



Have your say! Its Time for you to help Government Officials Understand Your Business -

The LRA committee would like to strongly encourage all Packaged Liquor Retailers to immediately write or call their local councillors, state and federal Members of Parliament, inviting them to visit your store and to meet with you to discuss your business, your role in the community and the impact of the unfair packaged liquor license fee structure. It is our role, as an industry sector, to help those in government understand the day-to-day challenges independent packaged liquor retailers face in their businesses.

Below are some facts for you to digest that we have raised with Minister Robinson.

Independent Packaged Liquor Retailers' Grave Concerns - Packaged Liquor License Fees

LRA and MGA members will no doubt be aware of the ongoing liquor license fee controversy that is being reported daily in the media and press. All sectors of the liquor licensing landscape have been affected with unreasonable and unfair fee increases, some much more than others. As discussed in past editions of this magazine, the LRA committee is most concerned with the unfair financial burden placed upon independent packaged liquor licence holders compared with the chains, Coles and Woolworths and hotel drive-through bottleshops (particularly Woolworths owned BWS branded drive-throughs). LRA/MGA is endeavouring to work with the Minister for Consumer Affairs, Hon Tony Robinson MP, Responsible Alcohol Victoria and the Director of Liquor Licensing, Sue Maclellan to arrive at a fairer packaged liquor license fee structure for the future.

LRA/MGA will keep members informed of our progress. The Minister has informed us that this is an election year and as such, time may be against us to achieve the fairer outcomes for members we are striving for in the 2010 calendar year.

After taking many calls from frustrated members and having many conversations with industry stakeholders, LRA has come to the conclusion that it is glaringly obvious that our law makers do not understand the complexities of the packaged liquor industry sector. No meaningful attempt was made by the government to consult and engage with LRA or independent packaged licensees to explore the unintended consequences prior to the new fee structure being introduced.

It's time for you to help government officials understand your business. Have your say!

In Summary

Share of packaged liquor licenses

- Total independents – 82%
- Major chain stores – 18%
- Please note: Woolworths also own 75 Beer Wine and Spirits (BWS) drive-through bottleshops in hotels)

Share of packaged liquor license sales

- Total independents – +/- 40%
- Major chain stores – 60%

Share of packaged liquor license fee revenue

- Total independents – 82%
- Major chain stores – 18%

As at 25 May 2009 - 1,924 packaged liquor licenses in Victoria comprising -

Independent Liquor Retailers – 1,584

Major Chain Stores – 340

Woolworths – 175 (9%) Safeway Liquor & Dan Murphy Big Box stores

Coles – 165 (8.6%) Liquorland, Vintage Cellars and 1st Choice Big Box stores

Major chain store packaged liquor sales dominate the packaged liquor landscape!

Chains - 18% of licenses - +/- 60% packaged liquor sales market share

Independents - 82% of licenses - +/- 40% packaged liquor sales market share

Packaged Liquor License Fee Anomalies

Normal Trading Hours – Packaged Liquor Licences (PLL)

2009 - PLL renewal fee: \$257.40

2010 - PLL renewal fee: \$1,590.00 = 618% increase

Additional PLL Risk Based Fees – Out of Ordinary Hours

2009 - PLL renewal fee - extended hours (eg. 7:00am to 9:00am): \$438.40

(mainly applicable to independent supermarkets)

2010 - PLL renewal fee - extended hours (eg. 7:00am to 9:00am): \$4,770.00 = 1,089% increase

(mainly applicable to independent supermarkets)

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Packaged Liquor License Fees Cont.

As an example, for a licensed independent supermarket to trade between 8.00am and 9.00pm the liquor license fee will be \$6,360 (was \$695.40). How can these hours be considered as "at risk" when hotel drive-through bottleshops can open until 1.00am and trade on Good Friday and Christmas day for a total fee of \$2,385?

Note: 2009 General (Hotel) Liquor License Fee was \$333 and increased to \$795 in 2010.

Many hotels have drive-through packaged liquor retail outlets that have not been taken into consideration.

The Burden of Packaged Liquor License fees – who is carrying the load?

Following is an estimate of total packaged liquor license fee revenue, based upon 2010 packaged liquor license fee of \$1,590.00 (was \$257.40).

Major Chains – 340 stores x	\$1,590.00
PLL fee =	\$540,600
Independents – 1,584 stores x	\$1,590.00
PLL fee =	\$2,518,560
Total PLL fee revenue	\$3,059,160

Where is the fairness?

Chains equal +/- 60% packaged liquor license sales but pay 18% of Liquor License Fees – is this a true Risk Based Assessment?

Glaring Anomalies

- Stores wishing to trade between 7am and 9am are considered "high risk" and must pay an additional \$4,770 (\$1,590 + \$4,770 = \$6,360) to trade during this time. This also includes stores in holiday areas trading on Good Friday and Christmas day (was \$695.40).
- Large outlets such as Dan Murphy (Woolworths) and 1st Choice (Coles) with sales of approximately \$200k plus per week will pay the same fee as an independent store with sales of \$20k per week
- Hotels with large drive-through bottleshops pay a license fee of \$795.00 to trade till 11pm
- Woolworths own 75 BWS drive-through bottleshops (all large and big volume) – they only pay \$795.00 to trade till 11.00pm and on Christmas Day and Good Friday and pay an additional \$1,590 to trade till 1.00am.
- Dan Murphy "Big Box stores" in Aplington, East Malvern, Rowville, Ringwood and Burwood trade under a General (Hotel) Liquor License – approx sales per week \$250k. As part of a General Hotel Liquor License they pay a \$795.00 packaged liquor license fee.

- When speaking of RISK Based Fees, drive-through bottleshops outlets are potentially high risk outlets known to attract a large proportion of 18 to 25 year olds.
- Drive-through bottleshops brands have significantly lifted their promotion and marketing budgets to stimulate a packaged liquor sales response from passing traffic – why are they not considered as packaged liquor outlets?

Our Industry Issues With the Increase in Liquor License Fees

- Unfairness and inequity
- Affordability
- Total disregard for small business concerns
- Lack of consultation

Solutions

- Liquor Licensing Fee anomalies must be addressed.
- Chain Stores (and box stores) must pay their fair share.
- Hotel drive-through bottleshops must be considered as retail packaged liquor sales.
- A more equitable Packaged Liquor License Fee structure must be sought.
- A reduction in fees for retailers adopting trading hours that are considered "less at risk" – example 7.00am to 9.00pm, particularly for independent supermarkets and liquor retailers not wishing to trade after 9.00pm.

Questions

Why do small independent liquor retailers pay the same packaged liquor license fees as the large and dominant Big Box stores such as Dan Murphy and 1st Choice?

Why are large hotels with high volume drive-through bottleshops included under one General Hotel Liquor license. The drive-through bottleshops should be recognised as a second liquor license and classified as a packaged liquor retail outlet.

Why are hotel drive-through bottleshops allocated favourable and anti competitive trading hours compared with packaged liquor retail outlets?

Example - The Anglesea Hotel is able to open its drive-through bottleshops 7 days a week until 1.00am and open on Good Friday and Christmas Day for a total fee of \$2,385 compared with the IGA licensed supermarket, which is able to trade between 9am and 11pm and must apply for three separate variations to its license (extended hours, Good Friday and Christmas Day) for a total fee of \$6,360.00 – is this anti competitive and unjust?