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Ms J.M. Freeman, MLA  
 Chair, Education and Health Standing Committee  
 Legislative Assembly  
 Parliament House  
 4 Harvest Terrace  
 West Perth WA 6005

By email: [laehsc@parliament.wa.gov.au](mailto:laehsc@parliament.wa.gov.au)

Dear Ms Freeman,

Thank you for your letter to Professor Daube seeking information about large-scale liquor outlets (liquor barns). We appreciate the opportunity to provide you with the research. Below we have summarised information regarding the packaged liquor market in Western Australia and Australia, research on liquor barns, and other relevant research.

#### **Packaged liquor market in WA and Australia**

Packaged liquor, largely from bottleshops, now accounts for more than 80% of alcohol sold in Australia.<sup>1</sup> Packaged liquor is therefore of particular concern from a public health perspective. WA has seen an increase in liquor outlets over recent years, and particularly liquor outlets with a heavy focus on low prices and discounting. A total 593 liquor stores are currently licensed to sell alcohol in WA, with 36 new liquor stores opened in WA in the four-year period between 2013-14 and 2016-17.<sup>2</sup> The packaged liquor market is increasingly dominated by supermarket-owned chains. Woolworths (which owns Dan Murphy's, BWS and other retail formats) and Coles (which owns First Choice Liquor, Liquorland and other retail formats) accounted for around 63% of the Australian liquor retail market share in 2016-17.<sup>3</sup> Alcohol retailers are now one of the biggest alcohol marketers in Australia, rather than any specific alcohol brand or company.<sup>4</sup>

There are two main formats of supermarket-owned liquor stores: large destination stores, such as Dan Murphy's and First Choice Liquor, and smaller convenience liquor stores such as BWS, Liquorland and Aldi. There are aspects of both liquor store formats which contribute to the level of risk. For example, there are a lot more of the smaller supermarket-owned liquor stores compared to

<sup>1</sup> Euromonitor International. Passport: Alcoholic drinks in Australia. August 2013.

<sup>2</sup> Department of Racing, Gaming and Liquor. 2016-2017 Annual Report. September 2017.

<sup>3</sup> Do K. IBISWorld Industry Report G4123 Liquor Retailing in Australia. Melbourne: IBISWorld; May 2017.

<sup>4</sup> White V, Faulkner A, Coomber K, et al. How has alcohol advertising in traditional and online media changed? Trends in advertising expenditure 1997-2011. Drug and Alcohol Review. 2015; 34(5):521-530.



liquor barns. For example, there are 129 BWS liquor stores<sup>5</sup> and 92 Liquorland stores in WA<sup>6</sup>, compared to 21 Dan Murphy's stores<sup>7</sup> and 11 First Choice Liquor stores.<sup>8</sup> To date, Aldi have applied for 28 liquor store licences and 9 liquor stores are currently operating in WA. The smaller stores are often attached or adjacent to a supermarket, and they often promote alcohol within supermarket catalogues and on supermarket receipts through deals for beer and wine. Alcohol is not an ordinary commodity<sup>9</sup> like bread and milk, and the harmful use of alcohol comes at an enormous cost to society. We have concerns that the close association of liquor stores with supermarkets may contribute to the normalisation of alcohol in our community.

Due to the large buying power of supermarkets, these outlets are able to sell some alcohol products at very cheap prices. Australian research, including research conducted by the McCusker Centre for Action on Alcohol and Youth, has shown that major alcohol retailers such as those associated with Woolworths and Coles supermarkets, regularly promote low-cost alcohol, and emphasise low prices and the purchase of high volumes of alcohol in their promotions.<sup>10</sup> An audit of liquor stores in metropolitan Perth and Sydney also found that price-related promotions were particularly prevalent among supermarket liquor stores and that supermarket promotions required the purchase of a larger volume of alcohol than independent and other chain stores.<sup>11</sup> Convenience liquor stores are able to promote the purchase of large volumes of alcohol at cheap prices through deals for wine casks. For example, a Woolworths supermarket catalogue (from 13 December 2017) promoted Berri Estates 5 Litre Casks as 3 for \$37.<sup>12</sup> This promotion meant that a consumer could purchase 15 litres of alcohol for just \$37, and that a standard drink would cost just 24 cents. Aldi is a new entrant to the packaged liquor market in WA, and Aldi's "impossibly low prices" slogan appears to extend to their alcohol range. For example, Aldi sell bottles of wine for less than \$3 and four-litre wine casks for less than \$9.<sup>13</sup>

