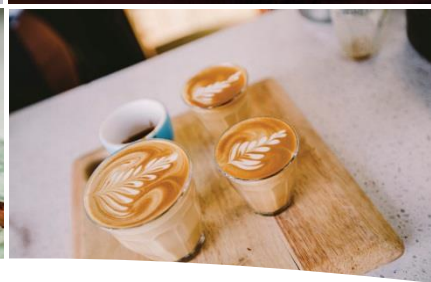


**Submission
No 265**

**INQUIRY INTO THE MUSIC AND ARTS ECONOMY IN
NEW SOUTH WALES**

Organisation: Restaurant and Catering Australia

Date received: 28 February 2018



Restaurant
& Catering

Inquiry into the music and arts economy in NSW

R&CA Submission

February 2018

RESTAURANT & CATERING AUSTRALIA

Restaurant & Catering Australia (R&CA) is the national industry association representing the interests of over 40,000 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.

Cover images courtesy of Tourism Australia:

Top (left corner): Aqua Dining Restaurant, Milsons Point, Sydney, Anson Smart.

Top (right corner): Hutchings Camps Pty Ltd, Paperbark Camp, Jervis Bay, NSW.

Middle (centre): Pretty Beach House, Bouddi Peninsula, NSW, Anson Smart.

Middle (top): Cruise Bar, The Rocks, Sydney, NSW, Anson Smart.

Middle (bottom): Tourism Australia, Hunter Valley, SDP Media.

Bottom (right corner): Tourism Australia, Balmoral Beach, Sydney, NSW, Ellenor Argyropou.

Bottom (left corner): Tourism Australia, Byron Beach Café, Byron Bay, NSW, Hugh Stewart.



Restaurant
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INTRODUCTION

R&CA appreciates the opportunity to provide comment on the New South Wales (NSW) Legislative Council's Inquiry into the music and arts economy in NSW. R&CA strongly welcomes the objectives of this Inquiry as articulated within the Terms of Reference and its explicit focus on improving the diversity and vibrancy of the State's music and arts culture. In its previous representations to NSW Government, R&CA has consistently emphasised the role played by the state's café and restaurant sector in supporting the NSW night-time economy through the promotion of low-risk, alternative leisure activities and its contribution to creative industries such as the music and arts sector.

R&CA argues that the NSW Government should pursue policies which encourage small businesses such as those in the café and restaurant sector to open later into the evening to support the diversity and vibrancy of the State's music and arts culture. This is because the evenings, especially those occurring on the weekend, are the most conducive timeframes for these businesses to offer additional music and cultural events and activities. As such, many of the policy recommendations contained within this submission are aimed at incentivising café and restaurant businesses opening for longer hours into the evening and removing barriers preventing them from doing so. R&CA argues that the desired outcome of a flourishing music and arts culture sustained by growth in the State's night-time economy cannot be achieved without strongly considering reforms in liquor licensing and red tape reduction to small businesses.

SUMMARY OF POLICY RECOMMENDATIONS

R&CA's specific policy recommendations which are elaborated on within this submission can be summarised as follows:

NIGHT-TIME ECONOMY ROUNDTABLE

1. That the NSW Government continue with its implementation of the action points as outlined within the response to the Sydney Night-Time Economy Roundtable in December 2016; and
2. Expanding the recently piloted Outdoor Dining Policy from the NSW Small Business Commissioner's Office across the state.

LIQUOR LICENSING

3. That the structure and design of NSW's liquor licensing system explicitly recognise the low-risk nature of café and restaurant businesses where the predominant business focus is the provision of food rather than the provision of alcohol; and
4. Reduce the costs involved in applying for and renewing an on-premises liquor licence from the current \$700.00 fee to \$350.00 in line with what is paid for a small bar licence and comparable licence fees across other Australian jurisdictions.

RED TAPE REDUCTION

5. That a single regulator be established dealing with issues related to noise complaints and disturbances;
6. Removing the Community Impact Statement (CIS) requirement for low-risk cafés and restaurants when applying for an Extended Trading Authorisation;
7. Removing the red tape requirement for catering companies to notify local police a minimum of 14 days before hosting an event with alcohol; and
8. That the requirement for licensed cafés and restaurants in the King Cross precinct to record quarterly alcohol sales data be removed.

