanisms for working with licensees is liquor accords. Liquor accords aim to introduce practical solutions to alcohol-related problems. There are more than 140 liquor accords across the state. Members include local police, licensees, and council representatives.

For example, after a number of glassing incidents in licensed premises, members of one metropolitan liquor accord are considering introducing plastic cups. While this measure on its own will not reduce intoxication levels and prevent violent behaviour, it may reduce the severity of injuries caused by any conflict. Similarly, members of the Newcastle liquor accord have introduced a range of strategies to tackle alcohol-related crime in their area.

Exhibit 10: Newcastle liquor accord

The Newcastle Liquor Accord was set up in 2002. Members include licensees, and representatives from Newcastle and Waratah LAC, Newcastle City Council, NSW Department of the Premier and Cabinet, Hunter Area Health Service, and OLGR.

Some initiatives implemented in the region include:

- additional street security
- courtesy buses
- additional public transport at night
- 3 am lockout
- public education campaigns.

The most recent initiative was the 3 am lockout introduced in licensed premises in the Newcastle CBD on 1 September 2007. New patrons cannot enter a hotel or club past this time, but existing patrons can remain. This aims to reduce patron migration between premises, and reduce the number of people on the streets late at night.

To raise awareness of the lockout, the Accord developed a patron awareness campaign. This campaign *Don't be bloody stupid*, involved a series of radio advertisements, posters and other promotional material.

Source: Audit office site visit

While OLGR has a role in monitoring accords it has not yet assessed their impact on alcohol-related crime. OLGR is currently running a series of workshops for liquor accord members to ensure accords have clear objectives and performance measures.

Recommendation That by July 2009, OLGR monitor the effectiveness of liquor accords to identify strategies that reduce alcohol-related harm, such as crime and anti-social behaviour.

Other mechanisms for working together include ART, and community forums such as safety and transport committees. Licensing staff also meet individual licensees to discuss issues relating to their premises. For example, they may discuss RSA strategies a licensee can adopt to prevent an incident from reoccurring.

OLGR had a constructive relationship with licensees

Building relationships with individual licensees may help to bring about change. If a relationship is professional and cooperative, parties are more likely to work together to deal with an issue. We found that where OLGR had worked in a region, most licensees and licensing staff reported that they had a fairly positive relationship.

Yet police we spoke to said that it could be difficult to develop a constructive relationship with some licensees. For example licensing staff reported that some licensees would adopt suggested changes in practices, while others resisted police involvement. Police reported the key barriers to working together were:

- differing priorities and motives (community safety versus profit)
- the large number of premises making it difficult to build relationships
- not being able to access the owners of corporately owned hotels
- the conflicting role of being an educator and an enforcer
- some licensees not wanting to be held responsible for the impact of their business on the community.

Police have a complex relationship with licensees

Police reported that most licensed premises try to do the right thing, and that a minority cause the problems. For example, a 2001 study found that 12 per cent of hotels in inner Sydney accounted for almost 60 per cent of all assaults on hotel premises.

Some licensees we spoke to said that they had a good relationship with their local licensing police and said they would contact them for help on RSA and liquor issues. Others said they felt that police were dismissive of their concerns and too heavy-handed in their approach. We found that their three key barriers to working together were:

- inconsistent approach to licensing within Police, and between OLGR and Police
- limited knowledge of what police were measuring them against
- limited opportunity to fix matters before police take action.

Many licensees we spoke to thought they were or could be unfairly targeted through the alcohol-linking project and that the method of collecting data was unreliable. For example, an intoxicated person was linked to their hotel, even though the incident occurred hours later at a different location.

We found that there was a lack of understanding by some licensees about the alcohol-linking project. Others reported that there was limited Police feedback on the data and how it is used. Police report that they have discussed these issues with licensees in the past. However we believe more needs to be done to help licensees understand the linking project, and to keep them informed about new initiatives such as ELORM.

Recommendation   That Police and OLGR continue to work with the Australian Hotels Association and ClubsNSW, to ensure licensees are informed about the alcohol-linking project and other new initiatives, including how data is used.

2.5   Do staff have adequate skills and training?

Our assessment   **Licensing staff we interviewed had adequate skills and training, however there is no formal training course for licensing officers appointed since 2005. And we found that police general duty police could benefit from better knowledge of licensing laws.**

To be able to identify RSA and related beaches, licensing staff must have good communication skills and adequate knowledge of the liquor laws and the industry.

Most licensing staff had completed a licensing course   Police licensing sergeants and OLGR inspectors reported that they had undertaken formal training in licensing, completing the Management of Alcohol-related Crime (MARC) course run by NSW Police. Police had also attended a one-day mandatory training session on alcohol-related crime in 2005.

However NSW Police suspended the MARC course in 2005. Licensing officers employed in the last few years have not undertaken formal training. Police report that they have recently employed a principal tutor to work on a new licensing course which will replace the MARC course.

OLGR aim to recruit staff with relevant skills and knowledge. It also runs an induction program and branch symposiums with sessions on licensing. New officers work with an experienced inspector to help them gain on-the-job experience.

General duty police need more training   Police training on licensing is devolved to each LAC. While licensing staff appeared to have appropriate skills and experience, general duty police may benefit from a better understanding of licensing. Some reported that they did not know how to identify breaches or what to look for when doing business inspections. Some LACs were addressing this gap.

Exhibit 11: LAC training strategies for general duty police
▪ Six minute training sessions on intoxication and liquor breaches
▪ Secondments or staff rotations to the licensing unit
▪ Ad-hoc shifts with the licensing sergeant
▪ Licensing staff delivering an abridged version of the MARC course
▪ Workshops on alcohol or RSA

Source: Site visits to LACs

We believe Police need to do more corporately to ensure general duty police have adequate skills to enforce the laws. This should be a priority given the new liquor act commences mid 2008.

Other police officers within an LAC, such as detectives or specialist staff, should also be able to attend formal licensing training. The LAC would then have other licensing resources to draw from when needed.

Recommendation   That Police by July 2009:
- provide training in liquor licensing as part of the general duty officer recruitment program
- reinstate and deliver a formal training course on licensing
- run an abridged version of the licensing course for general duty police where needed to ensure they have the licensing skills and knowledge to assist them to carry out their duties.

3 Are Police and OLGR enforcing responsible service of alcohol?

At a glance

The key question we wanted to answer was:

Do Police and OLGR take appropriate action for RSA and related breaches?

Our assessment:

Both agencies use a range of enforcement options to deal with RSA and related breaches. In accordance with its policies, OLGR issue more severe penalties for matters such as intoxication, generally issuing a penalty notice or taking court action. Police also reported that they match penalties to the seriousness and frequency of breaches, however could not provide information to clearly demonstrate this. Their approach varied between LACs, with some appearing to take a zero tolerance approach. This may be due to the absence of enforcement guidelines which outline how breaches should be dealt with.

OLGR dealt with breaches in a timely manner, taking action for breaches within two weeks for most cases we reviewed, however police were unable to easily provide data on processing times. Penalty notices take less time than other enforcement measure such as prosecution. Some licensing staff said that gathering evidence to prove intoxication for prosecution could be time consuming.

