

7 July 2021

Committee Secretary
Economics and Governance Committee
Parliament House
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**QUEENSLAND HOTELS ASSOCIATION SUBMISSION – Proposed Public Health and Other Legislation
(Further Extension of Expiring Provisions) Amendment Bill 2021**

The Queensland Hotels Association ('QHA') is the peak body representing the hotel and tourism accommodation industry in Queensland. Currently comprising of over 900 members, the QHA covers the state from beyond the tip of Cape York, to country pubs and throughout the coastal strip down to Coolangatta. These businesses are the employers of over 80,000 Queenslanders.

The QHA does NOT support the aspect of the Bill which extends until April 2022 the ability for cafés, restaurants, and small bars to sell takeaway alcohol.

The QHA understands the need for a head of power to ensure that there is the ability and flexibility to deal quickly with any future COVID-19 issues. In this context, the QHA supports during a COVID-shutdown period only to allow takeaway liquor to be sold by operators of licensed venues.

As the QHA have clearly articulated on previous occasions, both in submissions and at Parliamentary Committee Hearings, there is no community benefit to allow these license types to continue to sell takeaway alcohol. The reasons for this point of view are practical and obvious:

- **No community need nor grounds for extension outside of lockdown periods.** Queenslanders are well served already with bottleshops located at licensed premises and off site in shopping centres. Community Clubs can also sell takeaway liquor to Club Members. There currently are no issues relating to access and supply of takeaway liquor products in the community.
- **The extension is not consistent with Tackling Alcohol Fuelled Violence policy of the Queensland Government.** Restaurants and cafes have lower compliance requirements and harm minimisation protections. Restaurants and cafes are not required to have an Approved Manager for Liquor either on-site or reasonably available. An Approved Manager is required to have completed the mandatory Responsible Management of Licensed Venues training course, made an application to the Office of Liquor and Gaming Regulation for an Approved Managers Licence, and passed the 'fit and proper' person requirements to be granted a licence. Other concerns include the use of non-RSA trained delivery persons, access of liquor by minors; abuse of the quantity limits; and what constitutes food. Put simply, selling takeaway liquor requires higher standards because of the inherent risks which these licence types do not meet.

- **The further extension until April 2022 does not grow businesses or develop new jobs, it simply destroys one business to move it to another business.** Most likely the outcome will be the loss of jobs in the hotel industry, which will particularly impact small hotel businesses in regional locations.
- **There is no change needed as Restaurants and Cafes already can allow patrons to takeaway one open and one unopened bottle of wine after dining.** This aligns appropriately with the liquor licence type, risk and lower compliance obligations of these businesses.
- **It is the Hotel industry that needs support at this time as it is curtailed by restrictions that have not relented since September 2020 yet is asked to give up another revenue stream.** The further extension until April 2022 represent an inequitable relief measure which only assists those licence types (Restaurants, cafes and small bars) to the detriment of the hotel and club sectors. A more equitable support measure would have been to defer or reduce the annual liquor licence fees to assist all licensed businesses which are affected by COVID-19 trading restrictions – as this has not occurred it suggests that there really is no justification for further extension.

Background: Takeaway alcohol sales for off-premises consumption during COVID-19 by cafés, restaurants and bars

Cafés, restaurants and bars are not permitted under their respective liquor licence types to sell takeaway liquor. During COVID-19 pandemic there was temporary regulatory reform to enable this during the ‘shutdown’ period and the immediate recovery period..

Timeline:

- On 23 March 2020, the hospitality industry was ‘shut down’ for on-premise trading owing to COVID-19.
- From 16 May 2020, Stage 1 permitted 10 people on premise for dining in and 20 people in defined ‘outback’ areas.
- From 12 June 2020, Stage 2 permitted 20 people on premise for dining in and 50 people in defined ‘outback’ areas.
- From 3 July 2020, Stage 3 permitted 100 people on premise for dining in.

Since 3 July 2020, cafés, restaurants and bars were essentially back to full on-premise trading. Capacity restrictions were imposed on hotels as 1 patron per 4sqm whilst “smaller hospitality venues” were allowed 1 patron per 2 sqm. In practical terms, for all restaurants and cafes, this meant business as usual returned since July.

