



## ***Contribution of Small Venues to Economic Opportunity***

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**The South Australian Centre for Economic Studies**  
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### Contacts

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If you would like to discuss future research topics or ideas you can contact the Chair of the Independent Research Fund Mr Darryl Gobbett at [darrylgobbett@adelaide.on.net](mailto:darrylgobbett@adelaide.on.net)

## Executive Summary

The legislation to establish the small venue licence is a case study into the removal of regulatory restrictions on competition through reforms to licensing regimes. It sits squarely under reforms commenced in the early 1990's initially with the review of National Competition Policy (1993)<sup>1</sup> and more recently the Competition Policy Review (2015).<sup>2</sup>

The impact of previous regulatory restrictions on competition imposed under the South Australian Liquor Licensing Act (1997) was to reduce incentives to innovate and respond to changing consumer tastes and preferences. There were also significant barriers to market entry for investors seeking to establish small venues with a liquor licence.

As with most reforms, the incumbents as beneficiaries of existing restrictions were opponents of reforms. They had at their disposal an appeal and a hearing process to contest and/or slow down applications thus increasing burdensome costs to the innovators.

The successful implementation of the small venue licence necessitated administrative reforms such as the removal of the appeals process. Advisory assistance to entrepreneurs to fast track their licence application was also provided.

Those most closely associated with the reforms expressed some degree of surprise at how successful the legislative changes have been in stimulating investment and employment, with an estimated 1,250 jobs now directly provided in small venues; in contributing to cultural changes in alcohol consumption; and in the creation of a safer and friendly physical environment. The response to changing consumer preferences, investment, competition and job creation in this sector of the hospitality industry challenges the oft repeated claim by current beneficiaries of regulation that deregulation will cost jobs. The 'small venues scene' is now a tourism attraction.

The judgement of policy makers and decision-makers has been justified. The public interest has been advanced through the *Liquor Licensing (Small Venue Licence) Amendment Act 2013*.

## Introduction

This small-scale research project into the impact of the small venue licence was agreed and funded by the Independent Research Fund established by private sector contributors to support the South Australian Centre for Economic Studies (SACES) undertake independent research so as to contribute to public discussion and public policy. The research agenda is determined by members of the fund in consultation with SACES through decisions taken at a Management Committee. The Committee has an external chair.

## Application of (de)regulation in South Australia:

In 2010 the South Australian Government introduced *The 30-Year Plan for Greater Adelaide* to address important issues pertaining to the city's economy, culture and urban growth. One objective of the 30-Year Plan was to revitalise the city centre into a major cultural and social hub in the context of broadening urban development across the rest of South Australia.

Specific government legislation was implemented to shift the focus of infrastructure and employment, tourism and shopping, and nightlife back into the CBD area. The development of the Adelaide Oval, the new Royal Adelaide Hospital at the western end of North Terrace, investment in new medical research facilities at the City-West campus adjacent to the University of South Australia, further development of the Convention Centre, expansion of the Adelaide Casino and changes to shopping hour regulations to favour the Adelaide City precinct were all components of the 30-Year Plan.

In seeking to expand city visitation, employment, shopping and nightlife back into the CBD area it was recognised that there needed to be policies, strategies and changes to address the problem of alcohol-related incidents in the centre of Adelaide, a problem that had come to the forefront of public debate during this time and which had only partly been addressed by 'lock-out' laws.

Ultimately, the issue of public safety and alcohol-related incidents needed a comprehensive review including an overhaul of South Australia's *Liquor Licensing Act 1997*. However, it was recognised, as was evident from the experience of other states that had undertaken liquor market reform and overhaul of their liquor licensing administration that this would take an extended period of time.

It was also acknowledged that other policies including changes to regulatory practices were required to improve public safety and increase investment in the CBD. The 'surgical incision' of the small venue licence into the *Liquor Licensing Act 1997* was a regulatory approach that could be implemented quickly. It was seen as an important policy initiative to contribute to the revitalisation of the city centre.

Small venue licences include not only small bars but business types such as art galleries, cafés, coffee shops, dance studios, restaurants, wine bars and sometimes a combination of these.