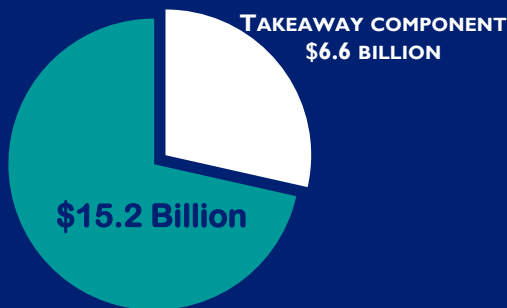
ADOPTING MEASURES FROM OTHER JURISDICTIONS

9. That the NSW Government consider the appointment of a dedicated, full-time night-time economy Commissioner whose responsibilities include revitalising the state's music and arts economy in line with other jurisdictions around the world.

INDUSTRY SNAPSHOT: CAFÉ, RESTAURANT AND CATERING SECTOR

THE SECTOR CONTRIBUTES

\$15.2 BILLION TO THE NSW STATE ECONOMY



DOMESTIC TOURISTS SPENT **\$10 BILLION** ON RESTAURANT MEALS FOR YEAR ENDING JUNE 2017.

YOY GROWTH OF **10.2%** IS THE HIGHEST OUT OF ANY LISTED SUBCATEGORY.



THE SECTOR CURRENTLY EMPLOYS

192,400 WORKERS IN NSW

31,000 MORE POSITIONS TO BE ADDED OVER THE NEXT 5 YEARS



15,646

CAFÉS, RESTAURANTS & CATERING BUSINESSES IN NEW SOUTH WALES.

93.8% ARE SMALL BUSINESSES WITH ≤19 EMPLOYEES



EMPLOYMENT GROWTH IS PROJECTED AT 14.9% OR 84,100 JOBS BY MAY 2022.

THIS RATE OF GROWTH IS HIGHER THAN ANY OTHER SUB-SECTOR IN THE AUSTRALIAN ECONOMY.

OVERVIEW OF CAFÉ, RESTAURANT AND CATERING SECTOR

SIZE AND VALUE

The hospitality sector, including cafés, restaurants and catering businesses, makes a significant contribution to the NSW economy. Total industry turnover for the sector in NSW, including turnover generated from takeaway sales, amounted to \$15.2 billion for the year ending December 2017.¹ The turnover recorded in NSW accounted for 34.4 per cent of industry turnover Australia-wide.² As of June 2017, there were just over 14,282 cafés and restaurants operating in NSW which grew 4.5 per cent over the 2016-17 financial year.³ Of these businesses, over 94 per cent are small businesses with 19 or less employees.⁴ Cafés and restaurants in NSW accounted for 34.5 per cent of all cafés and restaurants across Australia.⁵

Figure 1: Turnover in the Café, Restaurant & Catering Industry

Turnover in the Café, Restaurant & Catering Industry							
State	Sector	Month of December			Year Ending December		
		Dec 16 (\$M)	Dec 17 (\$M)	% Change MoM	Dec 16 (\$M)	Dec 17 (\$M)	% Change YoY
NSW	Café, Restaurant & Catering Services	780.6	853.6	9.4%	8203.9	8572.3	4.5%
	Café, Restaurant & Takeaway Services	1408.2	1461.4	3.8%	14565.6	15205.3	4.4%
VIC	Café, Restaurant & Catering Services	594.6	628.3	5.7%	6158.3	6553.9	6.4%
	Café, Restaurant & Takeaway Services	961.8	1008.1	4.8%	1000.7	10472.6	4.7%
QLD	Café, Restaurant & Catering Services	472.8	438.0	-7.4%	4978.7	4840.9	-2.8%
	Café, Restaurant & Takeaway Services	822.5	785.5	-4.5%	8742.2	8551.7	-2.2%
SA	Café, Restaurant & Catering Services	103.2	133.0	28.9%	1151.8	1385.7	20.3%
	Café, Restaurant & Takeaway Services	207.4	241.5	16.4%	2228.2	2482.2	11.4%
WA	Café, Restaurant & Catering Services	301.5	322.1	6.8%	3320.1	3515.8	5.9%
	Café, Restaurant & Takeaway Services	476.8	512.3	7.4%	5184.0	5579.3	7.6%
TAS	Café, Restaurant & Catering Services	29.4	31.9	8.5%	306.7	331.4	8.1%
	Café, Restaurant & Takeaway Services	61.0	64.5	5.7%	624.3	681.4	9.1%
NT	Café, Restaurant & Catering Services	20.5	19.4	-5.4%	234.4	245.7	4.8%
	Café, Restaurant & Takeaway Services	41.3	38.1	-7.7%	477.6	464.2	-2.8%
ACT	Café, Restaurant & Catering Services	42.5	39.6	-6.8%	502.5	492.9	-1.9%
	Café, Restaurant & Takeaway Services	68.3	63.6	-6.9%	787.5	787.2	0.0%
Total	Café, Restaurant & Catering Services	2345.1	2465.9	5.2%	24855.9	25938.5	4.4%
	Café, Restaurant & Takeaway Services	4047.3	4174.9	3.2%	42609.7	44223.9	3.8%

Source: ABS 8501.0 Retail Trade, Australia; State by Industry Subgroup, Original.

