



Restaurant
& Catering

Liquor licensing discussion paper

Attorney-General's Department

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RESTAURANT & CATERING AUSTRALIA

Restaurant & Catering Australia (R&CA) is the national industry association representing the interests of 35,000 restaurants, cafes and catering businesses across Australia. R&CA delivers tangible outcomes to small businesses within the hospitality industry by influencing the policy decisions and regulations that impact the sector's operating environment.

R&CA is committed to ensuring the industry is recognised as one of excellence, professionalism, profitability and sustainability. This includes advocating the broader social and economic contribution of the sector to industry and government stakeholders, as well as highlighting the value of the restaurant experience to the public.



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EXECUTIVE SUMMARY

Restaurant & Catering Australia (R&CA) welcomes the opportunity to provide comment to the South Australian Government's *Liquor licensing discussion paper*. South Australia's \$17 billion food and wine industry is a significant economic driver for the state. Cafes, restaurants and catering businesses are important contributors to this industry, employing 14,900 people and delivering \$856 million to state Gross Value Added. R&CA recognises the need to promote a responsible and vibrant hospitality industry for the betterment of the South Australian economy.

The liquor licensing framework in South Australia is complex and often difficult to navigate for small to medium-sized enterprises. Duplicated processes across multiple layers of government can often create unnecessary administrative burden, confusion and time delays for operators.

The South Australian Government has already made significant in-roads in reducing red tape associated with liquor licensing, including relaxed provisions on drinking while standing outside pubs and clubs, a simplified application process for stallholders at festivals, as well as removing the consent requirement for entertainment between 11am and midnight. These changes reduce red tape for operators and encourage greater vibrancy within hospitality precincts in the state.

In addressing the *Liquor licensing discussion paper*, R&CA believes the objectives of the Act remain relevant, with merit existing to retain a liquor licence category that recognises the low-risk nature of restaurant and café operators. R&CA is opposed to any introduction of lock-outs or a risk-based licensing scheme that fails to recognise the low-risk profile of these establishments or sees significant increases in fees paid by operators. Furthermore, R&CA would not support the ability of local councils to apply further dry areas in their municipality without consent from the Commissioner or extensive consultation with affected operators.

In addition, R&CA would support the extension of small venue licenses to other precincts in South Australia as a mechanism for urban renewal and precinct activation. Removing the requirement to apply separately for an extension of trading hours would also assist operators who may seek to take advantage of increased patronage during the warmer months.

Finally, R&CA would encourage the establishment of a Red Tape Reduction Panel consisting of the state's leading industry associations to identify and address key bottlenecks identified through this consultation process.

STATE OF THE INDUSTRY

SIZE AND VALUE OF THE SECTOR

The hospitality sector makes a vital contribution to the South Australian economy. There are 2,200 café, restaurant and catering businesses operating in South Australia, employing 14,900 people¹. These businesses are small businesses, with 92 per cent of these businesses employing 19 employees or less.

The discussion paper appropriately identified the significance of the food and wine industry to the South Australian economy, contributing \$17 billion and accounting for 40 per cent of the state's merchandise exports. In addition, café, restaurant and takeaway businesses contribute \$856 million in Gross Value Added (GVA) to the state, of which \$243 million is directly attributed to the tourism industry².

Restaurants and cafes are also the largest contributors to the state's night-time economy (NTE). Night-time activities activate precincts, encourage extended visitation and increase expenditure in the local community. Research indicates the NTE contributes approximately \$1 billion to the Adelaide Local Government Area (LGA) alone, with restaurants and food businesses generating approximately 59.4 per cent of NTE sales revenue, equating to approximately \$603 million in receipts³.

Supporting the café and restaurant industry is necessary for the economic development and employment prosperity of the state.

INDUSTRY TURNOVER

The SA café, restaurant and catering industry continues to experience softer trading conditions as a result of reduced consumer confidence and economic activity. While the sector saw a 2.1 per cent increase in turnover for the month of November 2015, Year Ending results saw a 5.1 per cent decline in industry turnover to \$1.0 billion, the second largest decline in turnover of all states and territories bar Tasmania⁴.