Destination liquor stores such as the supermarket-owned, large, warehouse-style liquor barns are dominating the alcohol retail sector. For example, Dan Murphy's accounted for nearly 30% of the total dollars spent by Australians on alcohol in 2016 (up from 25% in 2015).<sup>14</sup> This means that Dan Murphy's now accounts for \$1 in every \$3 spent on alcohol in Australia. As a point of comparison, BWS, the next largest retailer by dollars spent, accounted for 17% of the total spend in 2016.<sup>14</sup>

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<sup>5</sup> BWS. Showing stores in WA [cited Jan 22 2018]. Available from: <https://bws.com.au/stores/WA>.

<sup>6</sup> Liquorland. Liquorland stores in Western Australia [cited Jan 22 2018]. Available from: <https://www.liquorland.com.au/Stores/Western%20Australia>.

<sup>7</sup> Dan Murphy's. Find a store [cited Jan 16 2018]. Available from: <https://www.danmurphys.com.au/Stores/all-stores>.

<sup>8</sup> First Choice Liquor. First Choice Liquor stores in Western Australia [cited Jan 18 2018]. Available from: <https://www.firstchoiceliqor.com.au/Stores/Western%20Australia>.

<sup>9</sup> Babor T, Caetano R, Casswell S, et al. Alcohol: no ordinary commodity – research and public policy. Oxford: Oxford University Press; 2010.

<sup>10</sup> Johnston R, Stafford J, Pierce H, Daube M. Alcohol promotions in Australian supermarket catalogues. *Drug and Alcohol Review*. 2016; 36(4):456-463.

<sup>11</sup> Jones SC, Barrie L, Robinson L, et al. Point-of-sale alcohol promotion in the Perth and Sydney metropolitan areas. *Drug and Alcohol Review*. 2012; 31:803-805.

<sup>12</sup> Woolworths. Woolworths Perth metropolitan catalogue: Berri Estates 5 Litre Casks "3 for \$37". Perth, WA: Woolworths; 2017 Dec 13.

<sup>13</sup> ALDI. Wine time is a fine time [cited Jan 22 2018]. Available from: <https://www.aldi.com.au/en/groceries/liquor/wine/>.

<sup>14</sup> Roy Morgan Research. The Australian alcohol retail market in review. [updated Mar 20 2017; cited Dec 13 2017]. Available from: [www.roymorgan.com.au](http://www.roymorgan.com.au).



Australian research has found that over half (54%) of alcohol purchased from off-premise outlets was sold from liquor barns.<sup>15</sup>

WA now has 21 Dan Murphy's liquor stores<sup>16</sup> and 11 First Choice Liquor stores.<sup>17</sup> Applications for additional WA stores are currently being considered by the licensing authorities. A study<sup>18</sup> into the packaged liquor market in Victoria between 2001 and 2016 identified that the number of 'big box' format stores in Victoria increased dramatically over the study period and that the majority of these were Dan Murphy's stores. In Victoria, the number of Dan Murphy's stores increased from three outlets to 43, while the Wesfarmers equivalent (First Choice Liquor) had no stores in 2001 and in 2016 had grown to 25 outlets. On a per capita basis, the number of big-box liquor stores per 100,000 population grew steadily from 0.06 to 1.14. Since the report was published, a further 23 Dan Murphy's stores have opened in Victoria, and there are now 66 Dan Murphy's liquor stores in the state.<sup>19</sup> While this analysis is from Victoria, it provides useful insight into changes in the retail alcohol market and it is likely that similar changes have occurred in WA over that time too.

