
From: Hugo Robinson
Sent: Monday, 18 October 2021 10:25 AM
To: State Development and Regional Industries Committee
Subject: Benchmarking Report Request by the committee
Attachments:

Hi,

After our hearing on Friday, the committee requested a copy of our Benchmarking Survey regarding takeaway food figures.

Please find that report ***attached***.

I have also attached an info graphic from the Australia Bureau of Statistics regarding takeaway food statistics for their noting.

Kind regards,

Hugo



2020 Industry Benchmarking Report

2019-2020 Financial Year



Restaurant & Catering Australia

Restaurant & Catering Australia (R&CA) is the national industry association representing the interests of over 47,000 restaurants, cafés and catering businesses across Australia. The café, restaurant and catering sector is vitally important to the national economy, generating over \$37 billion in retail turnover each year as well as employing 450,000 people. Critically, over 93 per cent of businesses in the café, restaurant and catering sector are small businesses, employing 19 people or less.

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.

About the Industry Benchmarking Survey

R&CA's Industry Benchmarking Survey is an industry-based survey of business conditions in the restaurant, café and catering industry. The survey monitors key trends in business costs, profitability, labour and skills shortages, as well as the general business environment. The survey is distributed to café, restaurant and catering business owners and senior managers across Australia.

R&CA's 2020 Industry Benchmarking Survey was distributed to over 15,000 individual restaurant, cafe and catering business owners and senior managers across

Australia, with 675 individual businesses completing the survey. The Survey was open during October & November of 2020 and contained 70 questions relating to the 2019-20 financial year.

As part of the 2020 survey, a limited number of questions were amended from the 2019 survey. A conscious decision was taken to use existing questions to understand the impact of COVID-19 on businesses rather than craft new questions directly relating to the impact of the pandemic on the sector.

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Executive Summary

The Restaurant & Catering Association's 2020 Benchmarking Survey is a significant source of industry data collected directly from hundreds of businesses across the country. A wide variety of businesses take part in the survey, from multi-million-dollar public companies to small businesses, those from every state and territory and from a broad mix of both city and regional. This year has seen the highest level of engagement with the survey by respondents, increasing from last year which saw a historically high number of businesses engaging with the survey.

The typical profile of a respondent to R&CA's 2020 Benchmarking Survey was a privately-operated, restaurant business located in a metropolitan area of a capital city. The owner has typically had 10 or more years of experience working in the hospitality sector and the business employs between 0 and 19 employees.

Data collected from the 2020 Benchmarking Survey shows that, for the 2019-20 financial year businesses amongst the Restaurant, Café and Catering industry:

1. Business confidence has dropped significantly, with the COVID-19 pandemic clearly negatively impacting businesses owners outlook over the next 12 months. Most business owners expect profitability to decrease or flatline and expect staffing levels to do the same. This lack of confidence effects the recovery of a sector which was decimated due to the COVID-19 pandemic. Businesses also reported that 1 in 3 failed to turn any profit in the previous financial year.
2. Business costs have dramatically changed, again as a result of the COVID-19 pandemic. This impact can be seen in significant drops in food costs as more operators streamlined menus in an effort to keep food costs low. Also, drops in overall wage costs were reported as restrictions, and increases in takeaway and delivery revenues resulted in a more efficient operating model, meaning less staff were needed to keep businesses afloat. The result has also been a dramatic increase in occupancy costs, which have remained static as other costs have fluctuated.
3. While wage costs have decreased, they have become the single biggest issue facing the sector according to business owners, followed by skill shortages and finally ongoing COVID-19 restrictions. The 2020 survey for the first time sought to better understand the amount of unpaid labour in restaurant, café and catering businesses – showing that many rely on significant numbers of unpaid hours by businesses owners. Many of these owners reported being unable to pay themselves at all when they work in their businesses. This problem exists against a backdrop of staffing shortages that are only getting worse despite rising unemployment rates and an award system that many believe is too complex.
4. The 2020 survey has continued to show the increasing reliance on digital technology across the sector. Use of third-party delivery apps have increased due to the COVID-19 pandemic with many listing lockdowns as the key reasons for signing up. As many businesses shifted to more COVID-19-safe practices, cash now represents just 1.5 per cent of all transactions

Ultimately, the 2020 Benchmarking Survey should serve as a useful and reliable tool which presents clearly the impact of the COVID-19 crisis on the restaurant, cafe and catering sector across Australia.

CEO's Foreword

The Restaurant & Catering Association has been the voice of the restaurant, café and catering industry since 1922. Since the first group of restaurateurs decided to band together for mutual gain nearly a century ago, the association has continued to function as a vital industry body which has allowed thousands of businesses across the country to share information, save money and advocate to government.

The 2020 Benchmarking Report, now in its 11th year, aims to present an accurate view of where the industry is and what challenges lie ahead. This year's report shows a snapshot of an industry that is under significant pressure due to the COVID-19 Pandemic.

However, this year's report exists in stark contrast to previous years and can only be understood by acknowledging an all-to-familiar elephant in the room, COVID-19.

This virus, which has defined so much about the year 2020, has undoubtedly brought with it one of the most challenging years for business owners in the restaurant, café and catering industry.

These challenges are reflected in the responses to this report – a clear loss of confidence, smaller and leaner businesses, continued pressures faced by finding quality staff and the constant march of digital technology.

Whilst we expect these challenges to continue well into 2021, hope of a vaccine does represent light at the end of a dark tunnel.

While many of these businesses have been reliant on government support to get through the horror year that saw more disruption than in living memory, there presents a real fear that once schemes like JobKeeper and rental support end, closure rates may skyrocket.

However, many operators have seen the COVID-19 crisis as an opportunity to pivot their businesses to not only survive the effects on the Hospitality Industry during the pandemic but to create more resilient business models to thrive in 2021. Hopefully these business will be better placed to tackle the next series of challenges as the recovery process continues in earnest.

By making these changes and producing a better, more robust business, those that survive through into 2021-22 will be better placed to tackle the next series of challenges as the recovery process starts in earnest.



Wes Lambert CPA FGIA MAICD

Chief Executive Officer

Restaurant & Catering Australia



55.3% of respondents were restaurants

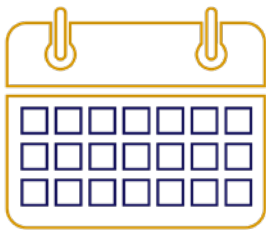


56.3% indicated their annual turnover was between \$200,000 & \$2 million

>\$200,000



71% had more than 10 years industry experience



A Bachelor's degree is the most common education among business owners



CHAPTER 1

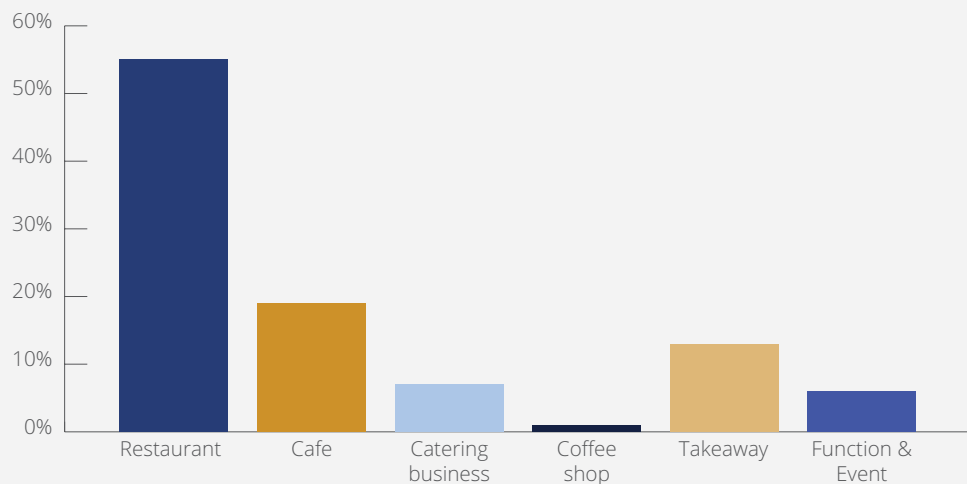
Profile of Respondents

Type of Business

For the 2020 Survey, a narrow majority of respondents (55.3 per cent) indicated that they owned a restaurant whilst 18.8 per cent of respondents indicated that they owned a café. The number of respondents who indicated they owned either a catering business or function centre increased compared to the 2019 survey.

Business were also asked whether their business formed part of a franchised operation, with an overwhelming 91 per cent of respondents indicating they were not franchised.

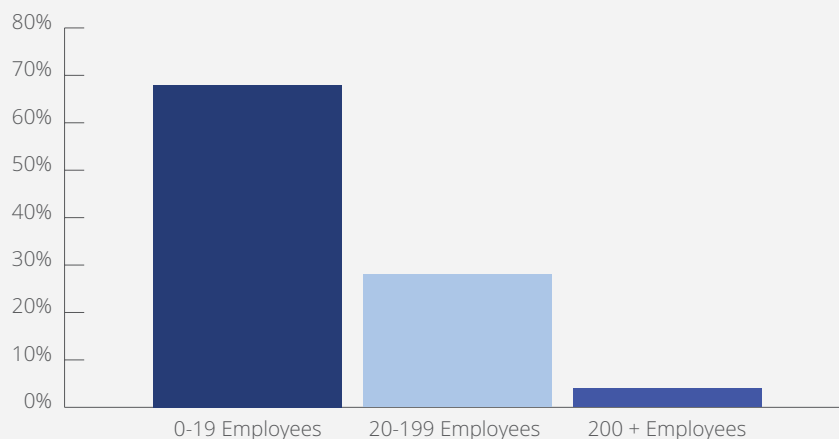
Which of the following best describes your business?