While industry data suggests people continue to dine out as frequently each month (2.6 times per month), average spend continues to decline. The average spend in non-upmarket restaurants decreased from \$33.5 to \$32.8 in May 2015, with the average spend in cafes down from \$20.6 to \$19.9⁵. Interestingly, the

¹ Bugseye Consulting for R&CA (2015) *Employment & Business Count Analysis of the Café, Restaurant & Catering Sector*, July 2015

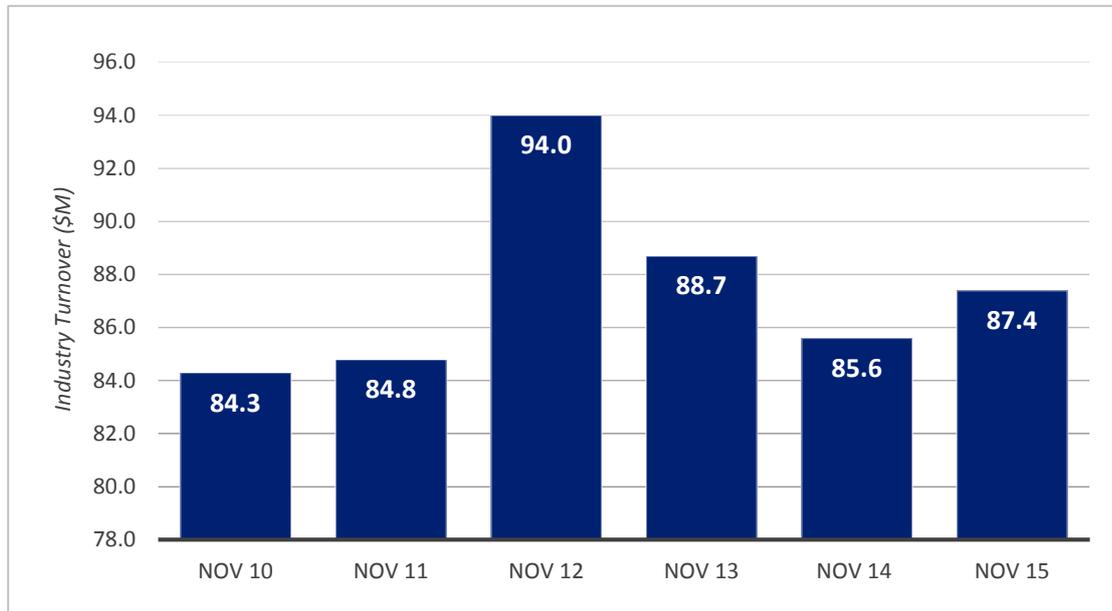
² Tourism Research Australia (2015) *State Tourism Satellite Accounts 2013-14*

³ TBR (2013) *The Australian Night Time Economy & the NTE Economic Performance of Key LGAs 2009 to 2013*, p41 & 50

⁴ Australian Bureau of Statistics (ABS) *8501.0 Retail trade, Australia. State by Industry Subgroup, Original*

⁵ Food Industry Foresight, *Dining Out Data - May 2015*, p17

Figure 1: SA Café, Restaurant & Catering Turnover – Month of November 2010 to 2015



categories that showed signs of growth included pubs, clubs, wine bars and fast food chains, with the average spend across the fast food category increasing from \$13.0 to \$15.0. This suggests a movement towards more cost-effective meal options.

Furthermore, alcohol consumption patterns in Australia are changing dramatically, with Australians consuming less alcohol than ever before⁶. Fifty years ago beer represented three quarters of all alcohol consumed - now it represents only 41 per cent. Over the past decade mid strength beer and cider have grown in popularity, now representing 19 per cent and 2 per cent of consumption respectively. Wine has also increased its share of consumption over the same period increasing from 12 per cent to 38 per cent.

As consumer dining tastes and preferences change, so too will industry practices and norms surrounding the sale and supply of alcohol in licensed establishments.

⁶ ABS (2015) 4307.0.55.001 - Apparent Consumption of Alcohol, Australia, 2013-14

AN EVALUATION OF LIQUOR LICENSE COMPLIANCE ACTIVITIES

In 2015, R&CA included a series of questions relating to liquor licensing laws in its Industry Benchmarking Survey. A majority of the states including NSW, QLD, and WA have undergone significant reform of their respective liquor acts, introducing new requirements and fees for on-premise liquor licenses. R&CA sought to gauge industry sentiment regarding current liquor licensing requirements in each state and the impact on hospitality businesses. A summary of both national and state-specific results are listed below.

