



18 March 2021

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Economics and Governance Committee
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QUEENSLAND HOTELS ASSOCIATION SUBMISSION - COVID-19 Emergency Response and Other Legislation 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 ongoing extension of the COVID-19 temporary reforms which allow cafés, restaurants, or bars to sell takeaway alcohol.

Further, if as part of this Bill an extension is granted, this should be for a clearly defined period (30 September or earlier) and only for the duration of the COVID-19 public health emergency declared period.

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.

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.

The QHA contends that from 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 virtually 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.

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.

Note: 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.

The QHA contends that the disruption to on-premise trading for cafés and restaurants reduced when venues were able to resume substantial on-premise trading from Stage 3, and therefore the justification for continuing the temporary exemptions to sell takeaway alcohol ceased. Further, there no longer exists the risk of harm to persons residing in restricted areas to access essential products or services.

QHA points

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:

- ***Represents a zero-sum game - business is simply moved from one small business to another***

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 trail damaged as the temporary amendments have led to their retail trade being eroded by other hospitality businesses. No business was created nor were more jobs created. This situation simply moved business from one to another.

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 not allowed under a café, restaurant or bar liquor licence. Further, the sale of alcohol for on-premise consumption is an 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 clearly begun to return 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.

- ***Inconsistency with Queensland Government Tackling Alcohol-Fuelled Violence (TAFV) policy***

To continue this temporary amendment is not in alignment with the TAFV and RSA policies of the Queensland Government. To broaden the availability and accessibility of alcohol via a liquor licence type which is not approved to sell takeaway liquor products is incompatible with the objectives of the Queensland Government's TAFV policy and the harm minimisation framework of the *Liquor Act*.

The reduction of the accessibility to alcohol through the removal of trading hours and availability of bottle shops has been highlighted as a key element to controlling alcohol-fuelled violence. It is completely hypocritical to now claim that a proliferation of small operators through the extension of the COVID Amendments serves to aid this purpose.

- ***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 and only sell alcohol ancillary to the provision of food. To suggest changing their existing liquor trading entitlements does not consider providing reliable and effective protections for consumers and the wider community. The QHA sees no reason why a proven, experienced and compliant hotel must be held to a higher standard than a new, smaller venue with less experience in compliance. The risk of the misuse of alcohol is greatly reduced when handled by the hotel businesses that are designed and trained to do so.

- ***The amendments do 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 amendments to the Liquor Act do 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.

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

The 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.

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, will now be required to pay \$4344 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.

The QHA supports the deferral of gaming taxes as stated in the Bill and submits that these should be waived completely.

Conclusion

The QHA does NOT support the extension of the COVID-19 temporary reforms which allow cafés, restaurants and bars to sell takeaway alcohol. Further, if as part of this Bill an extension is granted, this should be for a clearly defined period (30 September or earlier) and only for the duration of the COVID-19 public health emergency declared period.

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 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 supports the deferral of gaming taxes as stated in the Bill and submits that these should be waived completely.

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

Yours sincerely,



Bernie Hogan
Chief Executive
Queensland Hotels Association