Business Size

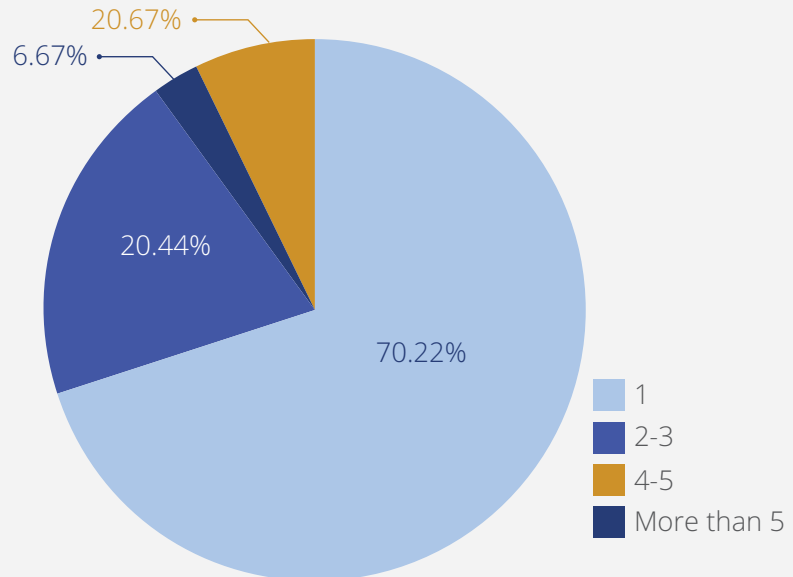
Small businesses continued to represent a clear majority of respondents to the 2020 survey, with 68.2 per cent of respondents indicating that they employed between 0 and 19 employees, down slightly from the previous year. The number of businesses who employed between 20-199 employees increased to 27.8 per cent, up from 23.3 per cent last year.

How many staff does your business employ?



Number of Venues Operated

How many separate venues do you operate within your company?

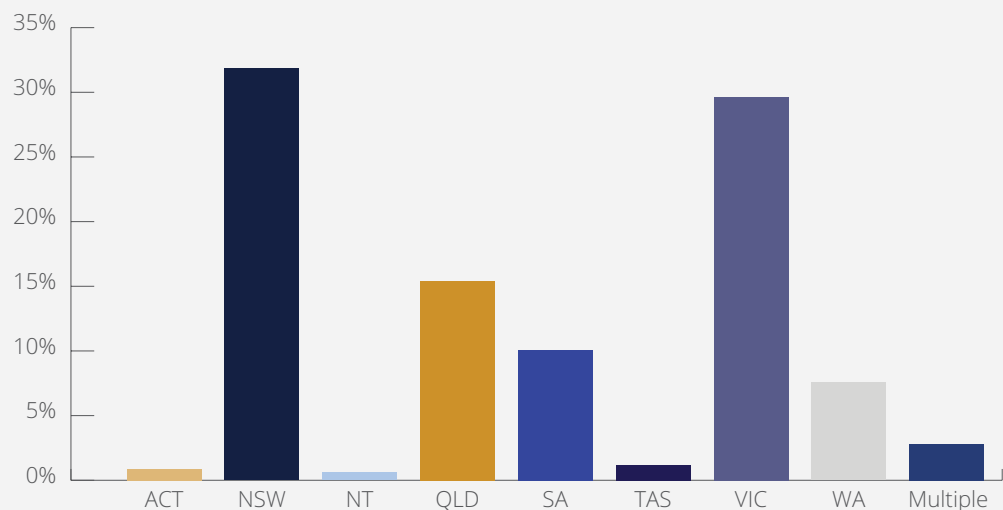


State of Operation

The 2020 survey again had respondents located in every Australian State and Territory, with businesses from New South Wales (31.9 per cent) and Victoria (29.6 per cent) representing the largest number of respondents to the 2020 survey.

For the first time respondents were asked if they operated in more than one state or territory, with 2.8% indicating that they do.

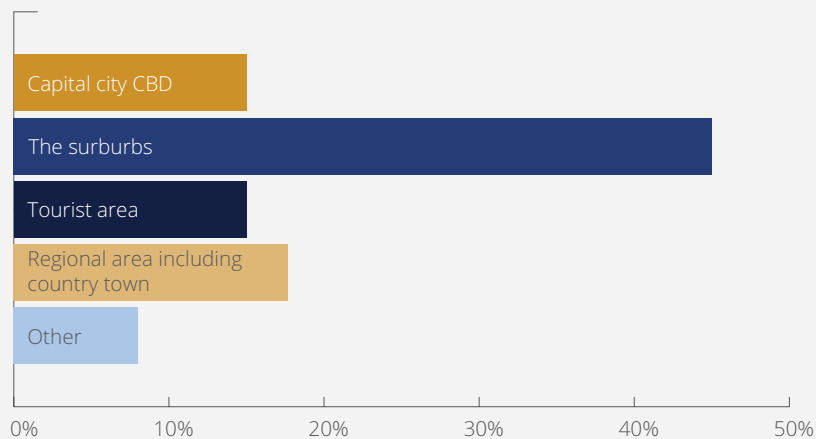
In which state or territory is your business located?



Business Location

Businesses located in suburban areas represented the largest group of respondents to this year's survey at 44.9 per cent, a decrease compared to 56.1 per cent in 2019. The number of businesses in regional areas also increased as a share of respondents to 17 per cent up from 12.9 per cent in 2019. Businesses in tourist areas also increase compared to 2019.

Which best describes where your business is located?

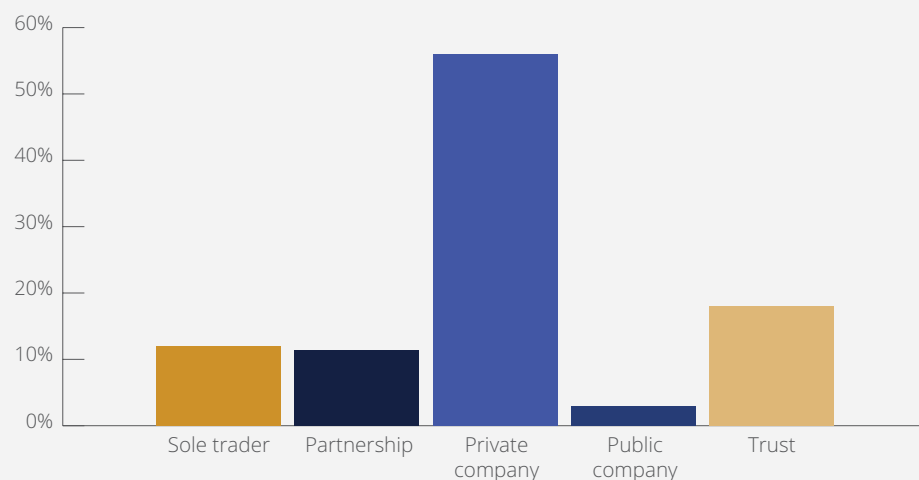


Ownership Type & Family Businesses

The 2020 survey again asked about the ownership structure of respondent's businesses, with 56.3 per cent indicating they were a privately owned Pty Ltd business, an increase compared to 50.9 per cent in 2019. This again proved to be the most common business structure for respondents.

For the first time, the survey asked respondents whether their businesses were family-run businesses, with 71.2 per cent indicating that they were.

What ownership structure best describes your business?

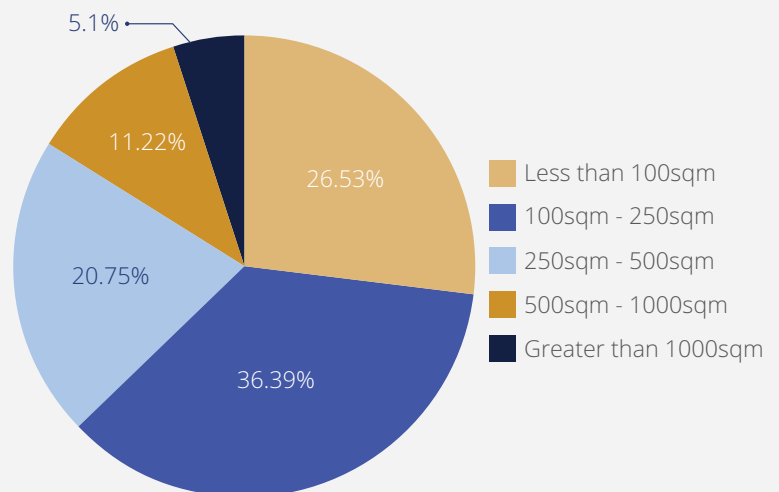


Leasing & Licensing

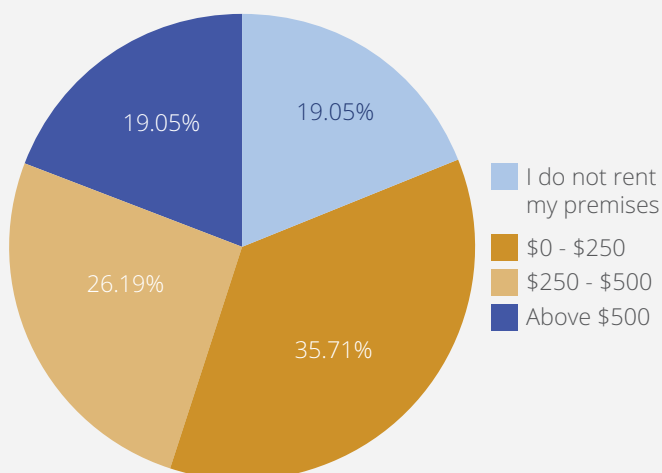
Questions relating to size of venues and leasing changes somewhat since last year. In the 2019 survey, questions were asked in an open-ended way regarding the average floor size for a hospitality business, whereas this year ranges were given to better group businesses by size. For 2019 the average business size was approximately 358m² and the average rent cost per square metre across all businesses was calculated at \$489.