The proposal for a small venue licence with respect to small bars that offered a different social environment for meetings and the consumption of alcohol had the following objectives. It was designed to:

- transform the culture of alcohol consumption to be safer and more enjoyable for all those involved; especially in and around Hindley Street;
- create a safer, friendlier environment in the CBD, especially for younger people;
- increase employment and investment opportunities in the CBD;
- support planning and infrastructure outlay;

- promote tourism to South Australia; and
- retain young people and entrepreneurs in South Australia.

The idea for the new licence type came from the Hon John Rau SC, who was the Attorney-General at the time. In specifically addressing the issue of alcohol-related safety, the South Australian Parliament enacted the *Liquor Licensing (Small Venue Licence) Amendment Act 2013*<sup>3</sup>. Section 40A of the *Liquor Licensing Act, 1997* introduced a new class of liquor licence – the small venue licence. New laws were introduced to Parliament on 28 November 2012 and the new class of liquor license became active on 26 April 2013.

Specifically, the licence class authorizes the sale of alcohol between 8am and 12 midnight (up to 2am if extended trading is granted) in a venue with a maximum capacity of 120 patrons. The venue also needs to be within the Adelaide CBD<sup>4</sup> which is delineated by the River Torrens to the north and the Adelaide Parklands to the east, west, and south<sup>5</sup>.

### Success of the small venue licence in Adelaide

There is no doubt that the relatively simple change in legislation has provided significant opportunities for creative business enterprises in the Adelaide CBD that it has led to an increase in business start-ups and stimulated a surge in investment and renewal of vacant and underutilised property (and laneways). The small venues are principally concentrated in previously under-utilised laneways around Hindley Street and other commercial areas in the Adelaide CBD.

In a 2015 report<sup>6</sup> covering the first eighteen months or so of the new legislation, it was recorded that there were 46 businesses operating with a small venue licence; at the 2017 update of *The 30-Year Plan for Greater Adelaide* it was reported that over 70 venues had been opened; and as of December 2018 a total of 109 licences had been granted – with 13 more applications pending but not yet granted.

You only need to type into Google ‘small bars Adelaide’ to confirm the expansive coverage of the ‘small bars industry’- from the newest small bars, the ten best bars, from ‘laneway to rooftops’, the best cocktail bars and much more. There is now an information, marketing and tourism-oriented industry underpinning the growth of small venues/small bars.

As of 2017 about 80 per cent of businesses using a small venue licence were small bars<sup>7</sup>. While the category can be used for other purposes, such as restaurants, cafes, and breweries (for consumption on premises), the maximum capacity of 120 persons dictated by the licence is appropriate for small bars and their requirements.

There has also been rapid growth in microbreweries, general and gin distilleries and the like which are licensed under the ‘producers’ licence category. However, some operate under other licence types including Special Circumstances and small venue licences. Lady Burra (off Currie Street), for instance, operates with a small venue licence and a direct sales licence.

### Safety concerns

Prior to 2013 large venues, such as clubs and hotels, were the mainstay of those wanting to consume alcohol in the Adelaide CBD. However, there was considerable concern across a number of government agencies that low security and quality standards created an unsatisfactory drinking culture.

Attendance at these venues was said too often to be based on consuming as much alcohol as possible, which resulted in alcohol-induced violence that threatened public safety. This problem was especially prevalent in and around Hindley Street.

Initially, the Government sought to limit trading hours for alcohol, as there was considerable evidence to support the finding of a correlation between trading hours and alcohol-related violence and hospital admissions. Similar findings were reported in other states.

It was considered that a safer, more friendly option for younger people and a more attractive environment for people (younger people were the primary focus at that point) offered at least a partial solution. This was the experience of the City of Melbourne.

Accordingly, a completely different product – the small venue licence – was introduced to the market. The structure of the licence category's requirements aimed to reduce alcohol-related violence through:

- smaller sites, with a maximum capacity of 120 patrons (reduce confrontation);
- restricted trading hours (ensure harm minimisation); and
- predominant owner-operator management system and probity which sees personal standards reflected in security and organisational issues (no bad behaviour, no drunks allowed).

It was intended that the intimate nature of small venues in combination with other factors would contribute to a gradual shift in the drinking culture in Adelaide's CBD.

An observational study by the Adelaide City Council in 2016 found that people feel safer in a site containing smaller venues, such as Peel Street or Bank Street, than at a site containing larger venues, such as Hindley Street. The level of hostility, aggression and intoxication was perceived to be lower at small venue sites while cleanliness and overall atmosphere favoured locations accommodating small venues, especially those that have flourished since the introduction of the small venue licence.