Police and OLGR monitor crime data as part of their overall approach to licensing, particularly assaults. However staff reported that it was difficult to determine which aspect of enforcement works best, with many saying enforcement alone would not change licensee behaviour and reduce crime.

The last ten years show an increasing trend in alcohol-related crime statewide. The result was the same for LACs visited, although they had reversed this trend for some crime categories in the last two years. OLGR has had mixed success in reducing alcohol-related crime in licensed premises, with more positive results achieved in the last six to nine months.

3.1 Are a range of enforcement options in place?

Our assessment

Police and OLGR use a range of enforcement options to deal with RSA and related breaches.

By 'RSA and related breaches' we mean offences outlined in sections 125 and 125C of the *Liquor Act 1982*. Specially, those relating to:

- permitting intoxicated persons on the premises
- the sale or supply of liquor to an intoxicated person
- promoting activities that could result in the misuse of liquor
- staff who have not undergone RSA training.

There are a range of enforcement options in place

When licensing staff identify an RSA breach or offence they can issue a warning or penalty notice, take court action, or instigate complaint proceedings. Complaint proceedings can result in changes to licence conditions such as restricting opening hours or employing more security staff. OLGR also issues compliance notices to licensees for potential breaches.

OLGR has policies in place which outline the process for dealing with breaches. It specifies that enforcement must match the seriousness or frequency of the breach.

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┌─────────────────────────────────────────────────────────────────────┐
│                    Exhibit 12: Enforcement options                    │
├─────────────────────────────────────────────────────────────────────┤
│                                                                       │
│       ┌──────────────────┐          ┌──────────────────────┐         │
│       │  Liquor offences │          │  Complaints about the │         │
│       └──────────────────┘          │  quiet and good order │         │
│                                      │   of neighbourhoods   │         │
│     Minor    Less serious   Serious  └──────────────────────┘         │
│                                                                       │
│  ┌────────┐ ┌──────────┐ ┌────────┐ ┌────────┐ ┌────────────┐        │
│  │Warning │ │Compliance│ │ Penalty│ │  Court │ │ Mediation  │        │
│  │        │ │  Notice  │ │ Notice │ │ Action │ │proceedings │        │
│  │        │ │(OLGR only)│ │        │ │        │ │            │        │
│  └────────┘ └──────────┘ └────────┘ └────────┘ └────────────┘        │
│                                                                       │
└─────────────────────────────────────────────────────────────────────┘
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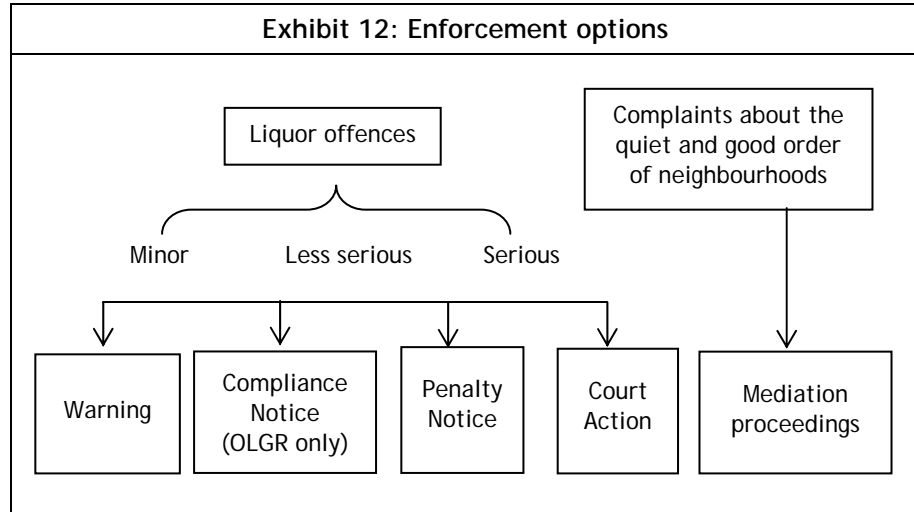
Source: OLGR Business Plan 2006-07

Police do not have an enforcement strategy outlining how they should deal with breaches. However licensing staff reported that they also apply harsher sanctions for more serious matters.

Licensing staff also sought guidance from more experienced officers if they needed help dealing with breaches and other licensing matters. This included their peers, supervisors or licensing prosecutors.

If penalties match the seriousness and frequency of breaches, there is a greater chance of changing licensee behaviour. We found that OLGR used a variety of enforcement options to deal with breaches. Police also use all available options, but to varying degrees. For example, some LACs we visited appeared to favour one option over another. We discuss this further in Section 3.3.

3.2   Does enforcement reduce alcohol-related crime?

Our assessment

Over the last ten years there has been an increasing trend in alcohol-related crime statewide. The result was the same for LACs we visited, although they had reversed this trend for some crime categories over the last two years. OLGR has had some success in reducing alcohol-related crime in a number of licensed premises.

Police and OLGR do not monitor the results of enforcement action in isolation, but use crime data to review their overall approach to licensing.

There is an increasing trend in alcohol-related crime

We examined data on three crime categories. This included data on alcohol-related assaults (excluding domestic violence), alcohol-related offensive conduct, and alcohol-related malicious damage. The results show that alcohol-related crime has increased over the last ten years.

Specifically, in 2006-07 there were:

- 20,475 alcohol-related assaults excluding domestic violence incidents, up from 10,305 in 1997-98

- 11,570 incidents of alcohol-related malicious damage, up from 6,179 in 1997-98

- 8,458 incidents of alcohol-related offensive conduct, up from 4,967 in 1997-98.
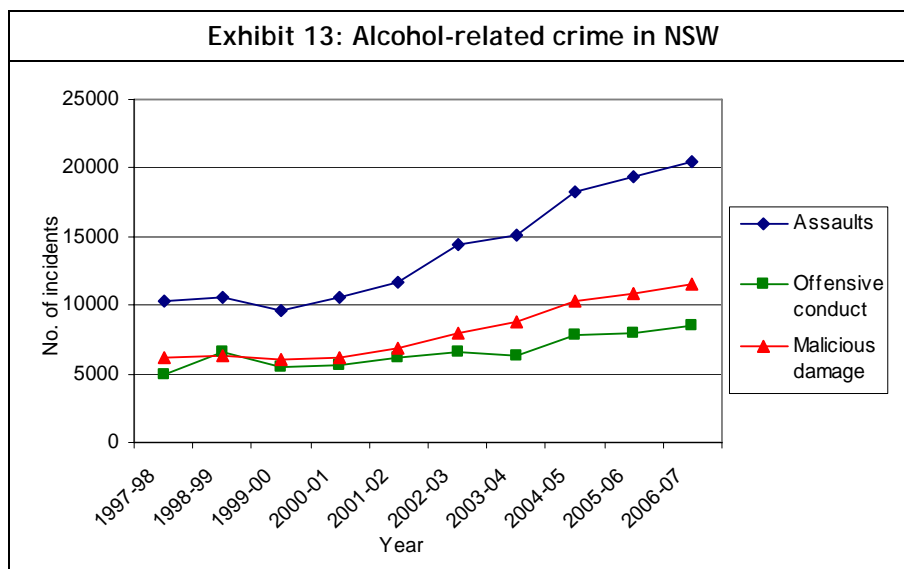
Exhibit 13: Alcohol-related crime in NSW

Source: Police data request

Note: Data excludes alcohol-related domestic violence incidents.