Across Australia, Woolworths has expanded Dan Murphy's from just five stores in Victoria in 1998 to more than 200 stores nationwide.<sup>20</sup> A 2017 alcohol retail market report predicted that Woolworths and Coles are "expected to continue to increase their market dominance, with more big-box retail outlets expected to open across Australia."<sup>21</sup>

### **Alcohol availability and harm from alcohol**

Availability of alcohol refers to the "ease or convenience of obtaining alcohol".<sup>22</sup> Alcohol availability can relate to alcohol's physical and economic availability. It is well established that the availability of alcohol is linked to alcohol-related harms. The findings of Australian research on the impact of changes in the physical availability of alcohol were summarised by the National Preventative Health Taskforce, "The results of this research are clear: liberalising alcohol availability is likely to increase alcohol-related problems".<sup>23</sup> The economic availability of alcohol refers to its price: the cheaper it is, the higher its economic availability. The National Preventative Health Taskforce concluded that, "Australian and international studies confirm that when alcohol increases in price, consumption is reduced."<sup>23</sup>

### **High-risk characteristics of large liquor stores**

Several features of large stores are associated with a greater risk of alcohol-related harm. These outlets generally promote the sale of very cheap alcohol, offer a large number of products at very

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<sup>15</sup> Jiang H, Callinan S, Livingston M, Room R. Off-premise alcohol purchasing in Australia: Variations by age group, income level and annual amount purchased. *Drug and Alcohol Review*. 2017; 36(2):210-219.

<sup>16</sup> Dan Murphy's. Find a store [cited Jan 16 2018]. Available from: <https://www.danmurphys.com.au/Stores/all-stores>.

<sup>17</sup> First Choice Liquor. First Choice Liquor stores in Western Australia [cited Jan 18 2018]. Available from: <https://www.firstchoiceliqor.com.au/Stores/Western%20Australia>.

<sup>18</sup> Livingston M. Packaged liquor in Victoria: 2001 to 2016. 2017. Canberra: Foundation for Alcohol Research and Education.

<sup>19</sup> Dan Murphy's. Find a store [cited Jan 16 2018]. Available from: <https://www.danmurphys.com.au/Stores/all-stores>.

<sup>20</sup> Do K. IBISWorld Industry Report G4123 Liquor Retailing in Australia. Melbourne: IBISWorld; May 2017.

<sup>21</sup> Do K. IBISWorld Industry Report G4123 Liquor Retailing in Australia. Melbourne: IBISWorld; May 2017.

<sup>22</sup> Babor T, Caetano R, Casswell S, et al. Alcohol: no ordinary commodity – research and public policy. Oxford: Oxford University Press; 2010.

<sup>23</sup> National Preventative Health Taskforce. Australia: The Healthiest Country by 2020 – National Preventative Health Strategy – the roadmap for action. Canberra: Commonwealth of Australia; 2009.

low cost, require the purchase of large amounts of alcohol in order to access discounts, and can be expected to sell large volumes of alcohol.

Woolworths and Coles have driven a shift towards big-box liquor barns, which has enabled them to strike favourable agreements with liquor producers.<sup>24</sup> Large, warehouse-style liquor barns owned by supermarket chains have a large buying power and are able to offer customers significant discounts and low cost alcohol.<sup>24</sup> Cheap alcohol has never been more available. For example, liquor barns promote and sell alcohol for as little as 30 cents per standard drink in WA.<sup>25</sup> Currently, bottles of wine are sold for less than \$3 each and a 4L wine cask for less than \$9 by liquor barns.<sup>26</sup>

Liquor barns often stock a substantial range of low cost products. For example, 325 red wines are listed on the Dan Murphy's website in the \$0-\$10 price range, including 45 red wines for \$5 or less (not including smaller bottles of wine). Almost 300 different white wine products are listed on the Dan Murphy's website in the \$0-\$10 price range, including 34 products for \$5 or less (not including smaller bottles of wine).<sup>27</sup>

Experience from WA with new liquor barns has shown that when existing BWS liquor stores were converted to the much-larger Dan Murphy's format, the stores experienced significant increases in foot traffic. For example, the Balga Dan Murphy's store experienced an increase of 385% in customers following the conversion to a Dan Murphy's, Mandurah Dan Murphy's experienced a 149% increase, Kelmscott Dan Murphy's experienced an 86% increase and Midland Dan Murphy's experienced a 38% increase.<sup>28</sup> Increases in customers are likely to translate into higher alcohol sales, and so greater availability of alcohol in the community.