While careful not to read too much into the observational study, the findings generally support the role of small venues in attracting a more diverse clientele and contributing (perhaps through decongestion of people and space) to a safer environment. The report concluded that:

“The results of this study appear to indicate that the areas with a higher number of smaller venues do attract a broader age range of patrons and lower levels of some of the negative alcohol-related behaviours seen in the public realm. This study also indicated that one or two small venues in an area with predominantly large or very large venues did not positively impact on perceptions of safety in the public realm, but groupings of small to medium capacity venues appear to create spaces with more positive perceptions of safety”<sup>8</sup>.

## Red tape and administrative burdens

Prior to the introduction of the small venue licence, small businesses selling liquor were required to operate under more general licences, such as the hotel, or restaurant licence. These licence categories were designed for larger venues with higher capacity for patrons and administrative management.

While they were not specifically designed to exclude small venues, the legislation could be used by incumbents to oppose potential competition. In practice, small venue start-ups and their general operation were hindered by unnecessary and burdensome deep pocket costs. Several conditions of the small venue licence class were explicitly aimed at reducing the red tape involved with obtaining a licence for small venues.

After the ratification of the *Liquor Licensing (Small Venues Licence) Amendment Act 2013*, Renewal SA, the organisation behind the implementation of the small venue licence, initially provided case management and City Makers Grants for entrepreneurs wanting to open a small venue<sup>9</sup>. Case management was provided to smooth the application and approval processes for owners who, at a minimum, required development approval for the site from the Adelaide City Council, planning consent and a liquor licence from Consumer and Business Services.

Renewal SA acted as a liaison between the licensee and Consumer & Business Services SA (the liquor licensing authority in South Australia). The service was not available for applicants of other licence types.

Case management assistance to smooth and fast track applications for a small venue licence illustrates one method of effective assistance to small startup business owners and, from all reports, this support was highly valued by entrepreneurs and most likely has contributed to the growing number of small venue licences that have been granted every year since 2013.

As previously mentioned, prior to the small venue licence becoming an option, small businesses selling liquor were likely to be operating under a hotel licence. In order to be granted a hotel licence, businesses were, and still are, obligated to complete a 'needs test'. Applicants for the licence need to prove that the granting of a licence would benefit the general public in the vicinity:

*"An applicant for a hotel licence must satisfy the licensing authority by such evidence as it may require that ... the licence is necessary in order to provide for the needs of the public in that locality."*<sup>10</sup>

The burden of proof required new business applicants to prove that their product was unique in the vicinity. Success for the applicant was the first hurdle as potential competitors that were already operating in the locality were able to appeal a successful needs test outcome.

The difficulty of overcoming this condition is reflected in the fact that there had been only a 0.8 per cent increase in the number of hotel licence grants between 30 June 2005 and 31 May 2016 – compared to the rapid growth in small venue licence numbers since 2013<sup>11</sup>. That is to say, incumbents were able to use existing regulations to effectively stifle competition.

With the introduction of the small venue licence in 2013 small businesses, who would otherwise have been required to apply for a hotel licence, were not required to complete this onerous test to acquire a liquor licence. Instead, supporting documentation was able to be submitted on-line along with a one-off fee of \$563<sup>12</sup> payable to Consumer and Business Services (C&BS)<sup>13</sup>.

The effect of the small venue licence class is that it has provided for greater competition in the marketplace through support of new types of businesses in response to consumer demand and at the same time curtailed established businesses from using legislation and the needs test to lock out competition from new entrants.<sup>14</sup>

Competition in the marketplace is a source of renewal, it provides for responsiveness to changing tastes and preferences and, in principle, pro-competitive policies should be the default position of government unless otherwise argued.

Furthermore, the mechanics of the application and appeal process were streamlined to support the fast tracking of decisions *viz*:

- applications for the granting of a small venue licence are made directly to the Liquor and Gambling Commissioner, whose decision cannot be sent to a court for further consideration and ruling<sup>15</sup>; and
- appeals by the general public (including other businesses) or the South Australian Police Commissioner against the granting of a licence are also made directly to the Liquor and Gambling Commissioner, whose decision cannot be sent to a court for further consideration and ruling<sup>16</sup>



Previous to these arrangements court decisions could result in drawn-out legal battles, which were an obvious impediment and administrative burden for any person or business seeking to invest in a small venue. Moreover, prior to the small venue licence, appeals against the granting of any licence automatically resulted in a hearing. These hearings were also an administrative cost burden for small business owners.