Alcohol-related assaults are increasing faster than total assaults

Since 2002-03 alcohol-related assaults have also been increasing at a faster rate than total assaults. The number of alcohol-related assaults has doubled over the last ten years, whereas the number of total assaults increased by about a third.

Police report that the increase in alcohol-related assaults is partly due to better reporting of alcohol-related crime, which occurred when the alcohol-linking program rolled out statewide mid 2004.

Although alcohol-related crime is increasing statewide, about 14 per cent of LACs had reduced or stabilised alcohol-related assaults over the last two years.

Of the four LACs we visited, alcohol-related assaults in Newcastle and Manly have stabilised since 2005-06. In The Rocks LAC alcohol-related assaults reduced last year, however Tweed Heads saw a steady increase, with a 203 per cent increase in alcohol-related assaults since 1997-98.

Alcohol-related assaults recently reduced in three LACs visited
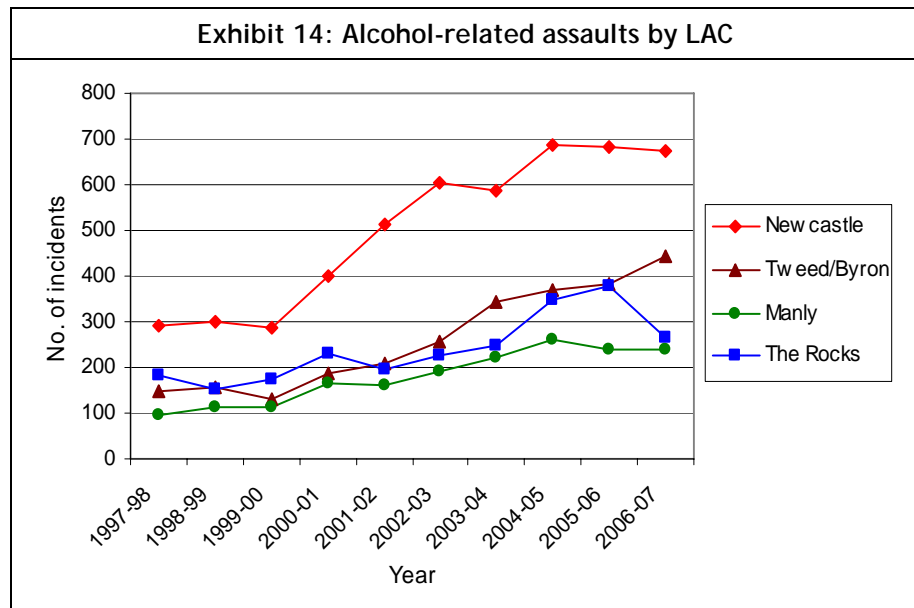
Exhibit 14: Alcohol-related assaults by LAC

Source: Police data request
Note: Data excludes alcohol-related domestic violence incidents.

It is difficult to determine which specific strategies brought about these results. All LACs have conducted targeted operations in recent years focusing on intoxication and other licensing matters such as Operations Consequence and Bacchus. The Rocks LAC uses ELORM which matches police response to the risk rating of premises. And staff in Manly LAC report that they have worked hard to promote and enforce Manly's Code of Respect in recent years.

Alcohol-related offensive conduct shows an increasing trend

Alcohol-related offensive conduct showed increasing trends in all LACs except Manly, where it dropped significantly in 2006-07.

Exhibit 15: Alcohol-related offensive conduct by LAC
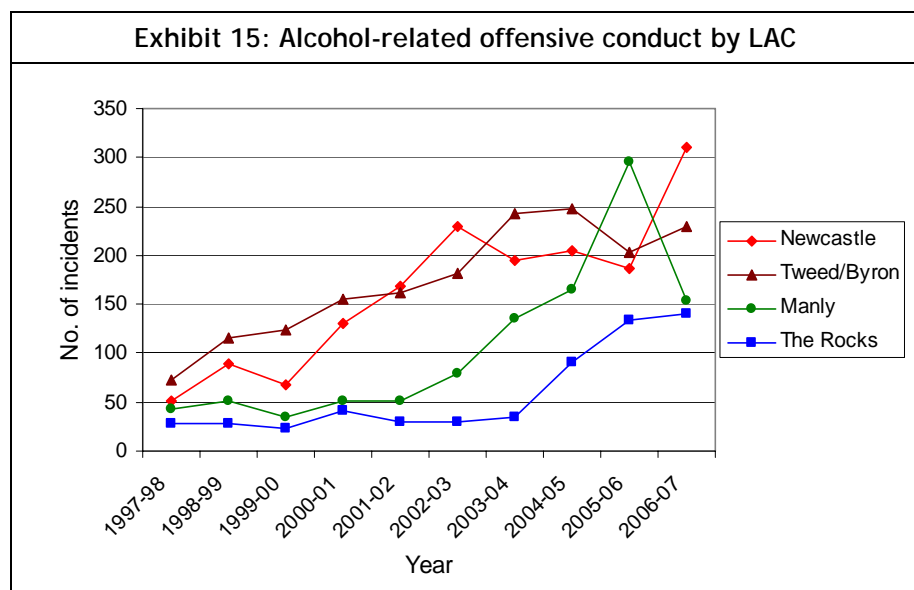
Source: Police data request

Alcohol-related malicious damage shows an increasing trend

Alcohol-related malicious damage also shows an increasing trend in all LACs. However in The Rocks and Manly it reduced slightly in 2006-07.

Exhibit 16: Alcohol-related malicious damage by LAC

Source: Police data request

OLGR has had some success in reducing assaults

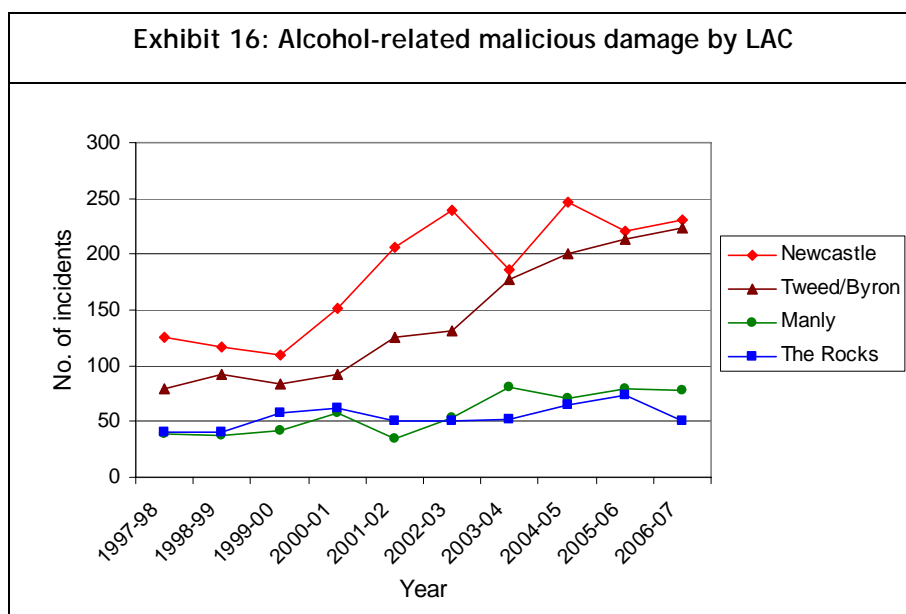OLGR compares crime data between hotspots, locations within a region and specific premises. It also reviews trends over time and compares the results before and after they intervened.