The significant growth recorded in the number of cafés and restaurants in NSW is a reflection of increased popularity of dining out as a leisure activity amongst consumers. Dining out at cafés and restaurants is consistently ranked as one of the most popular activities for domestic and international

¹ Australian Bureau of Statistics (ABS) (2017) 8501.0 - Retail Trade, Australia, Dec 2017.

² Ibid.

³ Australian Bureau of Statistics (ABS) 2017 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2017.

⁴ Ibid.

⁵ Ibid.

tourists. In 2016, 23.4 per cent of Australian holidaymakers identified dining out and drinking wine at cafés and restaurants as their most popular activity whilst on holiday which was second only to visiting friends and family.⁶

⁶ Roy Morgan Research (2016) *Gourmet Tasmania or beachy Queensland? Our most popular holiday activities by state*, Press Release, Finding No. 7043, November 9.

ROLE OF CAFÉ AND RESTAURANT SECTOR IN MUSIC AND ARTS ECONOMY

Restaurants and cafés provide low-risk alternative evening leisure activities which in turn appeals to our key international source markets including China, the United Kingdom and United States. The provision of these experiences is important in growing international visitation, which in turn supports growth and expenditure in the local economy. According to the latest available data from Tourism Research Australia, NSW attracted 4.1 million international visitors in the year ending September 2017, representing growth of 7 per cent.⁷ Collectively, international visitors spent \$10.4 billion in NSW over the same time period.⁸

DEVELOPMENT OF SYDNEY NIGHT-TIME ECONOMY ROUNDTABLE

R&CA was an active stakeholder in contributing to the development of the Sydney Night-Time Economy Roundtable and supports the NSW Government's response delivered in December 2016. R&CA particularly supports Action 6.4 as outlined within the response, that the NSW Government *'work with stakeholders to promote the activation of street frontages and look at improving processes to make it easier for places to be activated through outdoor dining and/or public art'*.⁹ R&CA commends the work undertaken to date by the NSW Government in delivering on the stated action points and welcomes further opportunities for involvement as the industry association acting on behalf of the State's café, restaurant and catering sector. R&CA also urges the NSW Government to pursue options to simplify outdoor dining options for café and restaurant businesses including expanding the recently piloted Outdoor Dining Policy from the Small Business Commissioner's office across the state.

Recommendation

- That the NSW Government continue with its implementation of the action points as outlined within the response to the Sydney Night-Time Economy Roundtable in December 2016.
- Expanding the recently piloted Outdoor Dining Policy from the NSW Small Business Commissioner's Office across the state.

⁷ Tourism Research Australia (2017) *Results of the International Visitor Survey for year ending September 2017*.

⁸ Ibid.

⁹ NSW Government (2016) *NSW Government response to the Sydney Night-Time Economy Roundtable*, December, p.12.

POLICY RECOMMENDATIONS

Whilst the café and restaurant sector already plays a significant role in sustaining the music and arts economy in NSW, R&CA nevertheless believes that there is further scope for this role to be enhanced. To achieve this outcome, however, R&CA argues that it is necessary that the surrounding policy and regulatory environment be adjusted to encourage the café and restaurant sector's participation in the music and arts economy rather than inhibiting it. R&CA believes that this can be achieved by pursuing policy reform in the dual areas of liquor licensing and red tape whilst also adopting successful policies in other Australian and overseas jurisdictions to promote the night-time economy.

STRUCTURE AND DESIGN OF LIQUOR LICENSING SYSTEM

Reduction in Liquor Licensing Fees

R&CA argues that the present cost of an on-premises liquor licence provides a disincentive for cafés and restaurants to open later into the evening; a time-frame which is more conducive to offering more live music and cultural events. The current cost of applying for an on-premises licence in NSW is \$700.00.¹⁰ In comparison to other jurisdictions, NSW has the second highest liquor licensing fees for a café or restaurant business after Queensland. The applicable fee for a NSW café or restaurant business to obtain a liquor licence is significantly higher than in Victoria, where a restaurant and café licence only attracts a fee of \$461.30.¹¹ The table contained in Figure 3 below outlines the cost of relevant liquor licences for on-premises licences across all Australian states and territories.