However, under the *Liquor Licensing (Small Venue Licence) Amendment Act 2013*, hearings as part of the process of an appeal are no longer held to consider the granting of small venue licences.

Changes in legislation, changes in policy and implementation, and changes in administration are in combination required to remove red tape, reduce business start-up costs and ease the path to greater competition. For example, a lower annual licence renewal fee paid to Consumer and Business Services (C&BS) by a small venue is consistent with the restrictions placed on the number of patrons relative to fewer restrictions placed on hotels and restaurants.

## Response to changing tastes and preferences

The Attorney General the Hon John Rau SC was aware of the review and recent reforms to liquor licencing in Victoria and encouraged by the impact of regulatory changes in that state that had resulted in investment and growth of small venues and revitalisation of old buildings and laneways. Young entrepreneurs were at the forefront of recognising and catering for changes in consumer tastes and preferences not only in the CBD but in suburbs in the inner Melbourne metropolitan area.

The introduction of the small venue licence was progressively framed around multi-objectives:

- retention of young people and entrepreneurs in South Australia;
- extending the hours that 'Adelaide is Alive';
- retaining and attracting people back in the commercial precinct of the city;
- driving investment and the use of current underutilised shops, shopfronts and laneways; and
- responding to new consumer demands from those consumers who desire to "drink better, not more" and cater for those who appreciate the intimate setting and creative menus of small venues and who would not normally drink and eat in the city centre, especially after work<sup>17</sup>.

The shift in tastes and preferences away from the old-style and traditional British or Irish pub setting, which dominated the market before 2013, notwithstanding development of the hotel industry largely financed from gambling revenue, meant that there was an undersupply of high quality, smaller and more intimate venues.

There could be said to be a 'market failure' – and unmet demand by those who preferred a non-gambling environment, smaller more intimate places to gather and a preference for different eating and drinking experience.

Small bars and venues pride themselves on the creativity and high-end standard of their products<sup>18</sup>. For example, they are often influenced by one or more popular and creative cuisines from Europe, Asia, America and Africa. Therefore, it could be said that legislative changes have helped to address a market failure, albeit one perhaps created by the previous legislation and associated processes.

The increased supply of small venues has led to the intensification of competition in the market. The competition has led to greater variety and choice and, based on our recent research, in many instances lower prices for consumers – an unambiguously positive effect for market participants.

### Effect on employment and investment

A critical objective of the small venue licence legislation was to expand employment, investment and infrastructure opportunities in the Adelaide CBD.

An economic impact study (2015)<sup>19</sup> of the small venue licence legislation estimated the average full-time equivalent (FTE) employment per venue to be around 6 FTE jobs – when there were 46 small venues in operation. While we have not conducted research as extensive as the previous report, we believe this number to be accurate in early 2019<sup>20</sup>. As over 109 licences have been granted at the time of this report, we estimate that small venues currently account for 685 FTE jobs.

Similarly, the economic impact study estimated the average employment per venue to be at 11.5 jobs in 2014/15. Using this number, which we also believe to be accurate in early 2019 based on recent interviews with owner-managers of venues, total employment in the sector is estimated at 1250 jobs for the 109 licences which have been granted.

The large and continuously expanding number of small venues in the CBD confirms the growth of investment and start-ups in the sector. The new licence class has unleashed entrepreneurship in the city centre.

The small venue licence is confined to commercial zones in the CBD (in part to reduce any potential conflict with residents) so any investment opportunities and activities are concentrated to specific areas, providing a critical mass of venues while maximising their economic impact on the CBD.

Additionally, a large number of venues are situated in formerly unused or underutilised laneways off Hindley Street, meaning that small venue start-ups are not supplanting established businesses<sup>21</sup> while likely adding to property returns.

The concentration of venues to the CBD has created a network effect, whereby an additional customer of a small venue has a positive effect on other venues in the vicinity. Specifically, businesses often endorse each other to their patrons and customers move between venues on a given night<sup>22</sup>. The immediacy of small venues and bars to each other allows for this.