We found that OLGR had mixed success in reducing alcohol-related assaults on licensed premises through its ART program. ART uses both education and enforcement to improve compliance with the liquor laws. The following table shows the percentage change in assaults on licensed premises compared to same period the previous year.

LAC	ART start date	% change in assaults on licensed premises	Comparison timeframe (months)
Eastern Beaches - Coogee*	1-08-06	+ 21 %	12
Lake Macquarie*	1-08-06	+ 26 %	12
City Central*	1-08-06	+ 1%	12
Canobolas*	1-08-06	0 %	12
Newcastle	1-03-07	- 16 %	7
Coffs Harbour	1-06-07	- 33 %	6
Parramatta	1-06-07	- 14 %	5
Tweed/Byron	2-07-07	- 4 %	4
Manly**	10-08-07	-	-
Mid North Coast**	27-08-07	-	-

Exhibit 17: Alcohol Response Taskforce (ART) results

Source: OLGR state scorecard
* Locations where ART was piloted
** Insufficient data to compare results to prior year

ART processes refined as result of pilots

OLGR trialled the first ART projects in four LACs in August 2006. OLGR reports that lessons learnt from these trials enabled them to further refine ART and help achieve better results.

While both Police and OLGR's approach appears to have stabilised or reduced assaults in some locations, staff reported that it was difficult to determine what works best. For example, the results might be due to Police and OLGR taking more enforcement action in recent years. Court action taken by police against licensees for permitting intoxication has increased by over 400 per cent since 1999 (25 to 130). In 2006-07 OLGR issued 23 penalty notices for permitting intoxication, up from one in 2003-04.

OLGR report that a combination of education and enforcement works best to change licensee behaviour. Especially intensive case management such as ART. However while OLGR monitors changes in crime level it does limited analysis of what the results mean to find out what works.

Police generally favoured measures such as lockouts, earlier closing times, and high-visibility policing and targeted operations as a means of reducing alcohol-related crime. Some police said that assaults reduced after implementing such measures. For example, assaults in and near licensed premises reduced between 3 and 6 am after licensees introduced a 3 am lockout in Newcastle.

However Newcastle police reported that some displacement may have occurred to the streets. And some strategies, such as high visibility policing and special operations are costly and may not be sustainable in the long term. One LAC reported that assaults increased when these operations ceased.

It is important that OLGR and Police examine which strategies best reduce alcohol-related crime in the long-term. They should then share any best practice initiatives, both local solutions and other strategies such as those outlined in Exhibits 2 and 6.

Recommendation

That OLGR and Police review the impact of their operations to determine what works best in the long-term to reduce alcohol-related crime, and disseminate and share good practice.

3.3 Does enforcement action match the number and type of breach?

Our assessment

OLGR deals with more serious matters such as intoxication in accordance with their policies, generally issuing a penalty notice or taking court action. Police report that they also matched the penalty to the seriousness or frequency of the breach, but could not demonstrate this. Police approach varied between LACs, with some taking a zero tolerance approach to breaching licensees.

As discussed in 3.1 OLGR has policies in place which outline how staff should deal with breaches. Staff viewed intoxication matters as serious offences and said they issued at least a penalty notice.

OLGR match penalty to breach

We reviewed a small sample of files and found that intoxication matters were dealt with by way of a penalty notice or court action, in accordance with the policy. By comparison, minor matters such as incorrect signage or inadequate documentation were dealt with by a compliance notice.

Police report that they also matched the penalty to the seriousness or frequency of the breach. However it was difficult for us to determine whether this occurred in practice. This was because police were unable to easily provide data on the number and type of breaches, and penalties issued.

Police approach to enforcement varied

Enforcement approaches varied between LACs, with some appearing to take a zero tolerance approach in dealing with breaches. For example, in 2007 Manly LAC identified two intoxication offences and issued warnings in response. In contrast, in 2006-07 Newcastle LAC identified 30 intoxication offences and reported that they took court action for most of these. We do not know the results of these prosecutions. In the absence of guidance on how police should deal with breaches it is difficult for us to determine whether the above matters were handled appropriately.

As highlighted in Section 2.4, licensees also reported that action taken by police for licensing matters was inconsistent. For example, one police officer might take court action for a breach that another had issued a warning for.

We also found differences in the type of action taken by police and OLGR. In 2007 police issued 130 court attendance notices to licensees for permitting intoxication compared to six issued by OLGR.

Exhibit 18: Offences referred to prosecutors for court action									
	1999	2000	2001	2002	2003	2004	2005	2006	2007
OLGR									
Permit intoxication	-	-	-	-	1	0	2	2	6
Supply intoxication	-	-	-	-	1	0	0	0	0
POLICE									
Permit intoxication	25	31	38	39	67	39	74	57	130
Supply intoxication	8	4	8	7	9	2	1	1	6

Source: NSW Police prosecutions data, OLGR

Notes: Each case might involve more than one offence.

Data may include matters that are withdrawn or dismissed.

While most police matters involve hotels and clubs, data includes action taken against other licensed premises such as bottle shops, restaurants and racecourses.

OLGR data from 1999-2002 not available.

Police and OLGR have a dual role in enforcing the liquor laws. With new laws about to be introduced, it is important that both Police and OLGR apply these uniformly. Licensing officers must understand the changes and how it impacts on their work. This includes the extra powers given to the Director of OLGR and the new administrative process for dealing with breaches.

Recommendations That NSW Police and OLGR establish a joint working party to:

- clarify their roles and responsibilities under the new liquor laws
- develop a joint approach to licensing that includes both education and enforcement strategies, by December 2008.

That NSW Police:

- by December 2008 include in its guidelines on working with licensees:
    - the joint approach to licensing
    - how to respond to breaches including enforcement options
- deliver a mandatory training package to LACs which includes information on the liquor reforms and the functions of each agency, by July 2009.

Licensing staff say penalty notices do not work

Most licensing staff reported that prosecution or complaint proceedings were more likely to change licensee behaviour than penalty notices. This was because they considered the fine for intoxication offences too small to have an impact. For example, it was a minor business cost, especially for larger corporately own premises.

The penalty issued to licensees for intoxication offences is currently $550 for an on-the-spot fine. The same penalty applies to a patron if he or she fails to leave a hotel or club for being intoxicated. It appears that more penalty notices have been issued to patrons than licensees.

Exhibit 19: Total number of penalty notices issued to licensees versus patrons							
Offence		01-02	02-03	03-04	04-05	05-06	06-07
Patron failed to quit premises	Police	20	97	358	764	806	940
Licensee suppling alcohol to intoxicated patron	OLGR	-	0	0	0	2	0
	Police	6	10	8	14	10	16
Licensee permitting intoxication on premises	OLGR	-	0	1	2	2	23
	Police	Data unavailable					

Source: Audit data request, COPs data

Despite the relatively low number of penalties issued to licensees, the number issued to patrons for failing to quit premises shows that intoxication is still an issue. It may also suggest that few licensees are penalised for contributing to the problem. Although fines will double under the new liquor laws, there may be more effective ways of changing licensee practices.