Figure 3: Table of Liquor Licensing Fees across all Australian Jurisdictions (On-premise/Restaurant)

JURISDICTION	LIQUOR LICENCE TYPE	COST
New South Wales	On-premises	\$700.00
Victoria	Restaurant and café	\$461.30
Queensland	Commercial other (subsidiary on-premises) licence	\$1,342.00
South Australia	Restaurant	\$551.00
Western Australia	Restaurant	\$584.00
Tasmania	On-licence in respect of premises operating as a restaurant	\$620.00

¹⁰ Liquor & Gaming NSW (2018) *On-premises licence*.

¹¹ Victorian Commission for Gambling and Liquor Regulation (2017) *Liquor licensing fact sheet - Liquor licence fees*, December.

Australian Capital Territory	On licence (sub-class restaurant or café licence)	Various
Northern Territory	Liquor Licence	\$200.00

The cost of an on-premises licence in NSW is also significantly higher than other categories of liquor licences. For instance, the cost of a small bar licence in NSW is currently set at \$350.00.¹² Whilst R&CA is cognisant of the difference in capacity between a small bar and a restaurant, it nevertheless contends that risk profiles of these two licensed venue types are still significantly different. This is due to the fact that the primary business function of a restaurant is the provision of food rather than alcohol. Given the inherently low-risk profiles of restaurants and their importance in promoting alternative, evening leisure activities, R&CA argues that the cost of an on-premises licence for a café or restaurant should be set at \$350.00 in line with what is currently paid for a small bar licence. Implementing changes in the fee structure of NSW's liquor licence types is consistent with R&CA's previous recommendation of structuring and designing NSW's liquor licensing system in a way which recognises the low-risk nature of café and restaurant businesses.

Recommendation

- Reduce the costs involved in applying for and renewing an on-premises liquor licence from the current \$700.00 fee to \$350.00 in line with what is paid for a small bar licence and comparable licence fees across other Australian jurisdictions.

RED TAPE REDUCTION

R&CA argues that in order to fully maximise the participation of cafés and restaurants within the night-time economy and offer additional music and cultural events to patrons, it is necessary to reduce the burden of red tape. R&CA recognises the previous efforts of the NSW Government to reduce the red tape burden for cafés and restaurants in terms of offering live music, particularly with the removal of the requirements to have a Place of Public Entertainment (POPE) licence in 2009. In R&CA's view, there remain significant red tape burdens acting as a disincentive to cafés and restaurants opening for longer into the evening. R&CA contends that a sensible reduction in red tape

¹² Liquor & Gaming NSW (2018) *Small bar licence*.

will result in more licensed cafés and restaurants choosing to open later in the evening which is the most conducive timeframe to offer more music and cultural events.

Single Regulator Handling Noise Disturbance Complaints

In R&CA's view, the current regulatory system handling the issue of noise disturbance and complaints arising from music events is far too complex. At the moment, there are no clear avenues for dealing with noise disturbances and complaints with several separate entities dealing with these issues. R&CA believes that there is duplication in the issue of noise complaints across Local Councils, police and Liquor & Gaming NSW. R&CA argues that noise complaints and disturbances should all be dealt with under the same regulatory umbrella, rather than having a hodgepodge of separate entities. To achieve this, R&CA recommends that a single regulator be established for the express purpose of handling noise issues, including complaints and disturbances.

Recommendation

- That a single regulator be established dealing with issues related to noise complaints and disturbances.

Community Impact Statement Requirement

In R&CA's view, a key aspect of reducing red tape is allowing licensed cafés and restaurants the ability to open outside standard trading hours without the necessity of completing a Community Impact Statement. R&CA has previously raised this point in its submission to Liquor & Gaming NSW as part of the regulator's review into this requirement in July 2017.¹³ R&CA believes that the CIS requirement should be removed for cafés and restaurants given the low-risk profile of these businesses in comparison to other licensed venues and the minimal adverse impacts they have on the wider community. R&CA argues that cafés and restaurants should be encouraged to trade later rather than have burdens placed on the businesses who wish to do so. By structuring the regulatory environment in a way which encourages café and restaurant businesses to trade later, R&CA contends that this is contributing to the diversity and vibrancy of the State's nightlife.

¹³ Liquor & Gaming NSW (2017) *Evaluation of the Community Impact Statement requirement*.