Respondents to the 2020 survey were asked to identify the size of their business in square meters, with five size ranges offered as answers. The most common business size was between 100 – 250 sqm, followed by less than 100sqm.

What is the estimated size (in square metres) of your business? **If you have more than one property, please indicate the size of your LARGEST business.



If you rent your business space, what is your rent cost per square metre? **An estimate is fine. **If you have more than one property, please indicate the rent paid for your LARGEST business.



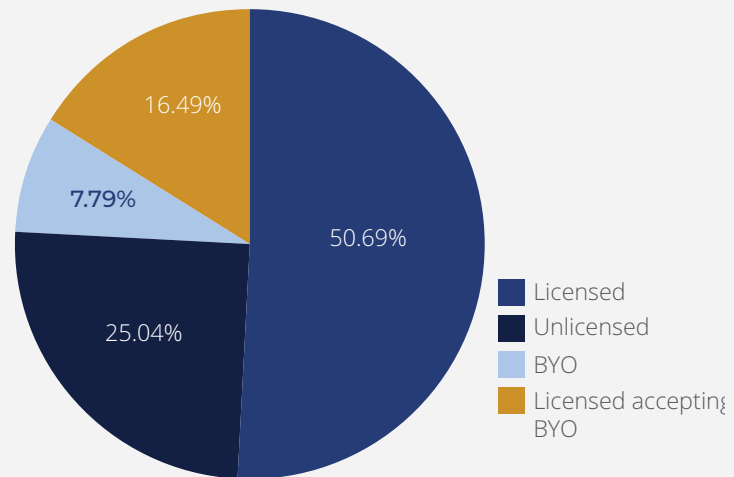
Respondents were asked to identify whether their premises were leased or owned by the business or business owner. 81.8 per cent indicated that their premises are leased, indicating how important recent protections for retail tenants relating to the COVID-19 pandemic are to the broader restaurant, café and catering industry.

Business were then asked about their rent cost per square meter. 35.7 per cent indicated that their had a rent cost of between \$0 and \$250 which was the most popular option. 26.2 per cent indicated that their rent cost was between \$250 and \$500 and 19.1 per cent indicated that their rent cost was greater than \$500 per square meter.

Leasing & Licensing Continued

Respondents were also asked to identify what liquor license, if any, was in place for their business. 67.2 per cent indicated their business was licensed and 25 per cent indicated they did now allow alcohol to be consumed at their business. BYO continued to be popular with 24.3 per cent of businesses offering it either with or without a pre-existing license.

Which description below best describes your business? **If you own more than one establishment, please indicate which business type best describes the majority of your properties.

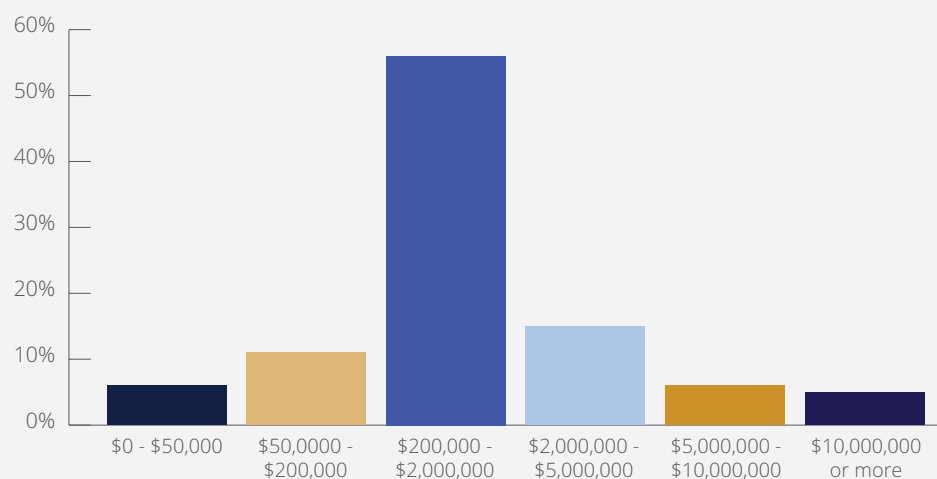


Business Turnover

For the first time the 2020 survey asked respondents to identify their turnover range in the 2019-20 financial year, which mirrored Australian Bureau of Statistics reporting. 56.3 per cent indicated their turnover was between \$200,000 & \$2 million for the last year, with the second most popular size range between \$2 million & \$5 million, with 15.2 per cent.

Interestingly, 5.7 per cent of businesses indicated their yearly turnover was less than \$50,000 for the whole financial year, which would indicate business that are now closed or business that opened near the end of the financial year.

What was your yearly turnover for the 2019-20 financial year?



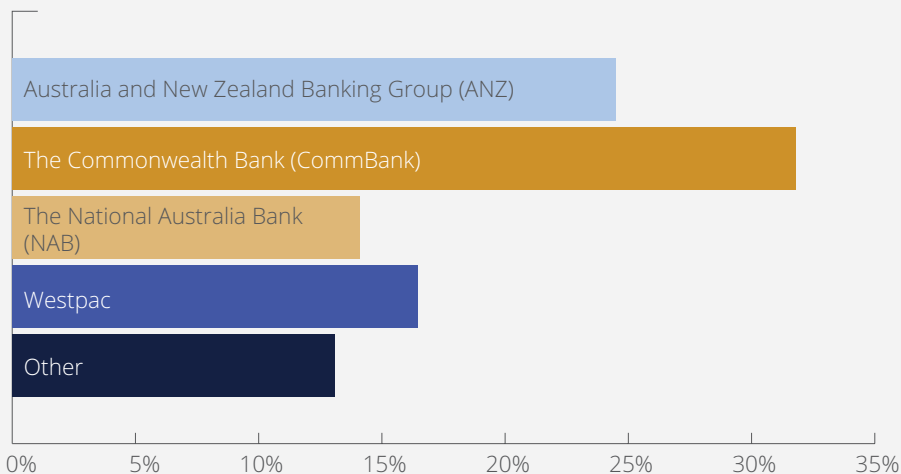
Banking & Superannuation & Payroll

Businesses were asked to identify what bank and superannuation fund is used in the business. For banking, the most popular choice was the commonwealth bank, with 31.9 per cent of respondents followed by ANZ with 25.5 per cent.

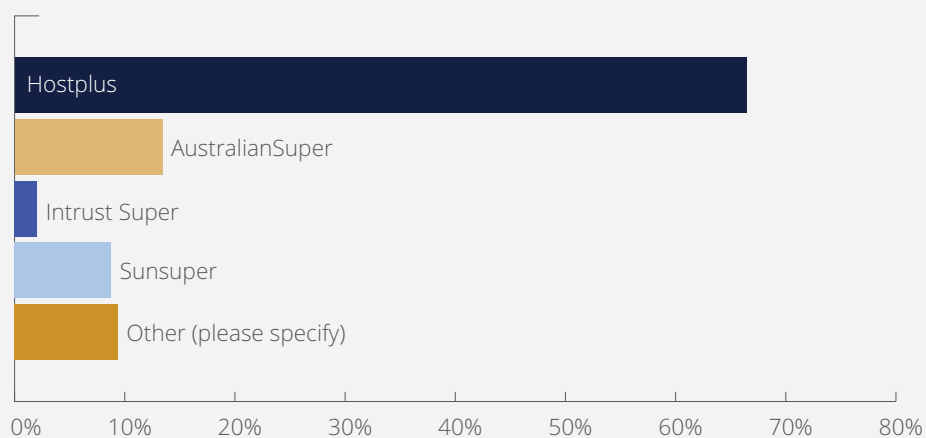
For superannuation, most businesses (66.4 per cent) used hospitality specific superfund Hostplus, with 13.4 per cent electing to use Australian Super, showing that industry superfunds dominated the restaurant, café and catering space.

For payroll, the most popular frequency for processing payroll is weekly, with 70.3 per cent, followed by 25.8 per cent who process fortnightly and just 3.9 per cent who process monthly.

What Bank do you use in your business?



What Superannuation Fund is most popular within your business?