Many licensing staff said that complaint proceedings and court action were more likely to change practices as they can result in changes to licence conditions. This may include restricting opening hours or requiring more security at peak times. For example, due to continuing problems with noise and anti-social behaviour, a hotel on the mid-north coast was ordered to close at midnight instead of 2 am and employ extra staff on the premises.

Court action may also influence licensee behaviour due to:
- public exposure
- higher penalties being imposed (currently up to $5,500 for intoxication offences)
- past history taken into account on sentencing.

Our review of police prosecution data for 2006 and 2007 shows that the penalties issued to licensees by the Licensing Court ranged from $100 to $2000. We also found cases where the Court imposed fines closer to the maximum penalty. For example, after a joint operation by OLGR and Police in Coffs Harbour, a licensee was ordered to pay $10,000 for permitting intoxication and quarrelsome behaviour on premises.

OLGR reports the results of major court proceedings in its Liquor and Gaming Bulletins. We believe it should also publicise the results of all enforcement action, including complaint proceedings and other penalties, on its website.

Recommendation   That by December 2008, OLGR include on its website the results of enforcement action taken against licensees by Police and OLGR for breaches of the liquor laws.

3.4   Is enforcement action timely?

Our assessment   **OLGR issued penalties for intoxication-related breaches within two weeks for most cases we reviewed. However police were unable to easily provide data on processing times. Issuing penalty notices is more timely than prosecution.**

It is important that police and OLGR take action against licensees in a timely manner. This encourages licensees to change practices immediately, reducing the risk of harm and sending a message that breaches are unacceptable.

Penalty notices are more timely than court notices

OLGR's policy for dealing with complaints specifies that penalty notices must be issued to licensees within seven days of identifying breaches. We reviewed a small sample of files and found that OLGR issued penalty notices within the seven day target in 44 per cent of cases, and over 80 per cent were issued within 14 days.

Police do not have a policy that outlines the timeframes for dealing with breaches and were unable to easily provide data on processing times. Police report that they will be able to obtain this information when they launch ARCIE in mid 2008.

We also found that penalty notices and compliance notices take less time to process than other enforcement measures. Court action and complaint proceedings take longer because they require an evidence brief and may go through lengthy court or conference proceedings. For example, it can take several years to finalise matters in court.

Some licensing officers also reported that it could be time consuming to gather evidence to prove intoxication breaches. For example, they advised that they needed at least half an hour to observe whether patrons were intoxicated or that staff had served alcohol to an intoxicated person.

New liquor reforms might improve timeliness

Some changes in the liquors laws may improve the timeliness of enforcement action. For example there is now a definition of intoxication in the *Liquor Act 2007,* which may clarify the evidence needed for prosecution. The Director of Liquor and Gaming will also be able to impose new license conditions and direct licensees to make immediate changes, instead of dealing with these through court.

3.5   Is follow-up action taken?

Our assessment

Police and OLGR follow-up enforcement action to check that licensee behaviour has changed, however police tend to be more ad-hoc in their approach.

It is important that Police and OLGR follow-up enforcement action to check that licensees have changed practices and now comply with the law. Ideally, follow-up should be risk-based which means they regularly check problem premises to see whether licensees have addressed any breaches.

Police and OLGR follow-up matters through liquor accords and everyday licensing activities such as business inspections. While this is not a formal follow-up process, it is an opportunity for staff to liaise with individual licensees about particular issues.

OLGR also follow-up breaches through ART or via complaints. The ART process includes follow-up during the intervention period, including audits and covert operations, and discussions with licensees. OLGR found that the risk rating of some hotels had improved as a result of follow-up work, which means incidents are less likely to reoccur.

While OLGR has a formal follow-up process as part of ART, Police tend to be more reactive and ad-hoc in their approach. Police report that they will develop a follow-up process as part of the ELORM model.
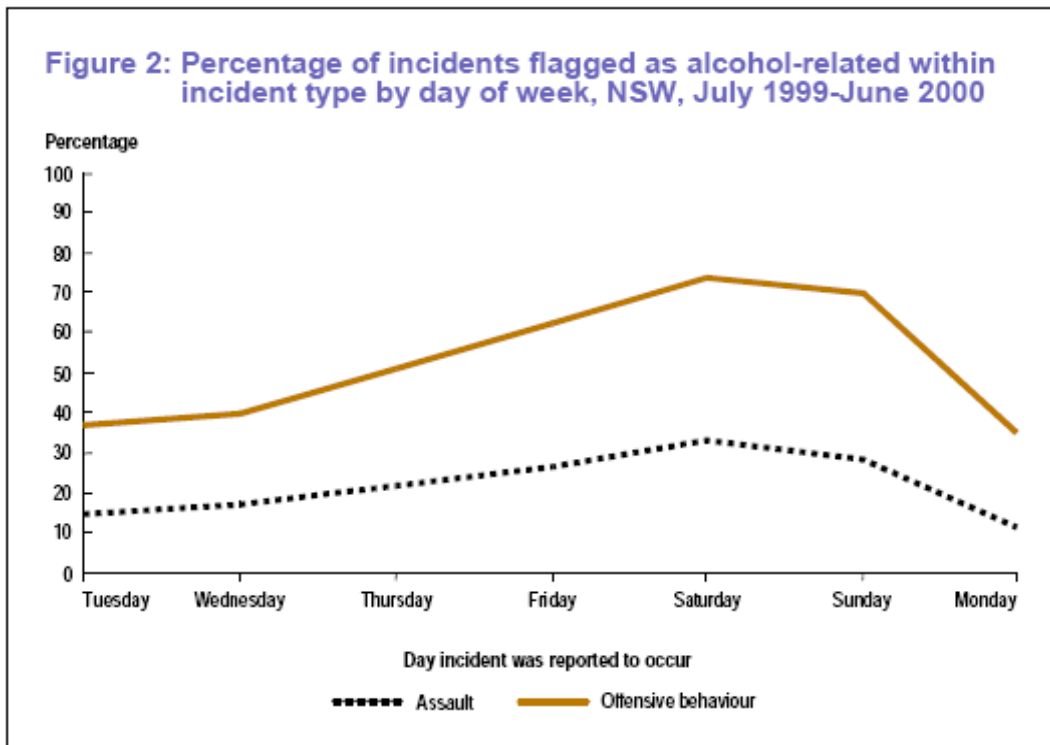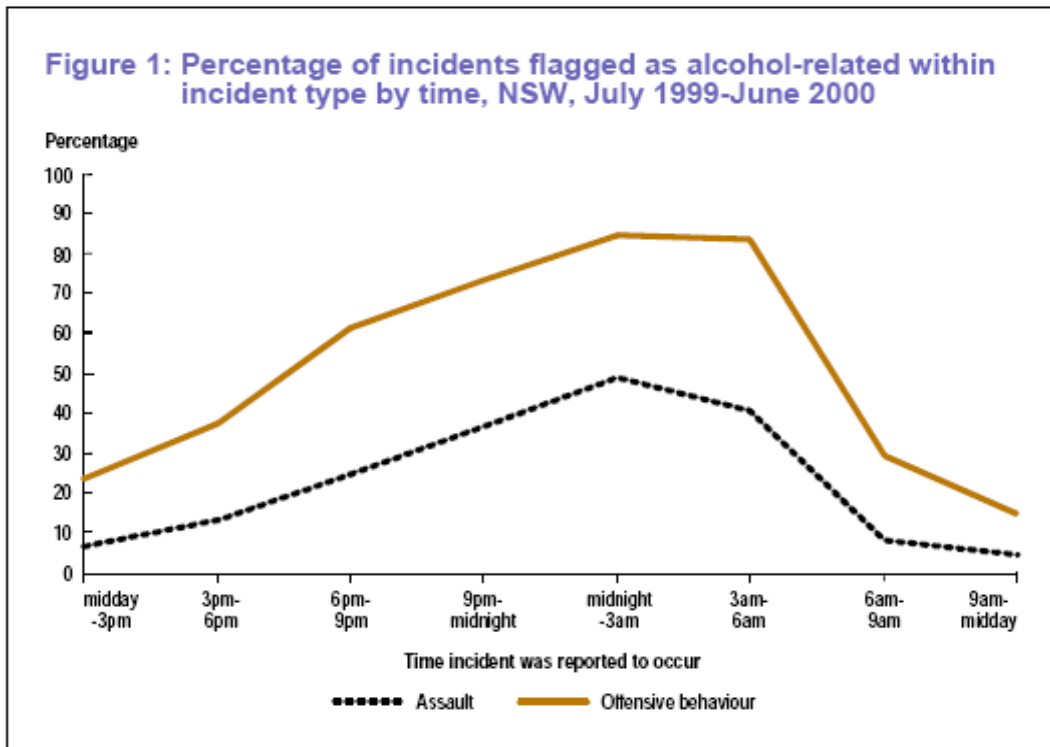
Appendices