Several smaller establishments reported that they have chosen to support South Australia's alcohol production industry. Several small bars prioritise the sale of only South Australian wine, beer and spirits, so the development of the small bar scene has likely stimulated demand for South Australian liquor producers' goods<sup>23</sup> and local regional and seasonal foods.

A likely other area of economic and social benefit that needs to be studied is the possible reduction in alcohol related offences and violence that was one of the aims of the legislation.

### Effect on tourism

The small venue scene has also promoted tourism to South Australia and the Adelaide CBD. While we do not have statistics to assess the extent of interstate and international visitations, the websites of small venues reveal anecdotal comments from patrons from outside South Australia lauding the atmosphere and offerings of the small venues.

SA Tourism is a major promotor of the small bar scene in Adelaide<sup>24 25</sup> as is the industry itself. Reviews of individual bars confirms appreciative comments from interstate and international visitors. The commercial zones where the small venues are situated are very accessible by interstate and international visitors who choose to stay at accommodation within the square mile of Adelaide. The venues' intimacy, feeling of greater safety and security and creative menus attract a supplemental cohort of persons visiting South Australia from overseas or interstate. Other states heavily promote their small bars scene<sup>26</sup> so it appears this segment of the industry is recognised as a lure for tourists seeking 'a local experience'.

## Competition concerns and effect on gaming

During the parliamentary debate, the main opposition to the small venue licence came from the Australian Hotels Association South Australia (AHASA). The industry body was concerned about competition, and believed that the introduction of numerous small venues could serve to cannibalise liquor demand, especially in the city. They argued that new venues would dilute the demand for already established hotels selling alcohol to the public.

They were also aware that contained in the *Liquor Licensing (Small Venue Licence) Amendment Act 2013*, were provisions that would no longer permit currently operating premises to use legislation to effectively lock out competition under the 'needs test'. The loss of the mechanism to protect current operators was as much a concern as the potential growth in competition.

Industry has a right to 'put its case' to government, but a default position of government should always be that legislation and regulations should not impede competition, especially where competition promotes the public good (in this instance the public good required change to address unmet demand).

The hotel/club industry has a monopoly on gaming machine licenses (the Adelaide Casino is the only competitor) which was never challenged through the small venue licence amendment. It was a difficult proposition that it should also be able to maintain a monopoly position on the sale of liquor and meals in hotel/club.

A review of the parliamentary debate revealed that the (then) Opposition argued, effectively on behalf of the position advocated by the AHASA, that the amendment would be supported if the maximum capacity was reduced to 50 persons, knowing this restriction would likely render any venue as unproductive and inefficient.

The bill passed in Parliament; the Government stuck to 120 persons as the maximum number of patrons in support of a productive business model while the restriction of the licence to the CBD appeased the AHASA.

The small venue licence category does not allow gaming on the premises. Gaming licences for the operation of electronic gaming machines (EGMs) are restricted to hotels and clubs. While it can be said there are both positive and negative consequences of gaming and its accessibility, our interest here is on the reported facts available from prevalence studies as to who plays EGMs and who does not.

Play is generally more concentrated in the older, lower income demographic cohorts. The younger age demographic across all occupational and income groups and the tertiary student population, particularly the large and growing international student groups, generally do not play EGMs and many report negative attitudes to the availability of EGMs in hotels and clubs.

There is no evidence that the rapid growth in the small venue licence category has had any effect on gaming revenues in the CBD as attendees of small bars are from the cohorts who do not play EGMs and who express very negative attitudes to hotels and clubs with gaming.

## Conditions of the small venue licence

At the time, the specific trading and management conditions under the small venue licence were the subject of some debate. Most discussion centred on the application of lockout laws to the small venue licence. Lockout laws have been introduced in South Australia and in other states in order to curb alcohol-related violence. The small venue licence mandates a 12 am lockout (or 2 am if extended trading is applied for and permitted).

Industry representation to the Senate Standing Committee on Economics argued that trading hour restrictions led to a decrease in employment and the contribution of the night time economy to Gross State Product (GSP)<sup>27</sup>.

To the extent this is true, it could be said to be at odds with the goal of encouraging investment and employment. Nevertheless trading restrictions were legislated by all governments to address safety concerns over alcohol-induced violence. To this day conflicting evidence about the effectiveness of lockout laws has rendered them as a contentious and partisan issue.