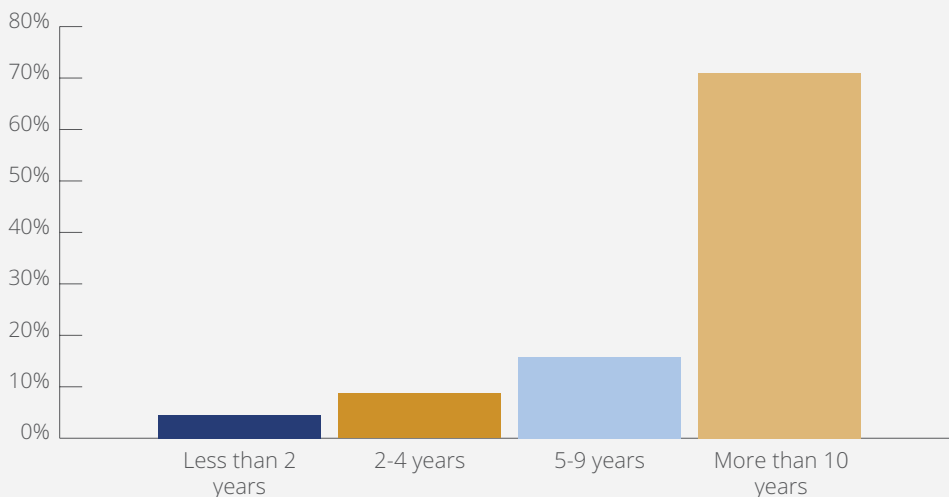


Industry Experience & Education

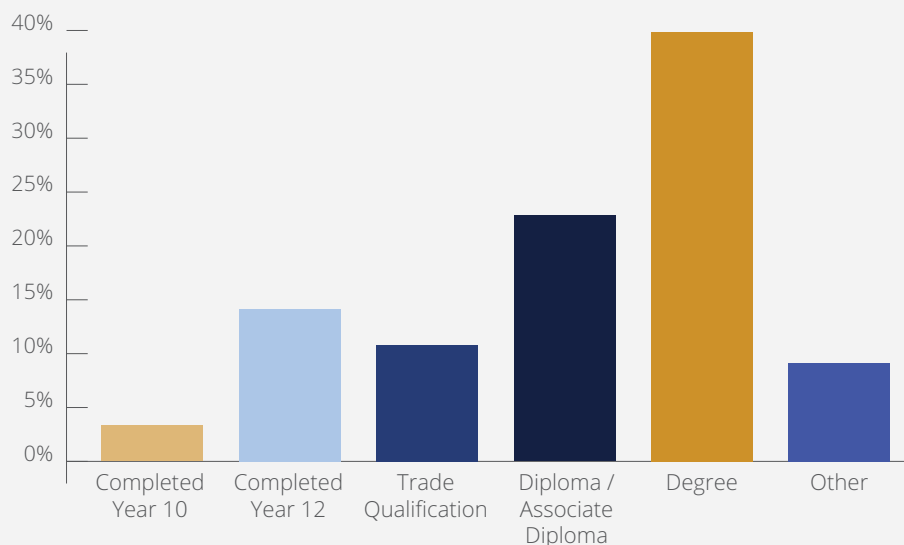
Respondents to the 2020 survey were also asked two questions relating to their experience in the hospitality sector and the highest level of education achieved. This year, 71 per cent indicated that they held more than 10 years' experience in the hospitality sector, with 15.8 per cent indicating they held between 5-9 years' experience.

Respondents were also asked about the highest level of education completed, with 39.8 per cent indicating degree level qualifications, followed by diploma level qualifications with 22.8 per cent. The third most common response was completion of year 12 studies, with 14.1 per cent. Only 10.8 per cent of respondents had completed a trade qualification.

How many years have you worked in the hospitality industry?



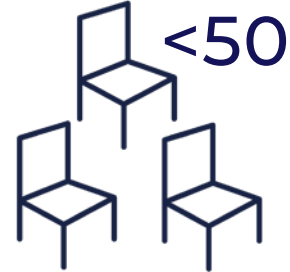
What is the highest level of education you have completed?



A majority of businesses have problems related to outdoor dining areas



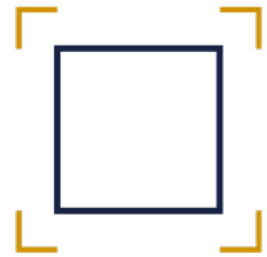
Most businesses who do have outdoor dining have limited space (between 0-50 seats)



1 in 3 businesses do not have an outdoor area



Lack of space is number one reason for businesses not pursuing outdoor dining, not costs or difficulty in applying for permits



CHAPTER 2

Outdoor Dining

Use of Outdoor Dining

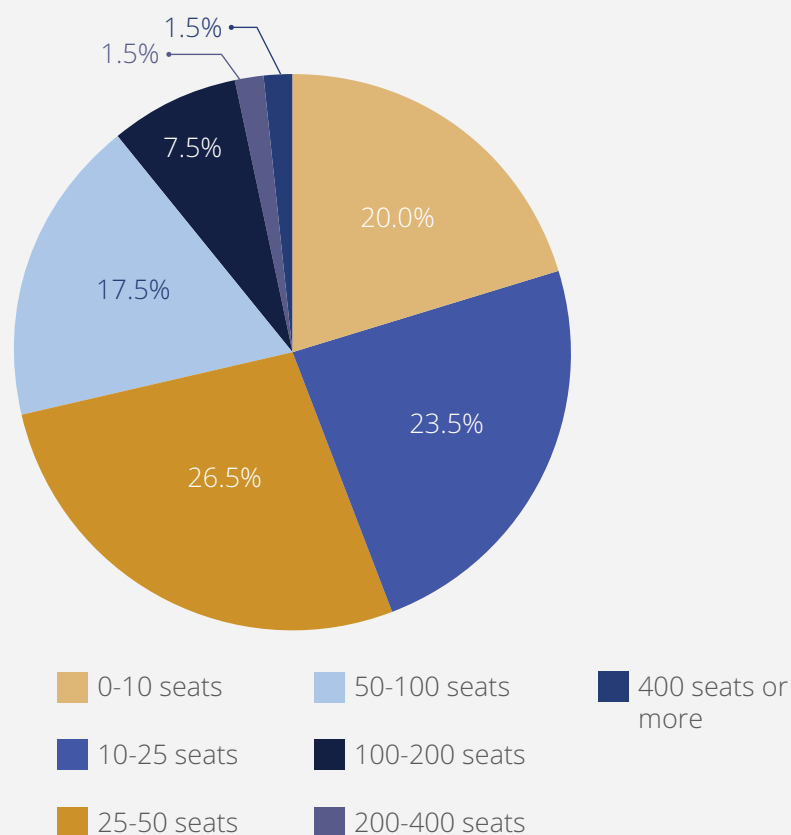
Participants in this year's survey were again asked about their outdoor dining areas in terms of the number of occupants, the cost of leasing this space and any other issues that they had experienced. Of those surveyed, 67.5 per cent indicated they had an outdoor dining space as part of their business.

Size of Outdoor Dining Space

Of those business who indicated they did offer outdoor dining, the most common size was between 25-50 seats, with 26.5 per cent of respondents followed by 10-25 & 0-10 seats, with 23.5 per cent and 20 per cent of respondents respectively.

This data indicates that whilst outdoor dining has been prioritized through the COVID-19 Pandemic as part of re-opening plans, many businesses cannot take advantage of these measures and the majority that can have limited space outdoors.

What is the capacity of your outdoor dining area?



Why Businesses Don't Offer Outdoor Dining

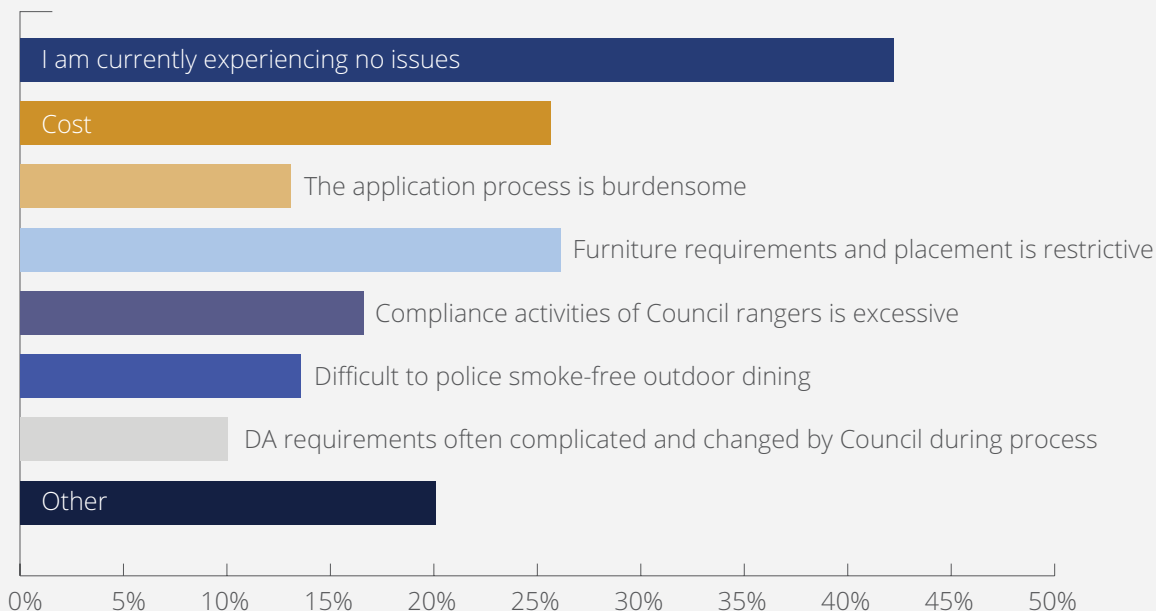
Businesses who don't offer outdoor dining about the main reason why it is not a part of their business, with 19.4 per cent indicating a lack of available space for outdoor dining and 16 per cent stating that their business was not suitable for outdoor dining, which relates to conscious business decisions relating to indoor dining rooms or liquor license issues. Just 7 per cent indicated that application processes were too difficult and percent state cost of permits and furniture stopped them from pursuing dining outdoors.

Operating Effectively Outdoors

Finally, respondents were asked what their biggest issues were in terms of operating an outdoor dining area effectively. 42.2 per cent indicated they are experiencing no issues, down significantly from 55.9 per cent in 2019. Furniture requirements and restrictive placement rules was the second largest issue, with 26.1 per cent. Cost ranked third, attracting 25.6 per cent of respondents. 16.6 per cent stated that excessive compliance activity from council rangers was their biggest issue, more than doubling from last year

For the first time, a majority of respondents did have some problems with their outdoor dining area.

What are the biggest issues you face in operating your outdoor dining area effectively?



95.7% expect to be operating in 12 months' time



12 mths

More than half of all business expect profitability to decrease or remain the same



1 in 4 expect sales to drop



2 in 3 businesses expect their staffing levels to either stay the same or to drop over



Wage Costs are single biggest issue facing the sector (2nd is skills 3rd is COVID-19 restrictions)



CHAPTER 3

Business Expectations

Businesses were significantly more pessimistic in their outlook over the next 12 months compared to last year. Respondents were asked how they expected their business to trend over the next 12 months in key areas such as sales, staff, profitability and capital expenditure.