Appendix 1 Alcohol-related assaults by Local Area Command

Local Area Command	Number of incidents in 2006-07
Albury	431
Ashfield	69
Bankstown	206
Barrier	220
Barwon	267
Blacktown	237
Blue Mountains	162
Botany Bay	52
Brisbane Waters	554
Burwood	80
Cabramatta	104
Camden	235
Campbelltown	291
Campsie	88
Canobolas	220
Castlereagh	180
Chifley	306
City Central	774
Coffs Harbour/Clarence	469
Cootamundra	199
Darling River	190
Deniliquin	107
Eastern Beaches	355
Eastern Suburbs	274
Eastwood	96
Fairfield	146
Far South Coast	266
Flemington	150
Gladesville	66
Goulburn	178
Green Valley	87
Griffith	278
Harbourside	144
Hawkesbury	141
Holroyd	132
Hunter Valley	143
Hurstville	150
Kings Cross	574
Kuring-Gai	131
Lachlan	167
Lake Illawarra	331

Local Area Command	Number of incidents in 2006-07
Lake Macquarie	375
Leichhardt	227
Liverpool	156
Lower Hunter	493
Macquarie Fields	210
Manly	241
Manning/Great Lakes	337
Marine Area Command	33
Marrickville	124
Mid North Coast	462
Miranda	314
Monaro	242
Mt Druitt	281
Mudgee	140
New England	315
Newcastle	674
Newtown	182
North Shore	77
Northern Beaches	288
Orana	303
Oxley	355
Parramatta	236
Penrith	338
Quakers Hill	105
Redfern	203
Richmond	630
Rose Bay	65
Rosehill	161
Shoalhaven	389
St George	98
St Marys	233
Surry Hills	333
Sutherland	184
The Hills	179
The Rocks	265
Tuggerah Lakes	493
Tweed/Byron	442
Wagga Wagga	368
Waratah	169
Wollongong	505
State Total	**20,475**

Note: Data refers to non-domestic violence alcohol-related assaults.

Appendix 2   Alcohol-related incidents by day and time

Figure 1: Percentage of incidents flagged as alcohol-related within incident type by time, NSW, July 1999-June 2000

Figure 2: Percentage of incidents flagged as alcohol-related within incident type by day of week, NSW, July 1999-June 2000

Source: *Temporal and Regional Aspects of Alcohol-related Violence and Disorder*, Alcohol Studies Bulletin, May 2001, NSW Bureau of Crime Statistic and Research, and Curtin University of Technology

Appendix 3   About the audit

Audit objective   This audit examined how well NSW Police and the Office of Liquor, Gaming and Racing (OLGR) promote and enforce the responsible service of alcohol to reduce alcohol-related crime and anti-social behaviour.

Lines of inquiry   In reaching our opinion against the audit objective, we sought to answer the following questions:

- do Police and OLGR work with licensed premises to promote responsible service of alcohol (RSA)?
- do Police and OLGR take appropriate action for RSA and related breaches?

Audit criteria   In answering the lines of inquiry, we used the following audit criteria (the 'what should be') to judge performance. We based these standards on our research of current thinking and guidance on better practice. They have been discussed, and wherever possible, agreed with those we are auditing.

For line of inquiry 1, we assessed the extent to which Police and OLGR:

- have strategies in place to educate licensed premises about responsible service of alcohol
- use information on alcohol-related incidents and RSA breaches to target high-risk premises
- have protocols in place to work in partnership with licensed premises to share information and address emerging issues about RSA
- ensure their staff have adequate skills and training to enable them to work with licensed premises about RSA
- monitor the results of education activities to determine what works best in reducing alcohol-related assaults and RSA breaches.

For line of inquiry 2, we assessed the extent to which Police and OLGR:

- use a range of enforcement options to deal with RSA and related breaches and encourage compliance with the law
- match enforcement action to the number and type of breach
- deal with breaches in a timely manner
- monitor the results of enforcement action to determine what works best in reducing alcohol-related assaults and RSA breaches
- undertake follow-up action where necessary to improve compliance and change licensee behaviour.

Audit scope   The audit focused on strategies and interventions for reducing alcohol-related crime in or near licensed premises. By 'licensed premises' we mean hotels, bars and clubs particularly those open for late night trading.

Where available we reviewed performance data for the last 5-10 years.

This audit did not examine:
- alcohol-related domestic violence
- alcohol-related crime at or near residential premises (eg house parties)
- underage drinking and the secondary supply of alcohol.

Audit approach   We acquired subject matter expertise by:

- interviewing staff responsible for liaising with licensees

- interviewing staff responsible for developing and undertaking employee training and skill development

- interviewing staff responsible for enforcement action

- interviewing staff responsible for monitoring and reviewing education and enforcement activities

- reviewing corporate planning and performance reporting documents

- analysing performance data

- analysing data on alcohol-related crime

- interviewing industry representatives such as the Australian Hotel Association (AHA), Clubs NSW, and licensees.

We also researched the responsible service of alcohol in other jurisdictions to identify best practice examples and issues that may impact on the effectiveness of education and compliance activities. We examined the following jurisdictions:

- all Australian States and Territories

- New Zealand

- United Kingdom

- Canada

- United States (New York).

We visited a sample of four LACs in NSW. We based this sample on LACs with a high number of alcohol-related incidents in or near licensed premises. They were:
- two LACs within metropolitan Sydney – Manly, and The Rocks
- greater metropolitan LAC - Newcastle
- regional LAC - Tweed Heads.