The Government's decision to restrict the trading zones for the small venues to the Adelaide CBD was prompted by a desire for critical mass and maximum impact. It also had the support of the AHASA and could be said to have appeased some of their concerns. Since 2013, any expansion of this zone has been prohibited<sup>28</sup>.

However, the success of the initiative in the city centre lends itself to further extension to suburban areas of Adelaide or regional parts of South Australia<sup>29</sup>. Regional areas that are some distance from Adelaide including Port Lincoln, Whyalla, Mount Gambier and Murray Bridge could benefit from the rejuvenation, creative entrepreneurship and investment that the small venue licences generate.

The desire of many local councils to promote their geographical localities and populations as residing in 'the city of villages', areas with high rates of employment, income, education and home ownership, suggests that there is unmet demand for smaller more intimate meeting places.

Would extension of the small venues licence have the effect of cannibalising demand from commercial zones within the CBD as the market is likely not fully mature<sup>30</sup>? Would there be sufficient critical mass to generate the network effects observed in the CBD? We don't know the answers to these questions although plans to review this section of the licence class are likely to be polarising, as there are potential upsides and downsides for different stakeholders and groups.

## Further Implications

We referred earlier to the fact that the initial idea for the licence class originated from Hon John Rau SC, who held an extensive portfolio of ministerial appointments before and during 2013. Commencing in 2010, and as Deputy-Premier (2011 to 2018), Mr Rau held at various times the positions of Attorney-General, Minister for Tourism, Minister for Food Marketing, Minister Consumer and Business Services, Minister for Housing and Urban Development, Planning and the City of Adelaide, Minister for Police, Justice Reform, Child Protection Reform, Public Sector, Industrial Relations and Minister for Planning<sup>31</sup>.

Mr Rau was therefore in a unique position to see the interests and concerns of various agencies and possessed the autonomy and authority to bring 'all players to the table' for advice and to find solutions to problems. Each of his roles contributed to the materialisation of the small venue licence, including, *inter alia*:

- as Attorney-General, Mr Rau was tasked with solving the issue of an unsatisfactory and unsafe drinking culture;
- as Minister for Police and for Planning he had access to advice on policing issues, those factors and events that led to policing 'hot spots', he had access to data for evidenced based policy;
- as Minister for Planning and Greater Adelaide he developed a deep understanding of planning and development issues regarding underutilised assets in the CBD, broadening his understanding of investment and employment issues in the Adelaide CBD (and factors holding back investment);
- tourism and food marketing roles highlighted changing tastes and preferences of consumers – residents and tourists in South Australia; and
- oversight over Consumer and Business Services helped Mr Rau gain an insight into liquor licensing administration and topics in the liquor market.

Mr Rau's supervision of these portfolios and issues opened the door for legislative change, culminating in the 'surgical incision' of the small venue licence into the *Liquor Licensing Act 1997*.

In itself, this is an interesting insight into the role government and, more specifically, the role a Minister can play where they have the opportunity and authority to bring knowledgeable players to the table to find solutions for often very complex problems.

The policy coordination role of a single Minister is respectful of experience, institutional knowledge, and different perspectives; it provides access and sharing of data that informs evidence-based debate and decision making; and it provides for shared responsibility and accountability to act.

The policy decision to legislate for a small venue licence should be seen not just as pro-competition, regulatory reform, and an exercise in red tape reduction but as a collaborative, evidenced-based decision making framework to address multiple problems.

There is a second lesson to be learnt from the success of the small venue licence experience and that is the efficiency of policy or regulatory changes can often fail or be delayed by a silo mentality. The implementation of policy is often delayed by the failure to 'resolve, agree and commit to action' where there remain different perspectives and agendas across government agencies and offices.

Coordination and oversight through one person or a team has been shown to be able to cut through the silo mentality, achieve cooperation and maximise planning capabilities and minimise against regulatory capture by special interest groups or firms. In the case of the small venue licence legislation it was the Minister John Rau who was able to draw all parties to the table and shepherd through the necessary regulatory changes.

Policy implementation was further facilitated by the reduction in administration, the closure of the appeals process and the offer of case management assistance to effectively level the playing field for smaller firms in the liquor market. In a different way but with the intent to achieve analogous policy coordination, a one-stop shop contact point, employment and growth outcomes, the establishment of a regional commissioner such as the Commissioner for Kangaroo Island has fast tracked investment and tourism opportunities for the island.