The temporary amendments and objective

Amendments to the *Liquor Act 1992* (Qld) were introduced to support cafes, restaurants, pubs and clubs who have had to *restrict their operations as a result of COVID pandemic and restrictions placed upon them by the Queensland Government*.

Amendments to Part 10A of the Act – Takeaway liquor authorities for COVID-19 emergency response, aimed to:

- (a) to support the ongoing viability of businesses operated in licensed premises that have been disrupted by the COVID-19 emergency.*

(b) to reduce the risk of harm relating to the COVID-19 emergency to persons residing in restricted areas.

Obviously, hotels always had the ability to sell takeaway alcohol liquor to the public, and Community Clubs can sell takeaway liquor to their members, reciprocal members and guests, as such this amendment only supported one section of the hospitality industry at the expense of those that have spent years trying to establish and grow their businesses whilst complying with state government regulations.

The QHA argues that the disruption to on-premise trading for cafés and restaurants ceased when venues were able to resume substantial on-premise trading from Stage 3, and there is no ongoing rationale for continuing the current temporary exemptions to sell takeaway alcohol.

The only part of the hospitality sector that has been forced to “give away” revenue is the hotel industry. The sale of takeaway liquor is an integral part of the commercial hotel liquor licence and one which has been paid for by investing in that licence and meeting the compliance and harm minimisation requirements.

QHA Feedback

QHA member feedback has provided the following issues and concerns regarding any extension or permanence of the temporary reforms to allow cafés, restaurants and bars to sell takeaway alcohol:

- ***To allow all license types to sell takeaway alcohol does not grow the industry***

Allowing one small business type, (cafés, restaurants and bars), to continue to sell takeaway liquor in contravention of their liquor licence entitlements is detrimental to small hotel businesses. This represents a transfer of trade to the detriment of small hotels and Community Clubs and does not support a strong, profitable and competitive business environment, but rather simply cannibalizes the market. It hinders the business recovery and growth of small hotels and clubs who have invested in the appropriate liquor licence type and the required facilities which underpin the entitlement to sell takeaway alcohol.

This situation is exacerbated in smaller regional and rural settings. Hotels that service these areas often are small businesses themselves and have had their retail trade damaged as the temporary amendments have led to their retail trade being eroded by other hospitality businesses.

A typical example is in Charleville:

Two hotels in Charleville operate part-time each week as they do not currently have enough trade. They do operate takeaway liquor from these premises in those times they are permitted to do so. The issue is that there are 3 restaurants, other cafes and at least two community clubs that under this proposal will all now compete with struggling regional businesses.

There is a higher capital investment for establishing hotel businesses including higher annual liquor licence fees, the requirement to have at least two of the following: commercial kitchen, functions facilities and/or accommodation. The investment is predicated on the licence entitlement to sell takeaway alcohol ‘as above’. Further, these venues generally have higher costs than cafés and restaurants to maintain facilities; higher debt ratios; higher costs and fees; and therefore, have experienced a higher proportionate loss over the COVID shutdown period.

- ***Not the principal activity of café, restaurant or bar liquor licences nor their core business***

The sale of takeaway alcohol is currently not allowed under a café, restaurant or bar liquor licence. Further, the sale of alcohol for on-premise consumption is required to be ancillary aspect of their business model.

Cafés and restaurants hold a *Commercial subsidiary on-premises liquor licence* which entitles the sale of alcohol for on-premise consumption only and as a secondary function of the business. Restaurant licensees must provide meals or prepared food (at their licensed premises) as the principal activity of their business.

A *Commercial hotel liquor licence* has the principal purpose to allow the sale of alcohol for consumption either on or off the premises.

A *Community club licence* allows the sale of takeaway liquor to members, reciprocal members, guests of these people and bonafide visitors to the club.

To allow any further extension of the temporary reforms to allow cafés, restaurants and bars to sell takeaway alcohol in the existing post COVID shutdown environment where on-premise trading activity has returned is highly inequitable. Further, there is already industry concern of the blurring of standards for licenses granted in recent years. To continue the temporary amendments simply produces false reliance on services these businesses are not equipped to provide.