We visited OLGR's two offices in Sydney and Newcastle. We also ran a small focus group with licensees in each LAC to get their views on their relationship with Police and OLGR, and how they implement RSA.

Audit selection   We use a strategic approach to selecting performance audits which balances our performance audit program to reflect issues of interest to Parliament and the community. Details of our approach to selecting topics and our forward program are available on our website.

Audit methodology   Our performance audit methodology is designed to satisfy Australian Audit Standards AUS 806 and 808 on performance auditing, and to reflect current thinking on performance auditing practices. We produce our audits under a quality management system certified to International Standard ISO 9001. Our processes have also been designed to comply with the auditing requirements specified in the *Public Finance and Audit Act 1983*.

Acknowledgements   We gratefully acknowledge the co-operation and assistance provided by the NSW Police Force and the Office of Liquor, Gaming and Racing. In particular we wish to thank our liaison officers Prudence Ross and Albert Gardner, and staff who participated in interviews, assisted with file review or provided other material relevant to the audit. We will also like to thank industry representatives such as AHA, ClubsNSW, and licensees who participated in interviews.

Audit team   Our team leader for the performance audit was Tiffany Blackett, who was assisted by Suzanne Mousallem. Jane Tebbatt provided direction and quality assurance.

Audit cost   Including staff costs, printing costs and overheads, the estimated cost of the audit is $314,415.

Appendix 4　　Glossary

ARCIE　　The Alcohol-related Crime Information Exchange (ARCIE) is a database that captures information on liquor related breaches, infringements, court proceedings, and other outcomes related to licensed premises. It consolidates data from NSW Police, OLGR, and the Office of State Revenue.

ART　　Through an Alcohol Response Taskforce (ART), OLGR works closely with licensees to address problems in specific licensed premises. It uses data on alcohol-related crime to target areas for intervention, and uses a staged approach involving education and enforcement.

Assault　　Occurs when a person commits an act of violence against another person with the intent to commit or occasioning actual bodily harm.

Business inspection　　During a business inspection general duty police walk through a licensed premises checking for possible breaches of liquor laws. This may include checking for intoxicated patrons or security matters.

ELORM　　Escalated Licensing Operations Response Model

General duty police　　Refers to uniformed police officers that are often the first point of contact with the public. Their responsibilities may include patrolling the streets and responding to calls for assistance.

Harm minimisation　　Refers to minimising harm associated with the misuse of liquor such as harm arising from violence and other anti-social behaviour.

Hot spots　　Problem locations or premises where there is a high risk of alcohol-related crime and/or anti-social behaviour.

Intoxication　　Under the *Liquor Act 2007*, a person is "intoxicated" if his or her speech, balance, co-ordination or behaviour is noticeably affected, and it is reasonable in the circumstances to believe that it is the result of liquor consumption.

LAC　　NSW Police Local Area Command

Licensee　　A person that holds a licence to sell liquor under the *Liquor Act 1982*.

Licensed premises　　Refers to a premises or part of premises on which the sale of liquor is authorised by a licence. For the purpose of this report 'licensed premises' means hotels, bars and clubs. We did not review licensed restaurants, cafes, or bottle shops.

Licensing staff　　For the purpose of this report 'licensing staff' refers to both Police and OLGR officers responsible for licensing.

Liquor accords　　Are voluntary partnerships between licensees and government agencies that aim to reduce alcohol-related crime and improve community safety.

Lockout Patrons inside licensed premises are able to remain after a set time, but those seeking entry will be turned away, ie 3 am lockout.

Malicious damage Occurs when a person intentionally or recklessly damages or destroys property belonging to another.

MARC Management of Alcohol-related Crime (MARC) is a formal licensing training course run by NSW Police.

Offensive behaviour Includes offences such as offensive conduct, offensive language, obstructing traffic, climbing on buildings and defacing walls or property with spray paint.

OLGR Office of Liquor Gaming and Racing is part of the Department of the Arts, Sport and Recreation. The office regulates four industry sectors; liquor, gaming, racing and charities.

Penalty notice For the purpose of this report, a penalty notice refers to an on-the-spot fine issued to licensees or patrons for breaking the law.

RSA Responsible service of alcohol (RSA) aims to minimise the risk of harm from excessive alcohol consumption. It refers to strategies put in place by licensees to promote a safe drinking environment such as refusing to serve intoxicated patrons.

Performance Audits by the Audit Office of New South Wales

Performance Auditing

What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

Performance audits may review a government program, all or part of a government agency or consider particular issues which affect the whole public sector.

Where appropriate, performance audits make recommendations for improvements.

If you wish to find out what performance audits are currently in progress, visit our website at www.audit.nsw.gov.au.

Why do we conduct performance audits?

Performance audits provide independent assurance to Parliament and the public that government funds are being spent efficiently and effectively, and in accordance with the law.

Performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also assist the accountability process by holding managers to account for agency performance.

What are the phases in performance auditing?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team will develop audit criteria and define the audit field work.

At the completion of field work we will meet with agency management to discuss all significant matters arising out of the audit. Following this, we will prepare a draft performance audit report.

We meet with agency management to check that facts presented in the report are accurate and that recommendations are practical and appropriate. Following this, a formal draft report is provided to the CEO for comment. The relevant Minister is also provided with a copy of the final report. The final report, which is tabled in Parliament, includes any comment made by the CEO on the conclusion and the recommendations of the audit.

Depending on the scope, performance audits can take several months to complete.

Copies of our performance audit reports can be obtained from our website or by contacting our Office.

How do we measure an agency's performance?

During the planning phase, the team develops the audit criteria. These are standards of performance against which the agency or program is assessed. Criteria may be based on best practice, government targets, benchmarks, or published guidelines.

Do we check to see if recommendations have been implemented?

Every few years we conduct a follow-up audit. These follow-up audits look at the extent to which action has been taken to address issues or recommendations agreed to in an earlier performance audit.

The Public Accounts Committee (PAC) may also conduct reviews or hold inquiries into matters raised in performance audit reports. Agencies are also requested to report actions taken against each recommendation in their annual report.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards. This includes ongoing independent certification of our ISO 9001 quality management system.

The PAC is also responsible for overseeing the activities of the Audit Office and conducts a review of our operations every three years.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament and from internal sources.

Further information

Further information can be obtained from our website www.audit.nsw.gov.au or by contacting us on 9275 7277.