Overall, a majority of SA respondents indicated that liquor license compliance activities were either ‘fair’ or ‘extremely fair’. However, the state did receive above average ‘burdensome’ ratings in terms of the complexity, cost, trading restrictions and compliance activities of inspectors. However, the state rated lower in terms of these elements being considered ‘extremely burdensome’ by operators.

Table 1: Average rating of liquor license compliance activities

	Extremely fair	Fair	Neutral	Burdensome	Extremely Burdensome
Complexity	4.7%	35.2%	28.2%	21.5%	29.9%
License Fees - cost	6.1%	41.1%	25.3%	17.5%	26.3%
Compliance activities of inspectors	8.4%	43.6%	32.1%	8.1%	11.8%
Reducing alcohol-related violence	11.4%	47.5%	27.9%	4.7%	8.1%
Trading restrictions/lock-outs (if applicable)	10.2%	35.0%	26.2%	9.5%	14.6%

Table 2: Average SA rating of liquor license compliance activities

	Extremely fair	Fair	Neutral	Burdensome	Extremely Burdensome
Complexity	2.2%	45.7%	27.7%	21.7%	8.7%
License Fees - cost	4.4%	46.7%	17.8%	24.4%	6.7%
Compliance activities of inspectors	2.2%	50.0%	32.6%	10.9%	4.35%
Reducing alcohol-related violence	4.4%	50.0%	34.8%	8.7%	0.0%
Trading restrictions/lock-outs (if applicable)	6.5%	23.9%	38.0%	15.2%	8.7%

LIQUOR LICENSING IN SOUTH AUSTRALIA

As the representative of the largest group of licence holders in the state, R&CA seeks to ensure the system remains equitable, easy to navigate, and encourages a responsible drinking culture. R&CA has summarised its key points for discussion below:

REDUCING RED TAPE

While R&CA's Industry Benchmarking Report revealed a majority of operators believed the state's liquor licensing system to be 'fair', reducing red tape associated with liquor licensing should remain a priority of government. In particular, the duplicate and sometimes differing requirements between state and local governments causes considerable confusion and time delays for operators.

The recent establishment of the pre-lodgement service for small licenced venues by the Department of Consumer and Business Services (CBS) and the Adelaide City Council is an excellent initiative that streamlines the application process and supports business owners looking to establish unconventional business models. The program is an innovative solution to reducing red tape. R&CA would support the extension of this service to other licence categories and municipalities.

Further, community consultation required as part of the application process and local planning approvals creates two separate instances where a license can be delayed or contested. Streamlining the process would help ensure applications are not unduly delayed through duplicated processes.

Liquor licence categories

While R&CA is not opposed to the simplification of licence classes in the state, the association seeks to ensure licence categories appropriately recognise differences in trade practices and risk profiles of licensed venues. Café, restaurants and caterers should be considered low-risk venues, given a majority of these operators rarely trade past midnight. Further, research indicates that venues which serve substantial meals pose a lower risk than venues that serve snacks or no food, as food plays a significant role in reducing the impact and effects of alcohol⁷. Therefore, R&CA would not wish to see additional levels of compliance enforced on restaurants or cafes as a result of the restaurant licence being merged with higher-risk licences (hotel or club licence for example). The WA Government recently sought to recognise the distinction between high and low-risk venues through its review of the *Liquor Control Act 1988*.

⁷ Green, J & Plant, MA (2007) 'Bar bars: A review of risk factors', *Journal of Substance Use*, Vol. 12, Issue 3, pp. 157–189.

Further, the simplification of licence categories should also consider the risk profiles of certain business models and events. For example, the limited licence category currently applies to any temporary event. Where events exceed a certain capacity (500 or more patrons) additional risk management measures should be required to better align with the level of compliance expected of other licence types. Large events should be staffed by RSA marshals and servers that hold RSA certificates to ensure these individuals have the appropriate training to minimise and mitigate the potential instances of intoxication.

Dry areas

R&CA believes local councils should not have the ability to declare short-term dry areas without the appropriate consent from the Commissioner or Minister, given the impact this can have on the operation of a small bar or restaurant. This is particularly relevant for operators that have outdoor dining/drinking areas which they rely on to generate sales income, and represent a substantial component of their overheads.