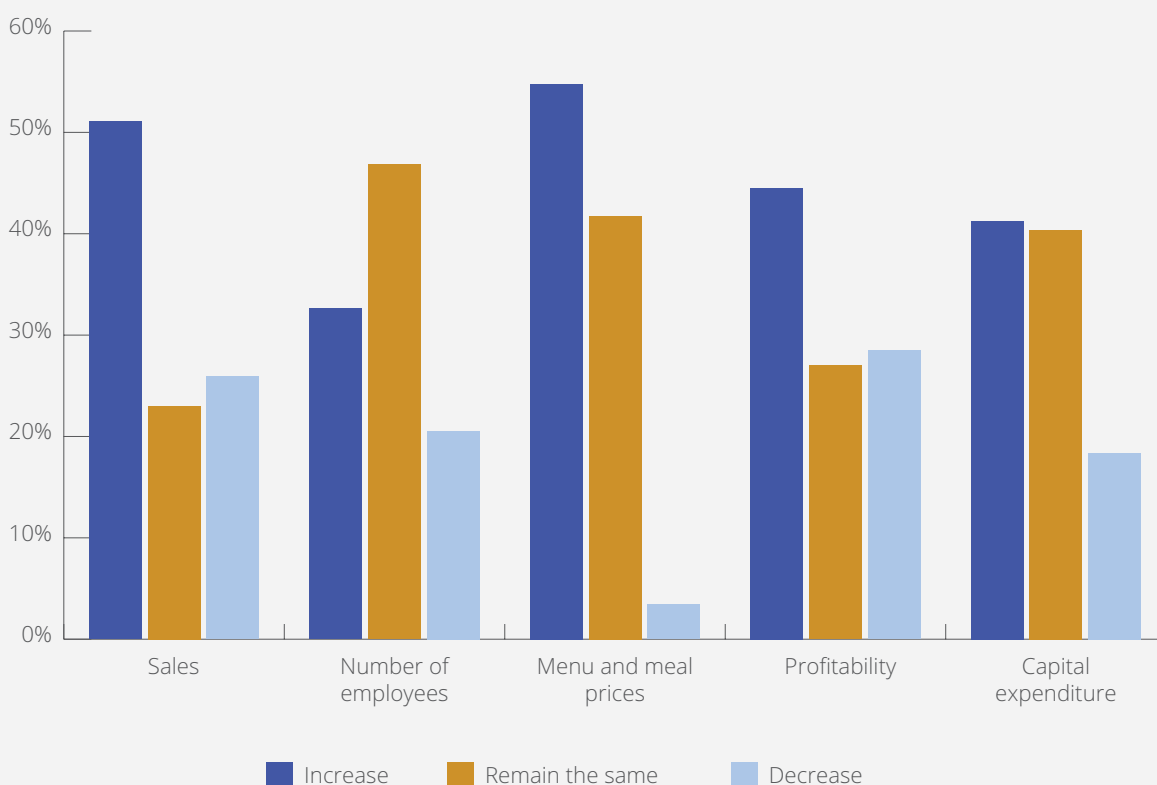
Business owners were also asked whether they expected their business to be operating 12 months from now, with 95.7 per cent indicating they were confident they would still be operating this time next year.

Business Trends

The 2020 survey showed the real impact of the COVID-19 Pandemic on business confidence in the restaurant, café and catering sector, with 55.5 per cent of business expecting profitability to decrease or remain the same, and 67.4 per cent expecting their staffing levels to either stay the same or to drop over the next 12 months. While a slim majority (51.1 per cent) expected sales to rise, more than double the number of business expected them to decrease compared to last year, with 25.9 per cent expecting a drop compared to 10.3 per cent in 2019.

54.8 per cent of respondents also indicated they expected menu and meal prices to rise over the next 12 months.

How do you expect your business to trend in the next 12 months in relation to the following?



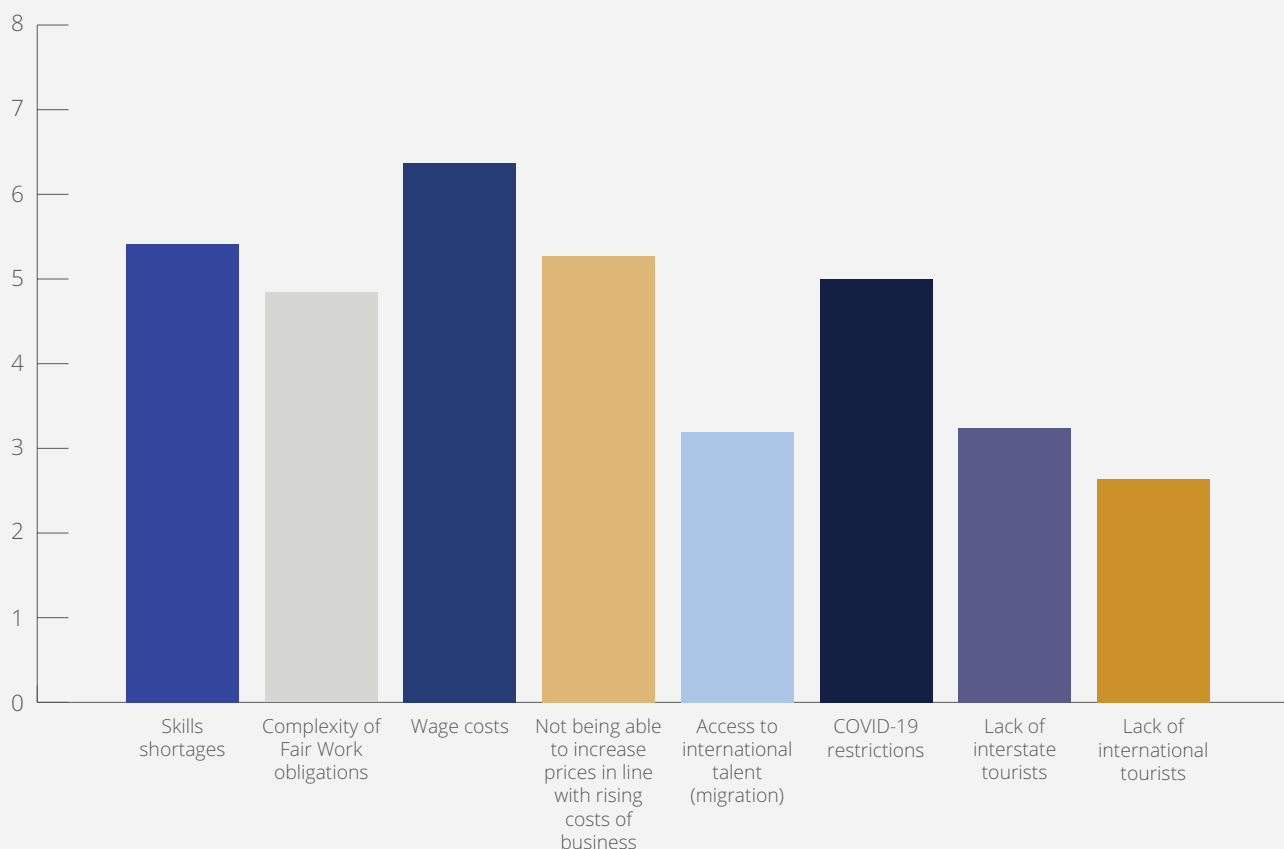
Key Industry Issues

Business were also asked to rank policy issues facing the sector and identify the single most important issue facing the sector today. Compared to the 2019 survey, new options were made available including COVID-19 restrictions on their business, lack of interstate tourists and lack of international tourists.

In 2019, the most important industry policy issue listed by respondents was an inability to increase prices in line with rising costs, followed closely by high minimum wages and skills shortages.

For the 2020 survey, the single largest issue identified by respondents was wage costs (34 per cent), followed by skills shortages (19.5 per cent) and COVID-19 restrictions (18.3 per cent). Inability to raise prices, which was listed as the most important issue last year, has fallen to fourth in 2020.

Rank the following industry issues in order of importance.