Performance Audit Reports

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
101	Department of Land and Water Conservation	*Regulating the Clearing of Native Vegetation*	20 August 2002
102	E-government	*Electronic Procurement of Hospital Supplies*	25 September 2002
103	NSW Public Sector	*Outsourcing Information Technology*	23 October 2002
104	Ministry for the Arts Department of Community Services Department of Sport and Recreation	*Managing Grants*	4 December 2002
105	Department of Health Including Area Health Services and Hospitals	*Managing Hospital Waste*	10 December 2002
106	State Rail Authority	*CityRail Passenger Security*	12 February 2003
107	NSW Agriculture	*Implementing the Ovine Johne's Disease Program*	26 February 2003
108	Department of Sustainable Natural Resources Environment Protection Authority	*Protecting Our Rivers*	7 May 2003
109	Department of Education and Training	*Managing Teacher Performance*	14 May 2003
110	NSW Police	*The Police Assistance Line*	5 June 2003
111	E-Government	*Roads and Traffic Authority Delivering Services Online*	11 June 2003
112	State Rail Authority	*The Millennium Train Project*	17 June 2003
113	Sydney Water Corporation	*Northside Storage Tunnel Project*	24 July 2003
114	Ministry of Transport Premier's Department Department of Education and Training	*Freedom of Information*	28 August 2003
115	NSW Police NSW Roads and Traffic Authority	*Dealing with Unlicensed and Unregistered Driving*	4 September 2003
116	NSW Department of Health	*Waiting Times for Elective Surgery in Public Hospitals*	18 September 2003
117	Follow-up of Performance Audits	*Complaints and Review Processes (September 1999) Provision of Industry Assistance (December 1998)*	24 September 2003
118	Judging Performance from Annual Reports	*Review of Eight Agencies' Annual Reports*	1 October 2003
119	Asset Disposal	*Disposal of Sydney Harbour Foreshore Land*	26 November 2003

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
120	Follow-up of Performance Audits NSW Police	*Enforcement of Street Parking (1999) Staff Rostering, Tasking and Allocation (2000)*	10 December 2003
121	Department of Health NSW Ambulance Service	*Code Red: Hospital Emergency Departments*	15 December 2003
122	Follow-up of Performance Audit	*Controlling and Reducing Pollution from Industry (April 2001)*	12 May 2004
123	National Parks and Wildlife Service	*Managing Natural and Cultural Heritage in Parks and Reserves*	16 June 2004
124	Fleet Management	*Meeting Business Needs*	30 June 2004
125	Department of Health NSW Ambulance Service	*Transporting and Treating Emergency Patients*	28 July 2004
126	Department of Education and Training	*School Annual Reports*	15 September 2004
127	Department of Ageing, Disability and Home Care	*Home Care Service*	13 October 2004
128*	Department of Commerce	*Shared Corporate Services: Realising the Benefit including guidance on better practice*	3 November 2004
129	Follow-up of Performance Audit	*Environmental Impact Assessment of Major Projects (2001)*	1 February 2005
130*	Fraud Control	*Current Progress and Future Directions including guidance on better practice*	9 February 2005
131	Follow-up of Performance Audit Department of Housing	*Maintenance of Public Housing (2001)*	2 March 2005
132	Follow-up of Performance Audit State Debt Recovery Office	*Collecting Outstanding Fines and Penalties (2002)*	17 March 2005
133	Follow-up of Performance Audit Premier's Department	*Management of Intellectual Property (2001)*	30 March 2005
134	Department of Environment and Conservation	*Managing Air Quality*	6 April 2005
135	Department of Infrastructure, Planning and Natural Resources Sydney Water Corporation Sydney Catchment Authority	*Planning for Sydney's Water Needs*	4 May 2005
136	Department of Health	*Emergency Mental Health Services*	26 May 2005
137	Department of Community Services	*Helpline*	1 June 2005
138	Follow-up of Performance Audit State Transit Authority Ministry of Transport	*Bus Maintenance and Bus Contracts (2002)*	14 June 2005
139	RailCorp NSW	*Coping with Disruptions to CityRail Passenger Services*	22 June 2005

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
140	State Rescue Board of New South Wales	*Coordination of Rescue Services*	20 July 2005
141	State Budget	*In-year Monitoring of the State Budget*	28 July 2005
142	Department of Juvenile Justice	*Managing and Measuring Success*	14 September 2005
143	Asset Management	*Implementing Asset Management Reforms*	12 October 2005
144	NSW Treasury	*Oversight of State Owned Electricity Corporations*	19 October 2005
145	Follow-up of 2002 Performance Audit	*Purchasing Hospital Supplies*	23 November 2005
146	Bus Transitways	*Liverpool to Parramatta Bus Transitway*	5 December 2005
147	Premier's Department	*Relocating Agencies to Regional Areas*	14 December 2005
148	Department of Education and Training	*The New Schools Privately Financed Project*	8 March 2006
149	Agency Collaboration	*Agencies Working Together to Improve Services*	22 March 2006
150	Follow-up of 2000 Performance Audit	*Fare Evasion on Public Transport*	26 April 2006
151	Department of Corrective Services	*Prisoner Rehabilitation*	24 May 2006
152	Roads and Traffic Authority	*The Cross City Tunnel Project*	31 May 2006
153	Performance Information	*Agency Use of Performance Information to Manage Services*	21 June 2006
154	Follow-up of 2002 Performance Audit	*Managing Sick Leave in NSW Police and the Department of Corrective Services*	June 2006
155	Follow-up of 2002 Performance Audit	*Regulating the Clearing of Native Vegetation*	19 July 2006
156*	Fraud Control	*Fraud Control Improvement Kit: Meeting Your Fraud Control Obligations*	20 July 2006
157	Roads and Traffic Authority	*Condition of State Roads*	16 August 2006
158	Department of Education and Training	*Educating Primary School Students with Disabilities*	6 September 2006
159	NSW Health	*Major Infectious Disease Outbreaks: Readiness to Respond*	22 November 2006
160	NSW Health	*Helping Older People Access a Residential Aged Care Facility*	5 December 2006
161	Follow-up of 2003 Performance Audit	*The Police Assistance Line*	6 December 2006
162	NSW Health	*Attracting, Retaining and Managing Nurses in Hospitals*	12 December 2006

No	Agency or Issues Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
163	Legal Aid Commission of NSW	*Distributing Legal Aid in New South Wales*	13 December 2006
164	Department of Juvenile Justice NSW Police Force	*Addressing the Needs of Young Offenders*	28 March 2007
165	Homelessness	*Responding to Homelessness*	2 May 2007
166	Follow-up of Performance Audit Department of Education and Training	*Using Computers in Schools for Teaching and Learning*	9 May 2007
167	Follow-up of 2001 Performance Audit: Ambulance Service of New South Wales	*Readiness to Respond*	6 June 2007
168	Ministry of Transport	*Connecting with Public Transport*	6 June 2007
169	NSW Police Force	*Dealing with Household Burglaries*	27 June 2007
170	RailCorp	*Signal Failures on the Metropolitan Rail Network*	15 August 2007
171	Department of Premier and Cabinet Department of Commerce	*Government Advertising*	29 August 2007
172	Department of Primary Industries	*Improving Efficiency of Irrigation Water Use on Farms*	21 November 2007
173	NSW Police Force	*Police Rostering*	5 December 2007
174	Department of Education and Training	*Ageing workforce – Teachers*	13 February 2008
175	Department of Commerce Department of Primary Industries	*Managing Departmental Amalgamations*	5 March 2008
176*	Better Practice Guide	*Implementing Successful Amalgamations*	5 March 2008
177	Office of the Director of Public Prosecutions	*Efficiency of the Office of the Director of Public Prosecutions*	26 March 2008
178	Greyhound and Harness Racing Regulatory Authority	*Managing the Amalgamation of the Greyhound and Harness Racing Regulatory Authority*	3 April 2008
179	NSW Office of Liquor, Gaming and Racing; NSW Police Force	*Working with Hotels and Clubs to reduce alcohol-related crime*	April 2008

* Better Practice Guides

Performance audits on our website

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