A SAFER DRINKING CULTURE

R&CA recognises the government's objective in minimising alcohol-related harm to the community through measured regulation. The industry remains committed to working with government to ensure patrons consume alcohol safely and responsibly. R&CA has previously stated that restaurant and café businesses can be part of the solution, as the provision of substantial meals can minimise intoxication. Further, ensuring a vibrant café and restaurant culture can encourage alternative forms of leisure activities later at night.

Lock-outs and last drinks

R&CA believes that extensive consultation must occur with industry prior to the implementation of mandatory lock-out laws or last drinks policies in particular precincts. The lack of consultation in other states caused considerable angst and costs for hospitality businesses. Moreover, consideration was not given to activation strategies that would encourage patrons to re-visit these precincts, resulting in a loss of trade and foot-traffic.

Further, harm minimisation tactics must recognise the varying levels of risk associated with each licence type, and penalties should be measured in their severity for both individuals and operators found to have committed an offence.

VIBRANCY

Objectives of the Act

R&CA believes the current objectives of the Act appropriately balance the interests of the community, industry and government in the sale and consumption of alcohol. While ensuring a responsible and compliant industry is paramount, the association would not wish to see any departure from the current objectives of the Act. In particular, recognition of the interests of tourism, live music, and hospitality industry should be maintained. Removal of this objective from the Act frames the purpose of legislation solely around harm minimisation, failing to recognise a majority of the population consumes alcohol responsibly. Attempts to remove similar objectives in other states has been met with opposition from the tourism and hospitality sector.

Licence fees

R&CA believes the current annual liquor licence fee regime appropriately balances the cost of compliance and risk associated with café and restaurant businesses trading in South Australia. R&CA would not support a risk-based licensing scheme that imposed significant fee increases or compliance activities for low-risk establishments such as restaurants, as has occurred in other states.

For example, legislative changes in New South Wales saw the introduction of a \$400 base fee then a \$2,500 fee for licensees choosing to operate between 12am - 1.30am. This is a substantial impost to small restaurateurs that may only use their extended trading authorisation to take advantage of increased patronage during the warmer months or Christmas trading period. R&CA would not wish to see a similar fee structure introduced in South Australia, which significantly reduces the flexibility and viability of small restaurant operators who may occasionally choose to trade past midnight, but cease trading prior to 2am.

Small venue licences

R&CA supports small venue licences being made available in other locations. Such licences can activate desolate precincts, improving the amenity and dining culture of emerging destinations. R&CA does believe, however, their introduction should be controlled and measured so as not to adversely impact businesses currently in operation.

Entertainment consent

R&CA strongly supports the removal of a separate consent being required for the provision of entertainment or live music in licensed venues. This amendment represents a significant reduction in red tape that has the capacity to facilitate the growth of the live music scene in state. Live music contributes \$263.7 million to the SA economy⁸, with food and drink playing an integral part in these experiences.

CONCLUSION

R&CA welcomes the opportunity to provide comment to the *Liquor licensing discussion paper*. Cafes, restaurants and caterers are an integral part of the hospitality industry in South Australia, making a significant contribution to the social and economic fabric of the state.

R&CA applauds the SA Government in its attempts to streamline and reduce red tape associated with liquor licensing, including the removal of duplicated processes that exist between state and local governments. R&CA supports the consolidation of license categories in principle, so long as restaurant licences continue to be recognised as low-risk avenues and are not subject to additional levels of compliance. R&CA is opposed to any introduction of lock-outs or a risk-based licensing scheme that fails to recognise the low-risk nature of these establishments or sees increased fees paid by operators.

Further, R&CA would support the extension of small venue licenses to other precincts in South Australia as a mechanism for urban renewal and precinct activation. Improving the ability of operators to provide live music and entertainment and removing the requirement to apply separately for an extension of trading hours will assist operators seeking to take advantage of increased patronage during the warmer months.

In light of the issues raised in the discussion paper and highlighted above, R&CA recommends the establishment of a Red Tape Reduction Panel as was implemented in QLD to address duplicative and burdensome red tape affecting the hospitality industry.

⁸ The Economic & Cultural Value of Live Music in Australia 2014, p.42

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