

### **A COST EFFECTIVENESS ANALYSIS OF ALCOHOL PREVENTION TARGETING LICENSED PREMISES.**

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**Månsdotter, Rydberg, Wallin, Lindholm & Andréasson, (2007).**

Plain English summary and implications for police prepared by Roger Nicholas.

#### **Aims and Methodology**

The study aimed to calculate the cost effectiveness of a program targeting licensed premises in Stockholm, Sweden. The program involved: mobilising the local community to increase their awareness of alcohol-related problems; the delivery of a two day responsible beverage service (RBS) program; and, strengthening the enforcement of liquor laws.

As part of the process of calculating the cost effectiveness of the program, the researchers conducted a survey of victims of violent crimes. They also used data from the National Police Board and from judicial, correctional and health authorities. These data were then used to calculate the financial cost of violent incidents. Included in this calculation were: costs to the law enforcement, judicial and correctional systems; victim productivity costs (sick leave taken and other health problems related to the crimes); health care costs; and, the loss of personal belongings. The total cost savings that were made as a result of program implementation were calculated by multiplying the total costs of each violent incident by the number of violent incidents that were prevented as a result of the program. The cost of implementing the program was calculated and this was then compared with the savings that emanated from the program.

#### **Key findings:**

- A previous evaluation of this program found that it led to a 29% reduction in violent incidents reported to the police, which had occurred between 10.00pm and 6.00am<sup>1</sup>. This represented the time period during which the largest proportion of violent assaults occurred in Stockholm.
- Some caution is necessary in the interpretation of these findings due to some of the assumptions made by the researchers, as well as a relatively low response rate (35%) from the survey involving victims of violent crime.
- The calculation of program implementation costs included factors such as program administration, the costs of holding community meetings, the costs associated with providing the RBS program and the costs of law enforcement activities. The total cost of implementation was calculated to be approximately EUR800,000 (\$AUS1.28 million).
- The average cost of violent crimes was calculated to be approximately EUR19,000 (\$AUS30,400) per incident. The researchers calculated that each violent assault cost EUR20,145 (\$AUS 32,200).
- The estimated savings from the program (costs per violent incident multiplied by the estimated 3009 violent incidents prevented as a result of the program) was EUR31.3million (\$AUS

<sup>1</sup> Wallin E, Norström T, Andréasson S. (2003) Alcohol prevention targeting licensed premises: a study of effects on violence. *J Stud Alcohol*. 2003 Mar; 64(2):270-7.

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52,000,000). This represents a cost/benefit ratio of 1:39. In other words, for every dollar spent on preventing problems associated with licensed premises, 39 dollars were saved.

- Seventy eight percent of the savings were in the criminal justice system. Of these criminal justice system savings, approximately: 83% accrued in the correctional system; 13% were associated with reduced policing activity; 3% were associated with savings made in the courts system; and, 0.5% were associated with reduced public prosecution costs.
- Reductions in loss of victim productivity accounted for 15% of the overall savings, health care issues for (5%) and other damages (2%).

## **Implications for law enforcement**

The benefits of enhancing the enforcement of liquor licensing and other laws that impact upon licensed premises have been well established. The 29% reduction in violent offences between 10.00pm and 6.00am that was found in the initial evaluation of this project represents sufficient justification for the approach that was used. This new research reinforces the earlier findings and provides a compelling argument for the application of additional resources, at a governmental level, to problems associated with licensed premises.

A whole of government approach to this problem is required because, as was highlighted in this research, the majority of cost savings that accrued as a result of reducing problems associated with licensed premises were in the judicial/correctional system. Those working in this system do not necessarily have the capacity to proactively influence behaviour on licensed premises. From a whole of government service provision perspective, it is an excellent example of how upstream activity (by police and liquor licensing authorities) can prevent down stream costs in another arm of government.

As was mentioned earlier, the data does need to be interpreted with some caution. Nevertheless, the findings of the researchers were broadly similar to those of a similar study in Michigan that reported cost savings of 1:45 as a result of strengthened alcohol law enforcement<sup>2</sup>.

There may be benefit in replicating this research in the Australian context to demonstrate the extent to which the degree and profile of cost savings is similar.

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<sup>2</sup> Levy, D., & Miller, T. (1995). A cost benefit analysis of enforcement to reduce serving intoxicated persons. *Journal of Studies on Alcohol*. 56: 240-247.

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