Liquor barn customers also tend to spend more money in the store compared to other liquor outlets. For example, Dan Murphy's customers spend an average of \$67 in the store per person per week, compared to \$48 for BWS and Liquorland customers, \$42 for Bottlemart customers, and \$41 for Cellarbrations customers.<sup>29</sup>

The large increases in the number of customers in liquor barns, the large spending in store by liquor barn customers compared to convenience store customers, and the large volume of cheap alcohol available in liquor barns are likely to translate to more alcohol in the community. An increase in the physical and economic availability of alcohol in the community will likely lead to an increase in alcohol consumption and a subsequent increase in alcohol-related harm.<sup>30</sup>

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<sup>24</sup> Do K. IBISWorld Industry Report G4123 Liquor Retailing in Australia. Melbourne: IBISWorld; May 2017.

<sup>25</sup> Dan Murphy's. Sonata Estate Soft Dry Red Cask 4L [cited Jan 18 2018]. Available from: [https://www.danmurphys.com.au/product/DM\\_772692/sonata-estate-soft-dry-red-cask-4l](https://www.danmurphys.com.au/product/DM_772692/sonata-estate-soft-dry-red-cask-4l).

<sup>26</sup> Dan Murphy's. Dan Murphy's online catalogue [internet]. 2017 [cited Dec 14 2017]. Available from: [www.danmurphys.com.au](http://www.danmurphys.com.au).

<sup>27</sup> Dan Murphy's. Dan Murphy's online catalogue [internet]. 2017 [cited Dec 14 2017]. Available from: [www.danmurphys.com.au](http://www.danmurphys.com.au).

<sup>28</sup> Liquor Commission of Western Australia. Determination of the Liquor Commission, LC 16/2015 [updated Jul 27 2015]. Available from: <http://liquorcommission.wa.gov.au/docs/default-source/liquordecisions/lc162015.pdf?sfvrsn=0>.

<sup>29</sup> Roy Morgan Research. Dan Murphy's (and Woolworths) blitzing the Aussie liquor market. [updated Nov 16 2015; cited Jan 18 2018]. Available from: <http://www.roymorgan.com/findings/6552-dan-murphys-woolworths-blitzing-aussie-liquor-market-201511152333>.

<sup>30</sup> Stockwell T, Gruenewald P. 2004. Controls on the physical availability of alcohol, in Heather N & Stockwell T (eds), *The Essential Handbook of Treatment and Prevention of Alcohol Problems*. Chichester: Wiley & Sons: 213-234.

## Harms from packaged liquor

Harms from packaged liquor are likely to occur away from the licensed premises and there is evidence of specific problems associated with packaged liquor outlets. Packaged outlet density is positively associated with rates of assault, domestic violence, chronic disease, and very heavy episodic drinking.<sup>31</sup>

An Australian study examining the links between alcohol outlet density and chronic alcohol-related problems found that off-premise alcohol outlet density was positively associated with rates of self-reported liver disease.<sup>32</sup> Another Australian study examining links between hospital admissions and alcohol outlet density found that the density of off-premise alcohol outlets is significantly related to alcohol-caused hospitalisations, including due to violence, alcohol use disorders and other alcohol-related chronic diseases.<sup>33</sup> The researchers found that a 10% increase in the rate of packaged liquor licences would increase chronic alcohol-caused hospitalisations by 1.9% and assault rates by 0.8%.

## Summary of research on liquor barns and related outlets

Conducting research on the impacts of a specific outlet type, including liquor barns, can be difficult in the real world. However, researchers have attempted to investigate features of liquor barns and their links to alcohol consumption and harms. Below are summaries of the most relevant papers that we believe will be of interest to the Committee.

A WA study<sup>34</sup> examined the effects of alcohol outlets, sales and trading hours on alcohol-related injuries presenting at emergency departments in Perth from 2002 to 2010. The study found that higher sales among off-premise outlets were associated with increased risk of alcohol-related injury. The authors concluded that, "...the use of licence conditions to limit the size and capacity of off-premise outlets, rather than merely controlling the number of off-premises licences, may be important for regulating retail prices and economic availability. Limiting, for instance, the number of licences which are granted to large warehouse-style outlets with substantial discounting capacity should be considered."

