# Liquor Commission of Western Australia (*Liquor Control Act 1988*)

**Applicant:** Woolworths Limited

(represented by Mr Henry Jackson and instructed by Ms Rebecca Conder of Cullen

Babington Macleod Lawyers)

**Intervener:** Commissioner of Police

(represented by Mr Joshua Berson of State

Solicitor's Office)

**Commission:** Mr Jim Freemantle (Chairperson)

Mr Seamus Rafferty (Deputy Chairperson)

Mr Eddie Watling (Member)

**Premises:** Premises to be known as *Dan Murphy's Joondalup* 

situated at Lot 13 Joondalup Drive, Edgewater in

the Joondalup Gate Commercial Centre.

Matter: Application for a conditional grant of a liquor store

licence referred under section 24 of the Liquor

Control Act 1988.

Date of hearing: 10 June 2014

**Date of Determination:** 8 October 2014

**Determination:** The application is granted.

# Authorities referred in this determination:

- Woolworths Ltd v Commissioner of Police ( LC 12/2013)
- Woolworths Ltd v Director of Liquor Licensing [2013] WASCA 227
- Woolworths Ltd v Executive Director of Public Health & Others (LC44/2011)
- O'Sullivan v Farrer [1989] HCA 61; (1989) 168 CLR 210, 216 (Mason CJ, Brennan, Dawson & Gaudron JJ)
- Executive Director of Public Health v Lily Creek International Ltd & Ors [2001] WASCA 410

#### Background

- On 28 March 2013, the Liquor Commission ("the Commission") determined (LC 12/2013) to refuse an application made by Woolworths Limited ("the applicant") for a conditional grant of a liquor store licence for premises to be known as Dan Murphy's Joondalup, situated at Lot 13 Joondalup Drive, Edgewater.
- 2 The basis of the original determination was:

'The addition of another "destination" liquor store at the proposed location will significantly increase outlet density to the extent that the Commission is not persuaded that it is in the public interest to approve the application.'

- Pursuant to section 28(4) of the *Liquor Control Act 1988* ("the Act"), the applicant filed an appeal against the decision of the Commission with the Supreme Court.
- 4 On 14 November 2013, the appeal was heard before Edelman J in the Supreme Court. The grounds of appeal were that the Commission denied the applicant procedural fairness in two ways:
  - by relying upon a broader 'locality' in its consideration of the proper development of the liquor industry rather than the 3 km radius from the proposed site which the applicant had assumed as the locality in its application; and
  - by relying upon matters contained in an article which was described as the "Pereira Report."
- 5 On 15 November 2013, the Supreme Court issued the following orders:
  - 1. the appeal to be allowed and the decision of the Liquor Commission of Western Australia in LC 12/2013 dated 28 March 2013 be set aside.
  - the Appellant's application for a conditional liquor store licence dated 19 December 2011 be sent back to the Commission for reconsideration with directions that the Commission shall permit all parties to the application (including the intervener) to adduce further evidence and make submissions in relation to:
    - a. the geographic extent of the area from which the proposed store would be expected to draw custom (the proposed trade area);
    - b. the geographic extent of the area from which the existing Dan Murphy's liquor store situated at the corner of Marmion Avenue and Shenton Avenue, Currambine, draws custom (the Currambine trade area); and
    - c. any matter relevant to the public interest with respect to the proposed trade area, including but not limited to:

- (i) the number and condition of licensed premises selling packaged liquor in the proposed trade area, the manner and extent to which these premises are distributed, and the extent and quality of the services and facilities of these premises; and
- (ii) the weight that should be attributed to the conclusions in the report entitled "Access to Alcohol Outlets, Alcohol Consumption and Mental Health" regarding the link between outlet density and alcohol related harm.
- 6 Several submissions were received from the applicant and the Commissioner of Police ("the intervener") between the date of the Supreme Court Order and 4 June 2014, the last day for lodging submissions in this matter before the Commission.
- 7 A hearing of the Commission was held on 10 June 2014.