Recommendation

- Removing the Community Impact Statement (CIS) requirement for low-risk cafés and restaurants when applying for an Extended Trading Authorisation

14-day Notification Period for Caterers

In addition to removing the requirement for licensed cafés and restaurants to complete a CIS when applying for an Extended Trading Authorisation, R&CA argues that there are also red tape requirements applying to catering companies which prevent their full participation in the night-time economy. Specifically, R&CA argues that the current requirement for caterers to notify police 14 days before holding an event with alcohol should be removed. R&CA believes that this requirement not only constitutes an unreasonable red tape burden on catering businesses but is also an inefficient use of police resources, given the fact that large catering companies can hold a large number of licensed events per year. R&CA stresses that this Inquiry recommend to the NSW Government to remove this burdensome regulation to enable caterers to more easily meet demand for evening events with alcohol.

Recommendation

- Removing the red tape requirement for catering companies to notify local police a minimum of 14 days before hosting an event with alcohol.

Alcohol Sales Data Requirements in Kings Cross Precinct

R&CA has also previously expressed in its submissions to Liquor & Gaming NSW that the current quarterly alcohol sales data requirements placed on licensed venues in the Kings Cross precinct is no longer necessary. A review of this requirement was conducted by the regulator in April last year however no public response to the submissions received has been issued almost 12 months after the closing date. R&CA's position on this issue remains unchanged. R&CA's view is that licensed cafes and restaurants in Kings Cross should also be exempt from having to provide alcohol sales data due to the significant strain and administrative burden that it places on these businesses. These cafes and restaurants are already subject to a myriad of other red tape measures to comply with government regulation and the requirement to provide quarterly alcohol sales data should be removed immediately to reduce the impact of this burden.

Recommendation

- That the requirement for licensed cafés and restaurants in the King Cross precinct to record quarterly alcohol sales data be removed.

POLICY AND LEGISLATION IN OTHER JURISDICTIONS

As contained in the Terms of Reference for this Inquiry, R&CA believes that other successfully implemented policies from both Australia and overseas could be applied to enhance the diversity and vibrancy of NSW's music and arts sector.

Appointment of Night-Time Economy Commissioner

R&CA argues that the vitality and diversity of the State's music and arts sectors as part of the night-time economy could be enhanced through the appointment of a dedicated, full-time night-time commissioner, similar to what has already been established in other jurisdictions around the world. Dedicated night-time commissioners have been appointed in a number of large European cities including Paris and Amsterdam.¹⁴ R&CA argues that a night-time Commissioner should have specific responsibility for ensuring greater participation amongst businesses such as cafés and restaurants in the music and arts economy to ensure that the diversity and vibrancy of these creative industries is further improved. R&CA also believes that the establishment of a night-time economy commissioner would also assist with the further implementation of the NSW Government's action plan responding to the Sydney Night-Time Economy Roundtable.

Recommendation

- That the NSW Government consider the appointment of a dedicated, full-time night-time economy Commissioner whose responsibilities include revitalising the state's music and arts economy in line with other jurisdictions around the world.

¹⁴ Matthews, S., *In support of night time economies*, NSW Department of Industry, https://www.lgnsw.org.au/files/imce-uploads/166/Suzie_Matthews_Wednesday_Night_Time_Economies.pdf

CONCLUSION

R&CA strongly supports the overarching objective of this Inquiry in sustaining a diverse and vibrant music and arts economy throughout NSW and believes that the café and restaurant sector has a critical role to play in achieving this outcome. As part of this process, R&CA argues that it is necessary to have a policy and regulatory environment which encourages, rather than inhibits, increased participation within the night-time economy and creative industries such as the music and arts sectors. To achieve this, R&CA believes strong consideration should be given to reducing red tape, particularly in relation to liquor licensing. In R&CA's view, the existing liquor licensing system should be structured and designed in a way which explicitly recognises the inherently low-risk nature of the café and restaurant sector in comparison to other licensed venues.

R&CA acknowledges the work already completed by the NSW Government in implementing its Night-Time Economy action items and in reducing red tape for business. However, R&CA believes that more progress is possible in addressing the red tape burden for small businesses such as cafés and restaurants to encourage them to open later into the evenings. This is a critical point for the success of the State's creative industries such as music and arts, as this is the timeframe most conducive to offering additional music events and cultural activities to patrons. Unless there is adequate consideration paid to red tape reduction and liquor licensing as part of this Inquiry, R&CA advises that the full potential of the night-time economy including the music and arts sector will not be reached.

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