- ***Alcohol is special product with higher compliance expectations and obligations***

The ability to sell takeaway alcohol comes with higher compliance and licensing requirements. For example, any hotel must maintain a Licensed Approved Manager who must be available at all times while liquor is sold. An Approved Manager must pass probity (be a fit and proper person) to receive their licence (renewable every 5 years) and must also maintain a current *Responsible Management of Licensed Venues* training course certificate which must be renewed every 3 years.

No such provisions exist for cafés, restaurants and bars because their risk profile is lower because they do not sell alcohol for takeaway generally and only sell alcohol ancillary to the provision of food on-premise.

- ***The extension does NOT create jobs***

As Queensland begins to recover from the COVID pandemic, all decisions need to be considered through a job creation lens. The extension of the temporary amendments does not create jobs.

For example, if a hotel has a thriving bottle shop business it is not unusual to have 1 or 2 staff members handling customer and stock control. This is because it is a dedicated and vital part of the hotel business for which they are licensed. This position is additional to other staff at the hotel that run the food and beverage offerings, the entertainment or kitchen.

In a café or restaurant, there is no additional shift worked or job created. The business operator or wait-staff simply provide the sale of alcohol from the premises that is usually used for dining. There is not additional need for a dedicated retail salesperson. The small business simply adds more duties to

their existing staff, and as stated earlier, provides no additional benefit to the economy. More staff equates to greater spending power in the economy which is vital for Queensland.

This issue is more obvious in small towns across Queensland where a bottle shop will have its trade reduced, potentially putting a job at risk. However, it will be felt in every existing hotel or bottle shop that will reduce hours for casual workers in Queensland.

- ***Need for proportional support for Hotels***

The temporary amendments to trading allowances were brought in with the rationale that small businesses *needed support to sell stock that had been bought prior to the pandemic* and provide income for these businesses. The amendments did nothing for hotels that also incurred enormous food wastage costs, stock losses and business closure. It should be noted that most hotels in Queensland are small businesses owned by families, that struggled just as much as other parts of the economy.

Small cafes and restaurants were already compensated when restrictions lifted in July by being allowed double the patrons of hotels. Hotels were included in the removal of licensing fees in the 2020/2021 year but if these amendments are extended until April 2022, will now be required to pay \$4,418 per bottle shop in the 2021/2022 year whilst cafes and restaurants will pay no extra fees.

The costs of the pandemic impact hotels disproportionately to all other licensed venues. They have their licensed permissions eroded by other businesses yet still must pay full license fees. Small business energy rebates were not applicable to hotels and gaming taxes are only deferred, not waived.

In summary, hotels, that are the largest employers in the hospitality sector have supported and given much to their fellow hospitality businesses with little real support. These extensions of the amendments do not recognize that hotels are in need of recovery as well.

Conclusion

The QHA does NOT support the ongoing extension to April 2022 of the COVID-19 temporary reforms which allow cafés, restaurants, and small bars to sell takeaway alcohol.

The QHA contends that the disruption to on-premise trading for cafés, restaurants and bars reduced when venues were able to resume substantial on-premise trading, and therefore the justification for continuing the temporary exemptions to sell takeaway alcohol has ceased.

To allow another extension of the temporary reforms until April 2022 is unjustified and represents a transfer of trade to the detriment of small hotels and Community Clubs and simply cannibalizes the existing market.

The sale of takeaway liquor is not an appropriate activity for a café, restaurant or bar liquor licence. It disregards the existing harm minimisation framework and presents an inequitable trading environment which negatively impacts the recovery of hotel businesses who have invested in the appropriate liquor licence and requisite compliance obligations.

The QHA understands the need for a head of power to ensure that there is the ability and flexibility to deal quickly with any future COVID-19 issues. In this context, the QHA supports during a COVID-shutdown period only allowing takeaway liquor to be sold by operators of licensed venues.

The QHA would welcome the opportunity for further consultation and is available to appear at any Committee Public Hearing.

Please contact me directly on [REDACTED] should you require any further consultation and information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Bernie Hogan', written in a cursive style.

Bernie Hogan
Chief Executive
Queensland Hotels Association