#### Chairman's opening comments at the hearing

- 8 The Chairman advised that the materials associated with the original application had now been expanded to include the additional evidence submitted by both parties in response to the orders issued by the Supreme Court.
- The Commission did not consider it necessary to reflect on the Pereira Report or on the review of that report by James Lette ("Social Impact Strategies Pty Ltd" lodged by the applicant) as the Commission accepts that there is not a sufficiently demonstrated nexus between the findings of the Pereira Report and the circumstances that apply to this application. Whilst the Commission referred to the Pereira Report in its determination LC 12/2013 as a means of demonstrating the Commission's awareness and concern as to the potential harm and ill-health aspects of liquor consumption, it did observe in that determination at paragraph 62 that the report was not the basis of the determination.
- 10 Other matters/materials previously accepted by the Commission and also relevant for these proceedings:
  - a) Caporn Services report dated 7 April 2011;
  - b) MGA Town Planners report dated February 2012;
  - c) that Dan Murphy's liquor outlets are well managed and have adequate, well documented and entrenched harm minimisation policies;
  - d) that the proposed Dan Murphy's liquor store will operate as a "destination" liquor store and therefore draw custom from a wider geographical area than a radius of 3km;
  - e) that the proposed liquor store will provide customers with a wide variety of choice with a range of retail packaged liquor on offer and excellent facilities.

Therefore, the matters now to be considered are those related to locality and trade area as specified in items 2 a, b and c (i) of the Supreme Court order (refer paragraph 5 above).

# Submissions on behalf of the applicant

- 12 In response to the Supreme Court orders, the applicant submitted the following additional reports in support of the contention that the proposed store will draw customers from a different trade area than that of the existing store in Currambine, namely:
  - a) a report of Tony Dimasi of Macroplan Dimasi ("the Dimasi Report"), which is concerned with understanding the geographical extent of the area from which the proposed store will draw custom and from which the Currambine store does draw custom:
  - b) an additional report from MGA Town Planners ("the MGA report") which relies upon the trade areas of the two stores and considers the physical characteristics of the two trade areas including the character of commercial functions within each, the effects of physical barriers and traffic patterns as well as the commercial hierarchy as it is applied to both trade areas, demographics, health issues within the broader view of amenity, amenity generally and existing licensed premises within the trade area of the proposed store;
  - c) an additional "Public Interest Assessment Health and Environmental Report" from Caporn Services ("the Caporn Report");
  - d) a document headed "Analysis of Health and Crime Statistics" prepared by the applicant's solicitors;
  - e) a "secret shopper" analysis prepared by Sarah Jessup; and
  - f) additional witness statements of Lauren Adams, Venicia Giannasi and Simon Hendley.
- It was submitted that in determination LC 12/2013, the Commission's prime concern was that the introduction of a Dan Murphy's store in Edgewater would, in combination with the existing Dan Murphy's in Currambine, so dominate the market for takeaway liquor as to preclude a 'vibrant, robust and varied liquor industry' in the area. The applicant would call this ground the "crushing of competition" ground.
- 14 In response to this view, as expressed in LC 12/2013, the applicant filed with the Commission evidence which expressly addresses the question of the locality of the proposed store as well as the already existing Currambine store and the potential impact on competition from these outlets. The Dimasi report incorporated:
  - a) a listing of the critical factors that determines the extent of the trade area which include:

- i. the relative attraction of the centre/facility, in comparison with alternative competitive retail facilities;
- ii the proximity and attractiveness of competitive offers;
- iii the available road network and public transport infrastructure;
- iv significant physical barriers which are difficult to negotiate.
- b) a basis for the definition of a trade area for the proposed store including the following observations:
  - i) trade areas are not exclusive and nor do they account for the total customer attraction to any particular retail facility;
  - ii) typically for most retail facilities, the defined trade area would be expected to account for 70%-80% of total customers.
- c) a description of the proposed store location and context, which includes that it will be located within Joondalup Gate, which is a large homemaker/ bulky goods retail development located on the eastern side of Mitchell Freeway and a short distance north of Ocean Reef Road;
- d) a description of the expected primary trade area of the proposed store as well as the existing trade area of the existing Currambine store, incorporating the following factors:
  - the explanation for the trade areas including a description of the physical barriers of the Mitchell Freeway, Lake Joondalup and Neerabup National Park;
  - an observation that the primary trade area for the existing Currambine store is influenced by the relative attractiveness of other competing retail centres, including Westfield Whitford City;
  - taking into account the relative ease of access to the proposed store as compared with the ease of access of the Dan Murphy's Currambine store or the Dan Murphy's Balga store;
  - that although the distance between the existing Currambine store and the proposed Joondalup store is only 7km, for many residents of areas generally to the east and south of the Edgewater site the driving distance to access the Currambine store would be 10km and in some instances greater;
  - the population of the Edgewater trade area is around 72,000 people and the population of the Currambine trade area is similar;
  - a description of the demographics of each trade area raise no concern about the risk of alcohol related harm or ill-health.
- The demographic evidence provided in the MGA report(s) makes plain that the population in both the trade area of the proposed store and the trade area of