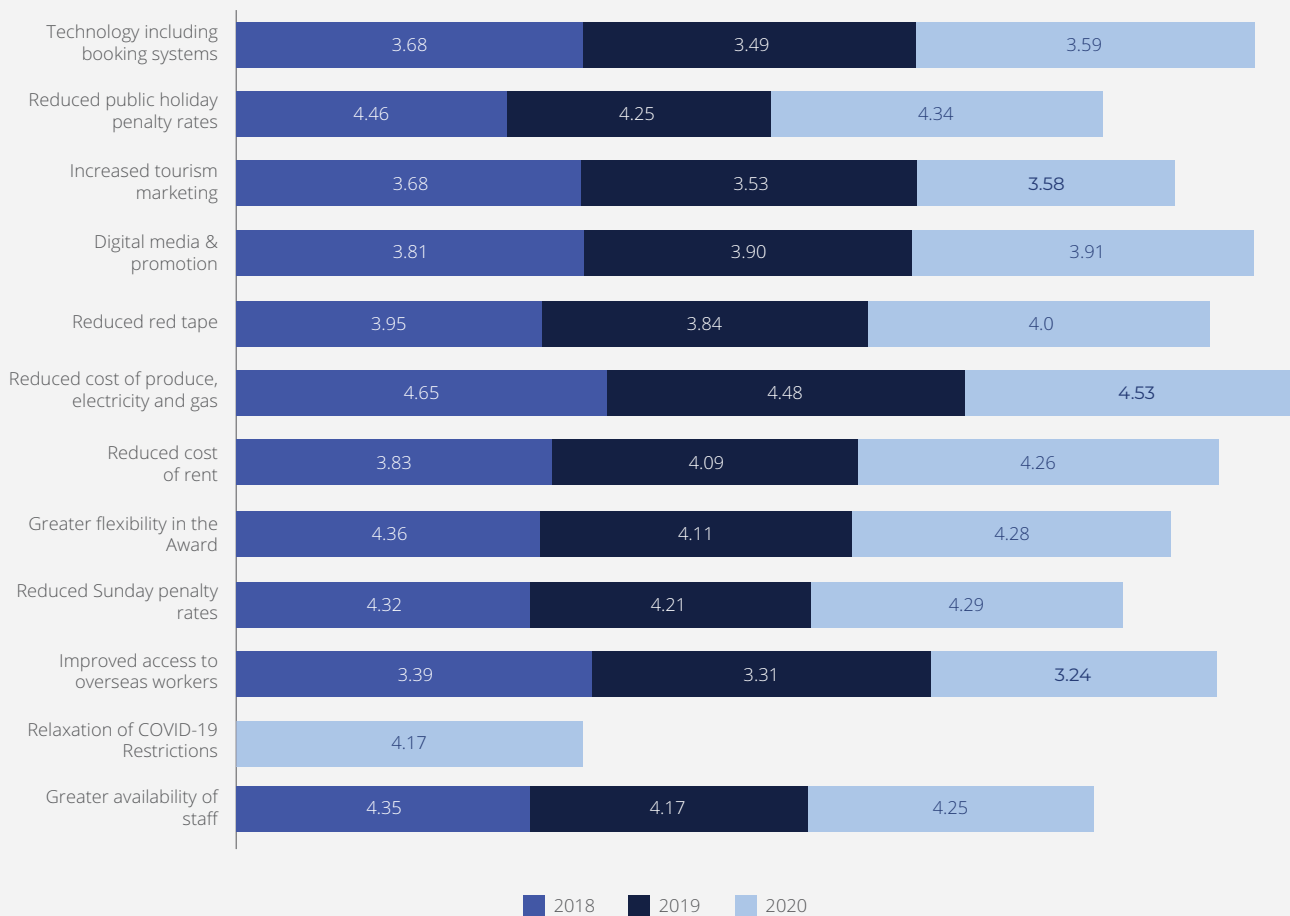
Success Factors

When asked about the most important factors in determining their businesses' success (respondents were asked to provide a number out of 10 with 10 being the most important and 1 being the least important), 2020 respondents indicated that food quality continues to be single largest factor contributing to business success, with a weighted average of 9.6. This was followed by service quality (9.5), and consistency and meeting customer expectations (9.4). The least important factor continues was work-life balance.

Contributing Factors To Business Success

2020 survey respondents were also asked what changes to their current operating environment would make the biggest difference to running their business successfully. *'reduced cost of produce, electricity and gas'* ranked highest with 4.53 out of 5, with *'Reduced penalty rates on public holidays'* ranking second with 4.34 out of 5. The least important factor continued to be improved access to overseas workers, with 3.24 out of 5.

Which of the following would make the biggest difference to running your business successfully?



Food costs have dropped to 32%



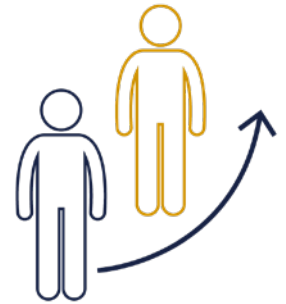
Wage costs have dropped significantly for first time due to COVID-19 restrictions



More than 1 in three businesses failed to turn a profit in the 2019-20 Financial Year



Occupancy costs have risen sharply to greater than 25% for first time



CHAPTER 4

Business Costs and Expenses

Food & Beverage Cost of Sales

In another sign of how the COVID-19 Pandemic has significantly altered the restaurant, catering and café industry, food cost of sales dramatically dropped from 37 per cent in 2019 to just 32 per cent in 2020. Beverage cost of sales remained unchanged from at 28 per cent. For both categories, the average reported figure from businesses has fluctuated across the last five financial year periods but the food cost of sales is the lowest for the reported period.

Item	2019-20	2018-19	2016-17	2015-16	2014-15	2013-14
Food (cost of sales %)	32%	37%	34.1%	31.6%	31.2%	34.9%
Beverage (cost of sales %)	28%	28%	32.6%	29.2%	29.3%	31.8%

Occupancy Costs

Average business occupancy costs rose sharply to 27.3 per cent from 16 per cent in 2019. This is the largest cost percentage recorded and is likely due to the impact of the COVID-19 Pandemic on businesses in the restaurant, café and catering sector.

Average rent expenses rose to 12.4 per cent from 9 percent in 2019, where rates and taxes & property insurance also rose to 9.6 per cent and 4.3 per cent respectively.

Item	2019-20	2018-19	2016-17	2015-16	2014-15	2013-14
Rent %	13.4%	9.0%	8.3%	7.5%	8.3%	8.7%
Rates and Taxes (Outgoings) %	9.6%	4.0%	5.7%	4.8%	3.7%	4.7%
Property Insurance %	4.3%	3.0%	2.6%	1.3%	0.8%	1.5%
Total Occupancy Costs %	27.3%	16.0%	16.6%	13.6%	12.8%	14.9%

Business Costs

Respondents were asked to provide an approximate of various costs associated with operating their business as a percentage. The list below does not represent all business expenses experienced by a restaurant, café or catering business nor will all expenses listed apply to some establishments. The following fields are an average of common business expenses based on the standard chart of accounts.

Please Note: Food and beverage expense items are recorded as a proportion of specific revenue (i.e. food cost/food sales). All other expenses are displayed as the average of percentage rates declared by respondents. Therefore, the summation of total business expenses will not equal 100 per cent.

Expense Item	2019-20	2018-19	2016-17	2015-16	2014-15
Food (food cost to food sales)	32%	37%	34.1%	31.6%	31.2%
Beverage (beverage cost to beverage sales)	28%	28%	32.6%	29.2%	29.3%
Rent	13.4%	9%	8.3%	7.5%	8.3%
Rates and Taxes	9.6%	4%	5.7%	4.8%	3.7%
Property Insurance	4.3%	3%	2.6%	1.3%	0.8%
Electricity, lighting and gas	9.7%	9%	5.1%	3.4%	3.2%
Wages and salaries (including super)	32%	41%	39.6%	37.0%	37.9%
Staff on-costs (payroll tax, workers compensation)	7.8%	8%	6.7%	5.3%	5.4%
Staff training	3%	2%	1.8%	1.7%	0.9%
Equipment, depreciation / lease	4.8%	5%	3.6%	3.6%	2.7%
Repairs, maintenance and replacement	4.9%	4%	3.6%	2.9%	2.5%
Cleaning, laundry and rubbish removal	3.3%	3%	2.2%	2.1%	2.0%
Other Insurance	3.7%	3%	2.4%	2.1%	1.5%
Interest	2.7%	3%	1.7%	1.8%	1.0%
Accounting and management	4.3%	4%	2.6%	2.5%	2.5%
Advertising and promotion (social media/website)	3.6%	4%	3.4%	2.7%	2.9%
Printing and stationery	2.1%	2%	1.5%	1.5%	0.8%
Credit card charges	2.5%	2%	2%	1.9%	1.3%
Telephone and postage	2.3%	2%	1.8%	1.4%	0.8%
Travel (including motor vehicle expenses)	3.5%	3%	2.4%	1.7%	1.0%

Wages and salaries (including superannuation) represented 32 per cent of overall business expenditure in the 2020 survey, down from the 41 per cent expressed in the 2019 survey. This can be partially explained by the impact of COVID-19 lockdowns and shutdowns which forced many of these businesses into takeaway and delivery only – which carries a far lower labour costs.

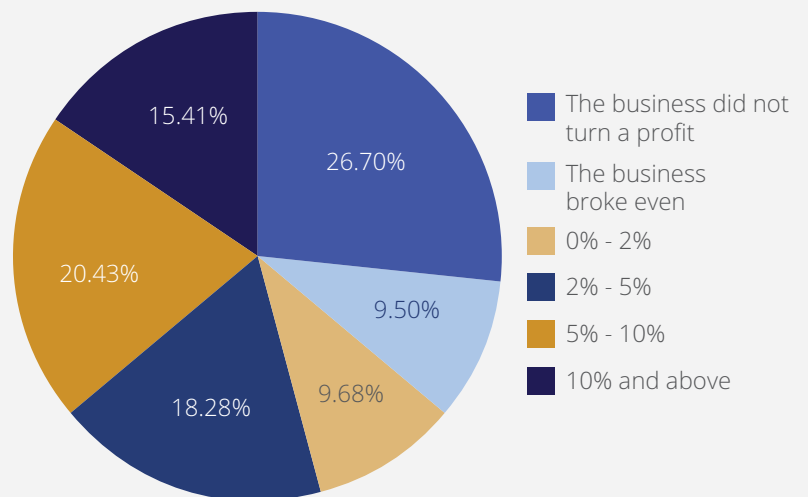
When calculating the total cost of staff, including on-costs such as payroll tax, workers compensation and staff training costs, the total percentage spend decreases to 42.8 per cent, down from 51 per cent in 2019.

Net Profits

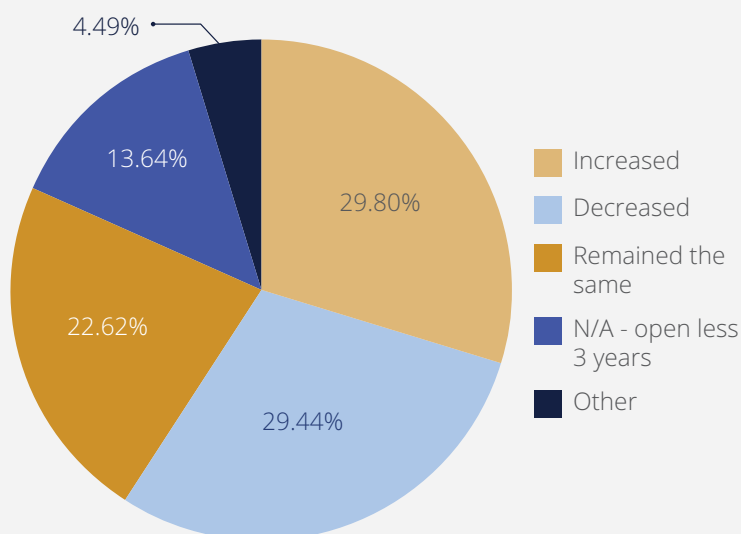
Two questions were asked of respondents relating to profits made in their businesses. Directly, respondents were asked what the yearly net profit after tax was, expressed as a percentage of yearly turnover for the 2019-20 financial year. This question was not asked in last year's survey.