A Victorian study<sup>35</sup> investigated the association between intentional and unintentional injuries and off-premise outlet density, and the contribution of larger and chain outlets selling cheaper alcohol to injury risk. Adjusting for independent variables, the authors found that chain outlets were larger and sold cheaper alcohol compared to independent outlets. Off-premises outlet density was positively associated with both intentional and unintentional injuries, and in particular, chain outlets were found to most substantially contribute to injury risk. The researchers found that each additional chain was associated with 0.28 additional intentional injuries in local areas compared to 1.09 additional unintentional injuries per year. This paper clearly demonstrated the link between low priced alcohol, alcohol sales volumes, and alcohol harms. The study authors also noted, "Availability

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<sup>31</sup> Livingston M. To reduce alcohol-related harm we need to look beyond pubs and nightclubs. *Drug and Alcohol Review*. 2013; 32(2):113-114.

<sup>32</sup> Theall KP, Scribner R, Cohen D, et al. The neighbourhood alcohol environment and alcohol-related morbidity. *Alcohol and Alcoholism*. 2009; 44:491-499.

<sup>33</sup> Livingston M. Alcohol outlet density and harm: Comparing the impacts on violence and chronic harms. *Drug and Alcohol Review*. 2011; 30(5):515-523.

<sup>34</sup> Hobday M, Chikritzhs T, Liang W, Meuleners L. The effect of alcohol outlets, sales and trading hours on alcohol-related injuries presenting at emergency departments in Perth, Australia, from 2002 to 2010. *Addiction*. 2015; 110(12):1901-1909.

<sup>35</sup> Morrison C, Smith K, Gruenewald P, et al. Relating off-premises alcohol outlet density to intentional and unintentional injuries. *Addiction*. 2016; 111(1):56-64.



theory suggests the observed relationships between off-premises outlets and traumatic injury are mediated by greater alcohol consumption among local residents. That is, greater access to alcohol leads to greater consumption, producing greater incidence of alcohol-related problems.”

Research from WA<sup>36</sup> has shown that off-premise alcohol outlet sales were a significant predictor of violent assaults reported to WA Police. The larger the amount of alcohol sales linked to off-premises outlets within a local government area, the greater the likelihood of assault offences reported to police. The authors also found that in WA, there was an estimated 12% increase in the risk of assault for every additional off-premise outlet that increased alcohol sales within a local government area by 1 litre per outlet per person aged 15 years and older.

The National Drug Research Institute (NDRI) is currently investigating the impact of liquor superstores in Western Australia. The study is funded by the Mental Health Commission (previously the Drug and Alcohol Office) and, according to NDRI’s website, it will be the first to explore the changes in local rates of alcohol-related harms before and after the establishment of liquor superstores. The Committee may wish to contact NDRI for further information about the project and when the findings are expected to be available. Further information about the study is available on the NDRI website, <http://ndri.curtin.edu.au/research/project-detail/705>.

It is reasonable to conclude from the information presented here that:

- Supermarket-owned liquor stores, and particularly large-scale liquor barns dominate the alcohol sector in Australia and WA, and that they are expected to further increase their dominance of the market.
- Supermarket-owned liquor stores promote and sell a substantial range of discounted and low cost alcohol products.
- While we have particular concerns about liquor barns, the smaller convenience format liquor stores also contribute to alcohol-related risks in the community.
- Conversions to large liquor barns have resulted in increases in customers and likely increases in alcohol sales.
- Greater physical and economic availability of alcohol in the community is likely to result in greater alcohol consumption, and potentially greater harms from alcohol.
- Greater alcohol sales in off-premise outlets - which are expected in large liquor barns due to their significant discounting, the large volume of alcohol available, and significant market share - have been linked to greater harms in the community, including injuries.

Thank you for the opportunity to provide information on this important topic. Please note that Professor Daube is on extended leave, however, our team would be pleased to discuss this or other related topics further with the Committee, should you wish.

Yours sincerely,



Julia Stafford

EXECUTIVE OFFICER

MCCUSKER CENTRE FOR ACTION ON ALCOHOL AND YOUTH

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<sup>36</sup> Gilmore W, Liang W, Catalano P, et al. Off-site outlets and alcohol-related harm. NDLERF. 2015. Available from: <http://www.ndlerf.gov.au/publications/monographs/monograph-56>.