the existing Currambine store is affluent, has low unemployment rates and with demographic profiles that are generally at low risk of harm in terms of alcohol consumption.

- There is nothing in the crime statistics, whether provided by the intervener or those set out in the Woolworths Limited report "Analysis of Health and Crime Statistics" that might be said to suggest that the Joondalup trade area suffers from a level of alcohol related crime or alcohol related health impacts that would warrant a refusal of this proposal.
- 17 It was submitted that there is a significant difference between the two trade areas and it is therefore difficult to see how the addition of the proposed store would have the effect of increasing outlet density in this locality to the extent that it is not in the public interest to approve the application, as originally determined by the Commission.
- While there is some evidence upon which the Commission might draw an inference that the proposed Dan Murphy's Joondalup store will impact upon the sale of liquor within its trade area:
  - there is no direct evidence as to the extent of that impact; and
  - rather, the evidence that exists upon which an inference might be drawn is to the effect that the proposed store will offer services within that area very different to those presently offered by existing stores such that any inference which might properly be drawn is that any influence is unlikely to be so drastic as to warrant a refusal of the application.
- 19 There is nothing before the Commission that would provide support for the conclusion reached by it at the first instance that the trade area of the proposed store will interact with that of the Currambine store so as to diminish the provision of liquor services in those areas.
- In the absence of such conclusion, the beneficial aspects of the proposal ought properly be recognised such that the public interest test is satisfied and the application granted.

#### Submissions on behalf of the Intervener

- 21 The intervention by the Commissioner of Police is for the purpose of introducing evidence or making representations on the question of whether, if the application were granted, public order or disturbance would be likely to result, or as to any other matter relevant to the public interest.
- Further material relating to existing alcohol related harm in the primary trade area (as defined by the applicant) has been provided as an update to the data filed with the initial intervention.
- 23 It was submitted that the question for the Commission in considering the public interest factor is whether the grant of a conditional liquor store licence at the proposed premises is in accordance with the proper development of the liquor industry, given the presence of 16 existing licenses capable of selling

- packaged liquor within the primary trading area and two large format destination stores in relative close proximity.
- It is also clear from the applicant's submission relating to primary trade area for Dan Murphy's Joondalup that there is an overlap with the primary trade area of the Dan Murphy's liquor store in Currambine.
- A number of observations were also made in relation to the Dimasi Report in respect to the identified primary and secondary trade areas for each of the Dan Murphy's stores in Joondalup, Currambine and Balga and the overlaps that exist in regards to the three locations.
- The Commission's attention was drawn to the Second Reading Speech for the Liquor and Gaming Legislation Amendment Bill 2006, which introduced the public interest test in place of the previous needs test and indicates that a proliferation of liquor outlets is undesirable and contrary to the public interest.
- It was submitted that the introduction of a large liquor store in this locality which is already well provided for in regard to packaged liquor outlets has a high likelihood of leading to an increase in alcohol consumption and as a consequence, an increase in the levels of harm and ill-health. The potential for and likely extent of that harm, must be weighed against the positive aspects which the applicant submits are likely to result from a grant of the application.
- 28 Counsel for the intervener stated that if the positive aspects are relatively minor, even a relatively small increase in alcohol related harm may outweigh the positive aspects of the application so that it cannot be said that it is in the public interest to grant the licence.
- The ultimate submission was that it is open to the Commission to determine that, while there are public interest factors that favour the granting of the application, when weighed against the potential for harm and in light of the proper development of the liquor industry, it is not in the public interest to approve the application.
- 30 Alternatively, in the event that the application is approved, the following conditions were sought to be applied:

#### a) CCTV

A comprehensive CCTV video surveillance system must be installed and must be operational from opening time until one (1) hour after trading ceases. It is expected that this system will record continuous images of all areas within the store including all entrances and exits to the premises. Images recorded via the CCTV system must be retained for fourteen (14) days (or such period as the Director of Liquor Licensing specifies) and must be made available for viewing or removal by an authorized person on demand.