In a sign of worsening business conditions for restaurants, cafes and caterers, 26.7 per cent of business indicated their businesses did not turn a profit in the last financial year, representing the most common response to this question. 9.5 per cent of businesses indicated the business broke even. Of those businesses who did turn a profit, between 5-10% and 2-5% were the most common responses, with 20.4 per cent and 18.3 per cent.

What is your yearly net profit after tax expressed as a percentage (%) of your yearly turnover for the 2019-20 financial year?



Over the past 3 years, has your net profit:



A second question was asked relating to the changes in net profit over the last 3 years, which has been asked in previous surveys. Responses were evenly spread between those businesses reporting an increase, decrease or no change to their profits over the last 3 years.

13.6 per cent of businesses indicated they had been open less than 3 years, a drop from 2019 (16.9 per cent).

**Word of Mouth
continues to be most
effective recruitment
method**



**Chefs Continue to
be most difficult
position to fill**



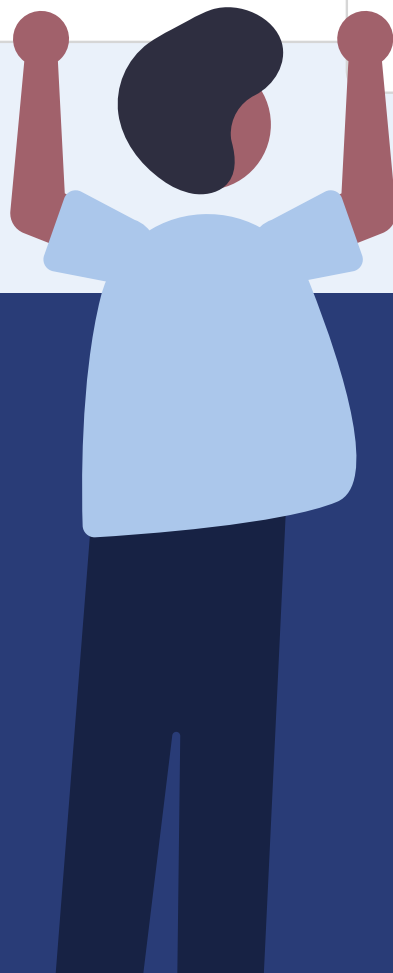
**1 in 4 businesses do not
spend any funds training
staff, and a majority
of businesses have no
structured training program.**



**Only 1 in 10
businesses
have found
hiring staff
to be easier
despite rising
unemployment
rates.**



1 in 10



CHAPTER 5

Staff & Skills Shortages

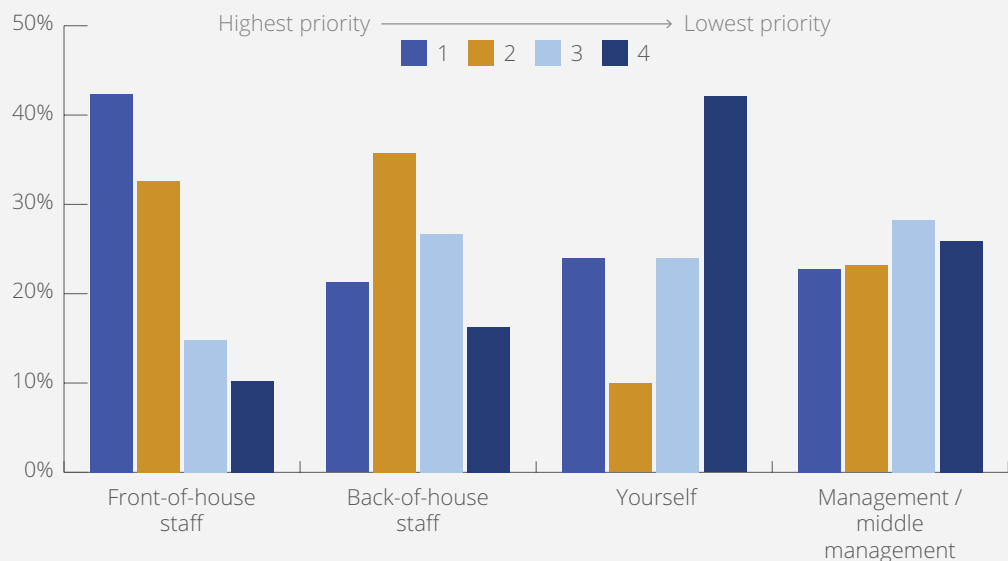
Staff Training

The 2020 survey again focused on how businesses train staff. Respondents were asked if the business had a structured or formal staff training program, with only 43.8 per cent of businesses indicating they did, down significantly from last year. When asked about online offerings, 60.2 per cent indicated they would use a low-cost online induction/training course if it was available to them when hiring new staff.

When asked how much, on a per monthly basis, they estimated they spend on staff training, 26.5 indicated they did not invest any money into staff training, 37.5 per cent indicated that they spent less than \$200 per month.

When asked about priority training areas in the business, 42.4 per cent of businesses indicated that training front of house staff was the highest priority, down slightly from last year. The second most important area was the owner themselves, with 24 per cent, up from 17.8 per cent the previous year.

What are your priorities for staff training?



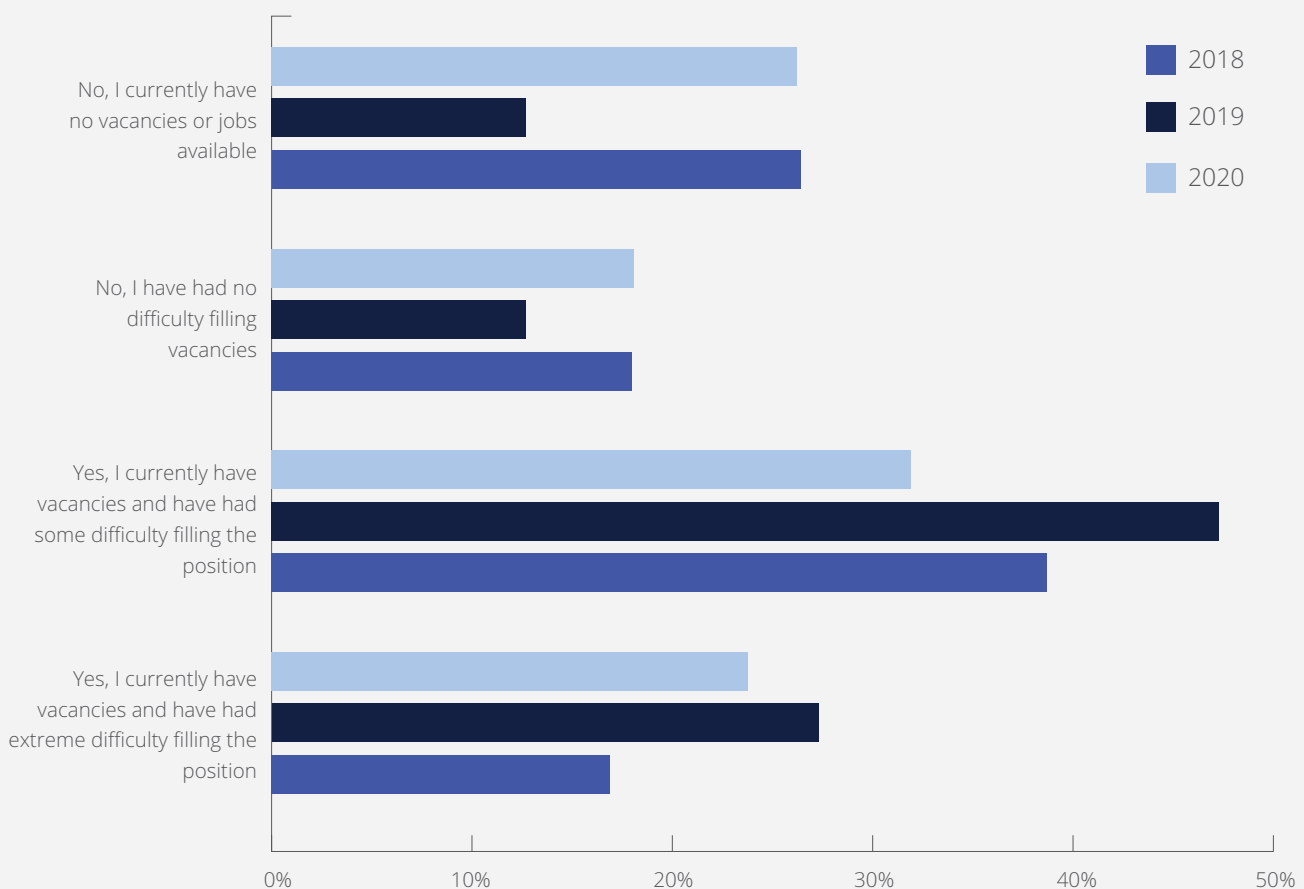
Access to both skilled and unskilled labour remains one of the most pressing issues facing restaurant, café and catering business owners across Australia., Which has been greatly exacerbated by the lack of access to international labour due to the COVID-19 Pandemic.

This year's survey asked respondents a series of questions regarding the availability and ease of finding staff for their business. Identical questions from previous year's surveys were asked to gain an understanding of how businesses' accessibility to skilled labour had improved or deteriorated over the three-year period.