## Conclusion

Did the small venue licence achieve its goals? The answer is certainly 'Yes' and, in the views of those more closely associated with the planning and implementation of the policy, the response seems to be that "it has exceeded all expectations".

How best to measure the success of the policy? What did it fundamentally achieve?

The answer to these questions is only partly related to the secondary benefits such as an increase in tourism, improvements in drinking behaviours and even a reduction in the number of alcohol related offences. The owner-operator management model is stated within the industry as a factor that has contributed to improved safety of patrons. These are all worthy objectives and they are significant achievements.

However, the ultimate measure of success is that the small venue licence, through the opening of the market to greater competition, expanded consumer choice; delivered greater variety; was an appropriate response to changes in consumer tastes and preferences (thus, it could be said to be a response to market driven factors); and has contributed to an improvement in our quality of life.

The policy and administrative reforms were squarely focussed on improving the competitiveness of the market. Achieving greater competitiveness in the market, not individual enterprises, was a key factor driving reform. The reforms did not interfere with existing providers of liquor services and, equally, did not quarantine existing providers from market forces.

The latter should never be the role of government unless there is an overriding public interest to be considered. Responding to consumer interests was the guiding principle and the interests of the consumer were appropriately elevated above the special interests of existing suppliers.

The regulatory reforms succeeded in lowering barriers to entry and, as a result, succeeded in creating employment opportunities, investment and utilisation of previously underutilised and scarce resources (e.g. older buildings, laneways, rooftops, etc.).

More sensible rules, such as the realistic ceiling on the number of patrons to ensure commercial viability of the new entrants were enacted. There are practical rules and regulations in place to limit excessive trading hours. That is to say, there are still appropriate regulations in place that govern the operations of enterprises that are designed to protect employees (e.g. wages and conditions, hours of work, OH&S) and to protect customers.

In time, it is likely that the current restriction of the trading zone that is confined to the CBD will be contested and debated. Ultimately, any future decision should be based on the principle of greater competition leading to an expansion of consumer choice.

In achieving a number of economic and social benefits, the small venue licence process also provided a unique insight into the positive results that can be achieved when a pragmatic, coordinated approach to policy reform is adopted. In the case of small venue licences, this success was founded on the unique make-up of John Rau's portfolio of ministerial responsibilities but the outcomes make a clear case for much greater coordination and collaboration of ministries and public sector agencies in future reform efforts by governments.

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## End Notes

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- 1 Hilmer, *et al.*, (1993).
- 2 Harper, *et al.*, (2015).
- 3 See appendix for Article 40A of the *Liquor Licensing Act 1997* pertaining to the new licence class
- 4 The Parliament of South Australia (1997).
- 5 Ibid.
- 6 Hudson-Howells (2015).
- 7 Loffler, (2018), Email correspondence, 20 December.
- 8 Department of Planning, Transport and Infrastructure (2017).
- 9 Adelaide City Council and Adelaide West End Association (2016).
- 10 Renewal SA (2015).
- 11 The Parliament of South Australia.
- 12 Anderson (2016).
- 13 This fee is the same for all liquor licence types – not just the *small venue licence*
- 14 Consumer and Business Services (2019).
- 15 The Parliament of South Australia (1997).
- 16 Attorney-General's Department (2016).
- 17 Applications for and appeals against the granting of other liquor licences are able to be sent to a court
- 18 Senate Select Committee on Red Tape (2017).
- 19 Ibid
- 20 Hudson-Howells (2015).
- 21 We have employment information from Maybe Mae and Udaberri, two small bars, that support Hudson Howells' average employment estimate
- 22 Renewal SA (2015).
- 23 Wallis (2018).
- 24 Ibid
- 25 <https://southaustralia.com/travel-blog/adelaides-top-10-bars>
- 26 <https://southaustralia.com/travel-blog/5-must-visit-small-bars-in-adelaide>
- 27 <https://www.experienceperth.com/page/perths-small-bar-scene> Perth's laneways and rooftops.
- 28 Senate Standing Committees on Economics (2015).
- 29 Attorney-General's Department (2016).
- 30 There are plans to review this condition of the licence in the next few years
- 31 The rapidly growing number of licences granted, and the fact that there are 13 licences applied for but not yet granted, indicate the market may not be fully mature
- Clerk's Office, House of Assembly (2018).