#### b) Compliance with Harm Minimisation Policy

The licensee's House Management Policy, Code of Conduct and Management Plan must be retained on the licensed premises and produced to any authorized officer if required. Additionally, the licensee shall ensure that the premises' House Management Policy and Code of Conduct are displayed in a prominent position on the licensed premises.

# c) Juveniles Prohibited

Juveniles are prohibited from entering and remaining in the licensed area unless accompanied by a responsible adult. However this does not apply to the presence of a juvenile employed by the licensee on the premises otherwise in the sale and supply of liquor.

#### d) Signage

Signage is to be placed in all service areas that state the following:

Pursuant to the *Liquor Control Act 1988*, it is an offence to:

- sell liquor to a drunken person;
- 2. aid a drunken person in obtaining or consuming liquor; or
- 3. supply liquor to a juvenile on licensed or regulated premises.

Penalty: up to \$10,000.

# e) Mandatory Training – Responsible Service of Alcohol

The licensee, approved manager and any person engaged in the sale, supply and service of liquor must have successfully completed a course of training in the responsible service of alcohol.

# f) Training Register

Pursuant to Regulation 14AE, the licensee shall maintain a training register that records training compliance for all staff. The training register must be retained in the form approved by the Director of Liquor Licensing on site and must be made available at the request of an authorised officer.

# g) Incident Register

Pursuant to section 116A of the *Liquor Control Act 1988* and regulation 18G, the licensee must maintain a register of incidents that take place at the licensed premises. This incident register must be retained in the form approved by the Director of Liquor Licensing and must be made available at the request of an authorised officer.

#### h) Dress Standards

The licensee must refuse entry to the licensed area to any person wearing a jacket or any other clothing bearing patches or insignia including accoutrements, jewellery, visible tattoos branding or any other items that indicate membership or association with an Outlaw Motorcycle Gang.

# i) General Conditions

- 1. An approved manager must be present during hours of trade.
- 2. No discounting or advertising of liquor.

# Applicant's response to conditions proposed by intervener (should the application be approved)

- The applicant advised agreement with proposed conditions relating to CCTV, Juveniles Prohibited, Mandatory Training, Training Register and Incident Register as set out in paragraph 30 above.
- 32 The applicant submitted that:
  - a) Proposed condition (b) above is considered unnecessary as the harm minimisation strategies referred to in the applicant's Public Interest Assessment and applied at all Dan Murphy's stores have been described as "adequate, well documented and entrenched (paragraph 33, LC 12/2013) and would only complicate management practices by adding a condition different to other Dan Murphy's stores.
  - b) Proposed condition referring to Dress Standards and in particular the requirement to refuse entry to any person wearing the "colours" of an Outlaw Motor Cycle Gang is not a condition typically imposed on liquor stores and would be very difficult to enforce.
  - c) Proposed condition concerning the discounting or advertising if liquor is too broadly worded and is not considered practical in relation to the operation of a Dan Murphy's liquor store. Such a condition has not been imposed on any other Dan Murphy's liquor store.

#### **Determination**

- As advised in the Chairman's opening comments (at paragraph 9) little weight has been attributed by the Commission to the conclusions of the Pereira Report regarding the link between outlet density and alcohol related harm with respect to the circumstances of this application. Therefore Supreme Court Order 2(c)(ii) has been addressed and requires no further consideration in this determination.
- In response to the Supreme Court order 2(c)(i), further evidence in the form of the Dimasi Report, updated MGA Report and Caporn Report were submitted by the applicant.
- 35 Both the MGA and the Caporn Reports updates have been based on the trade area definition of the Dimasi Report, therefore the Dimasi Report becomes the prime document for consideration in determining whether it is in the public interest to grant this application.

# The Public Interest Test

The expression "in the public interest", when used in a statute, imports a discretionary value judgment (refer O'Sullivan v Farrer [1989] HCA 61; (1989) 168 CLR 210, 216 (Mason CJ, Brennan, Dawson & Gaudron JJ)]. Buss JA stated in Woolworths Ltd v Director of Liquor Licensing [2013] WASCA 227 that, 'If the statute provides no positive indication of the considerations by reference to which a decision is to be made, a general discretion by reference to the criterion of "the public interest" will ordinarily be confined only by the scope and purposes of the statute (supra, at [48]).

Buss JA further stated that the factual matters which the Commission is bound to take into account, in determining whether it was satisfied that the granting of an application was in the public interest are those relevant to the objects of the Act, as set out in section 5(2) [sic] of the Act. Matters which the Commission is entitled to take into account are those matters set out in section 38(4) of the Act (supra, at [48]-[49]).

# Relevant issues for this application

- 38 Counsel for the applicant articulated the relevant public interest issues relating to this application as being:
  - a) In combination with the existing Dan Murphy's Currambine, will the granting of a licence for another store so dominate the surrounding commercial landscape as to be inconsistent with the proper development of the liquor industry?
  - b) Will the granting of the licence amount to an unacceptable increase in the density of liquor stores within the trade area and thus run contrary to the primary object of the Act to minimise harm or ill-health caused to people due to the use of liquor?
- The Commission accepts that these are the relevant issues to be determined for the purpose of this application, particularly in circumstances in which the Commission has previously accepted that, 'the Dan Murphy's liquor store business model is well managed, offers an extensive range of products and provides a high level of responsible retailing of liquor products...' (refer Woolworths Ltd v Executive Director of Public Health & Others LC44/2011 at [66]).
- Section 5(1)(c) of the Act relevantly prescribes that a primary object of the Act is 'to cater for the requirements of consumers for liquor, with regard to the proper development of the liquor industry, the tourism industry and other hospitality industries in the State.' [emphasis added]
- 41 The proper development of the liquor industry is not a stand-alone consideration. It is a matter that must be considered, in the context of the primary requirement of the Act to cater for the requirements of consumers for liquor and related services.
- The Dimasi Report reveals the existence of two distinct trade areas, they being the "Joondalup Trade Area" and the "Currambine Trade Area". Those trade areas are set out in colour coded Map 3 in the report and is the basis upon which the report concludes that there are two distinct trade areas.
- 43 In essence, a trade area is the geographical area from which it is anticipated the proposed liquor store will draw custom. The Commission determined at first instance that it is this location that was relevant to the consideration of this application.
- The Dimasi Report states that whilst other considerations come into place, typically, for most retail facilities, the defined trade area would be expected to account for around 70% 80% of total customers, with the remainder drawn from numerous other areas as a result of other factors e.g. passers-by; visiting the facility as a secondary outcome of some other purpose, such as

- accompanying friends or relatives; working in the general locality; or choosing to visit despite living a long way from the facility.
- In considering the primary object of the Act outlined in section 5(1)(c) of the Act, an assessment needs to be made as to the nature of the services provided by existing licensed premises within the Joondalup Trade Area. The map titled "Trade Areas Map" reveals the following premises operate within the Joondalup Trade Area:
  - a) Edgewater Liquor Store
  - b) Beldon Tavern
  - c) Mullaloo IGA Plus
  - d) Mullaloo Beach Hotel
  - e) Craigie Tavern
  - f) The Moon Woodvale Tavern & Reception Centre
  - g) BWS Whitfords
  - h) Northshore Tavern
  - i) Liquorland Woodvale
  - j) BWS Kingsley
  - k) Kingsley Tavern
  - I) Hillarys Cellars
  - m) Liquorland Padbury
  - n) WA Cleanskins @ Kingsley
  - o) Kingsley Liquor Store
  - p) Breakwater Tavern
- The Dimasi report relevantly states that each of the stores referred to in the preceding paragraph are "...typical packaged liquor stores, including some attached to supermarkets, some of which are attached to taverns/hotels, and a few of which are freestanding. Five of the fifteen are small, drive-thru facilities attached to hotels/taverns. All of these facilities are demonstrably different to the proposed Dan Murphy's store to be provided at Edgewater, and are unable to offer the range, quality of wines or levels of service that will be offered by the proposed Dan Murphy's store."
- 47 Based on the evidence contained in the Dimasi Report, the Commission's knowledge of the range and quality of product sold in Dan Murphy's stores and knowledge of the range and quality of products sold in other outlets, the Commission is satisfied that there are no comparable stores located within the Joondalup Trade Area, that being the area from which it would be expected that the proposed new store would draw custom. It should also be noted that there are no comparable stores within suburbs outside and to north east and south of the relevant trade area but within close proximity, those suburbs including significant portions of Woodvale, Pearsall, Hocking, Wanneroo, Sorrento and Greenwood. Given that Dan Murphy's stores are operated on the basis of being a "destination liquor store", it can clearly be inferred that some custom will be drawn from outside the relevant trade area.

- The relevant conclusions that the Commission has come to is based on the totality of the evidence adduced in support of the application which are:
  - a) the proposed Dan Murphy's store will be located in an area that has been defined as the "Joondalup Trade Area";
  - b) the proposed store will draw its custom from the Joondalup Trade Area and inevitably, from suburbs outside but in close proximity to that trade area:
  - c) Dan Murphy's stores provide a wide range of liquor products;
  - d) there are no stores within the Joondalup Trade Area or in suburbs immediately outside and to the north east and south of that trade area that provide a comparable range of products. The closest Dan Murphy's store to the south of the proposed store is located in Balga, that being a significant distance from the proposed store.
- The remaining issue is whether the addition of a large destination liquor store will result in an unacceptable increase in outlet density and thus run contrary to the primary object of the Act to minimise harm or ill-health caused to people due to the use of liquor. In effect, is there a risk that the granting of this licence will result in an increase in harm or ill-health caused to people due to the use of liquor?
- 50 As Wheeler J noted in Executive Director of Public Health v Lily Creek International Ltd & Ors [2001] WASCA 410, 'it is not the "risk" of harm in some abstract sense which is relevant, but rather the risk having regard to the proved circumstances of the particular area in which the application is made.'
- The intervener has provided the Commission with data from the police Incident Management System ("IMS") for suburbs within the Joondalup Trade Area. These suburbs include Beldon, Craigie, Edgewater, Heathridge, Hillarys, Joondalup, Kallaroo, Kingsley, Mullaloo, Ocean Reef, Padbury, Pearsall and Woodvale. The data sets out the number of offences that it is contended are alcohol related in the suburbs referred to. It is contended that the data 'establishes that there is a level of pre-existing alcohol related harm in the primary trade area" (intervener's submissions dated 27 May 2014, paragraph 39).
- The Commission accepts that there is a level of alcohol related harm within the relevant trade area. It is not contended that the level of harm is any more or less than that encountered within the broader metropolitan area. The issue to be determined is whether the granting of a licence for a large liquor store has the potential to increase alcohol related harm to such an extent that it would run contrary to a primary object of the Act to grant the licence.
- The Commission does not consider that there is cogent evidence before the Commission that leads to a conclusion that the granting of the licence will result in an unacceptable increase in the level of harm in the location from which the store will draw custom or indeed any other location.
- It is accepted that the granting of this licence will increase outlet density within the relevant location. However, as already stated, the proposed store will offer consumers of liquor a wider range of product to purchase that is not currently available from the existing outlets and there is no cogent evidence to

conclude that the granting of the licence will result in such an increase in ill-health or harm caused to people due to the use of liquor that the granting of the licence would not be in the public interest.

There have been concerns with regard to the creation of a monopoly if this licence is granted. The Commission notes however that the Currambine and Balga Dan Murphy stores and the Woolworths liquor stores in Joondalup, there are still a number of other liquor stores within the relevant location not operated by Woolworths. The Commission is therefore persuaded that the granting of the licence will not create a monopoly and thus be contrary to the public interest.

The Commission accepts that the creation of monopolies in respect to the retailing of liquor will never be in the public interest. However, in the context of the location in which the proposed store will operate, there is nothing to suggest that such a monopoly will be created. Further, the potential adverse economic impact to other retailers within the relevant location is also not a relevant consideration in determining this application.

#### Conclusion

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Taving regard to the totality of the evidence, the submissions of the parties and the application of the relevant legislative provisions, the Commission is satisfied on balance that the applicant has discharged its onus and that the granting of the application is in the public interest.

58 The application is granted, subject to the conditions normally applied to destination liquor stores of the type operated by Dan Murphy's.

JIM FREEMANTLE CHAIRPERSON