Vacancies

Respondents were asked whether they were currently having trouble hiring staff, with 31.9 per cent indicating they did have vacancies they were struggling to fill. 23.8 per cent indicated they were experiencing extreme difficulty in filling positions. Just 18.1 per cent indicated they haven't had trouble filling vacancies.

Are you currently experiencing difficulty hiring staff?

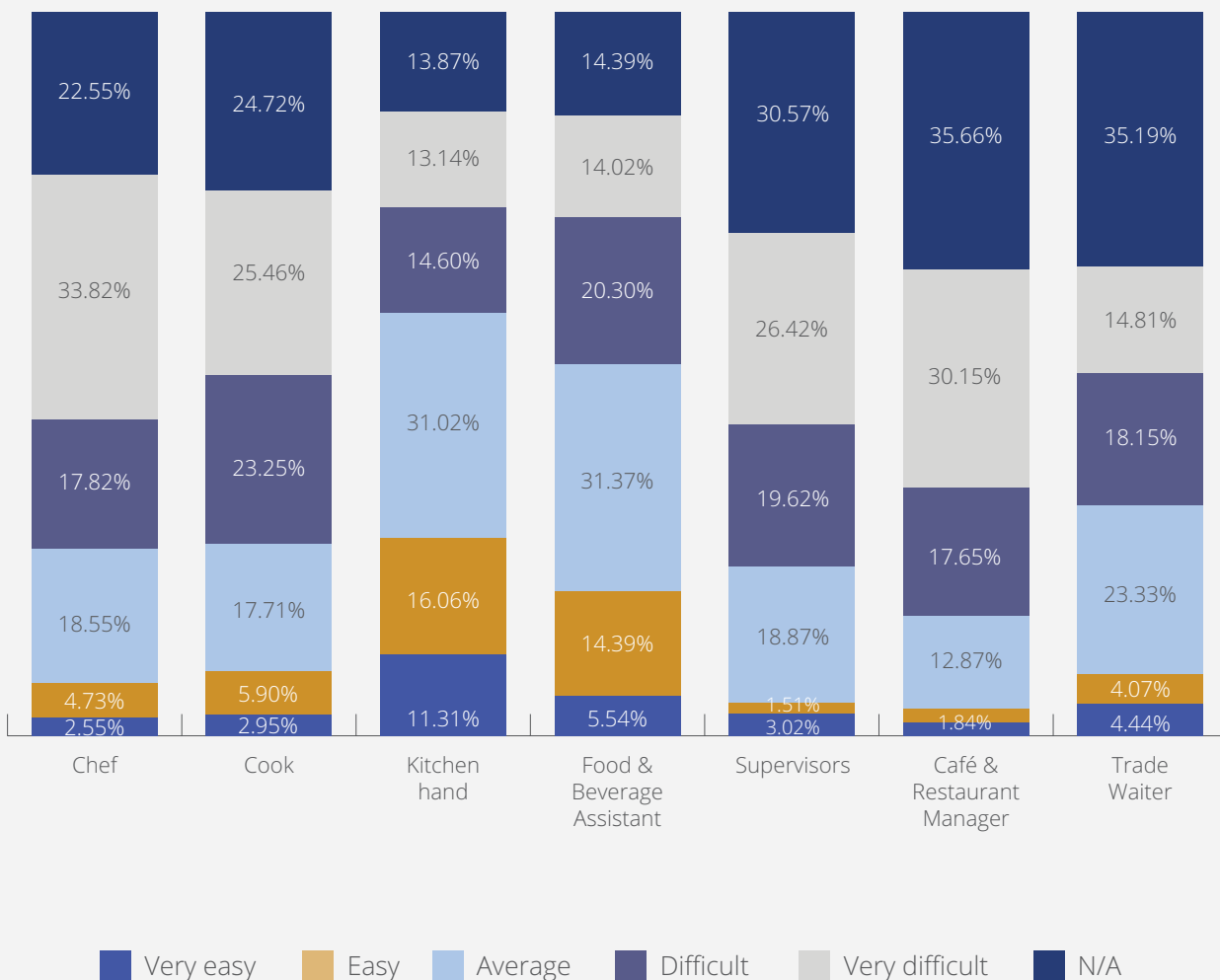


Survey respondents were also asked whether they believed it was more or less difficult to fill key positions compared to last year, in order to measure how the COVID-19 Pandemic has affected businesses ability to hire staff. 46.1 per cent indicated it was more difficult than last year to fill vacant positions, with 42.6 per cent saying it was about the same as last year and 11.4 per cent indicating it was easier than last year.

Difficulty In Filling Certain Positions

Businesses who did indicate that they had vacancies that were required to be filled in the past 12 months were asked how easy or difficult certain key positions were to fill. Chefs were again the most difficult positions to fill, with 33.8 per cent of businesses indicating it was 'very difficult' to fill these positions, although this was down from the previous year. 30.2 per cent of businesses also reported that it was 'very difficult' to recruit café and restaurant managers to fill vacancies in their businesses. The simplest position to fill was Kitchen Hand, with 27.4 per cent of respondents indicating it was either easy or very easy to find people.

If you have had vacancies in the past 12 months, how easy or difficult has it been to fill the following positions?

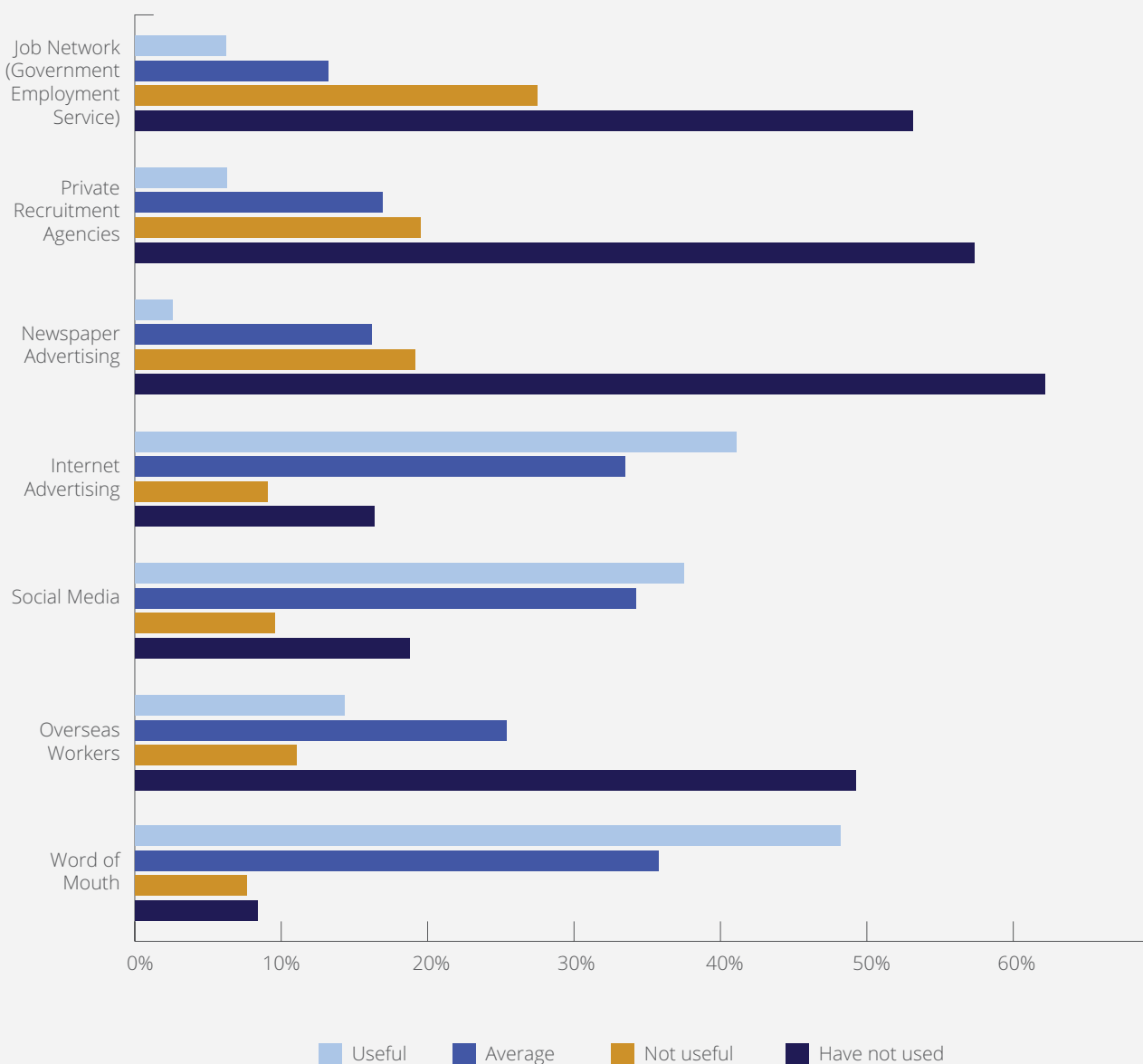


Recruitment Practices of Employees

Respondents were asked which recruitment methods they found useful in attracting staff. Word of mouth was ranked as the most effective recruitment tool, with 48.2 per cent of respondents indicating this method was the most useful method to find staff. Internet advertising was ranked as the second most useful recruitment tool for staff with 41.1 per cent indicating they this useful.

Job Networks and Private Recruitment agencies were among the least useful methods, with only 6.2 find both methods useful.

Please rate how useful you have found the following recruitment methods over the past 12 months?



2 out of every 3 business owners underpay themselves in some way to make ends meet in the business



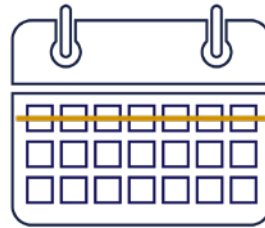
Group booking surcharging has tripled compared to 2019 levels



62.9% of businesses choose not to open on Christmas day

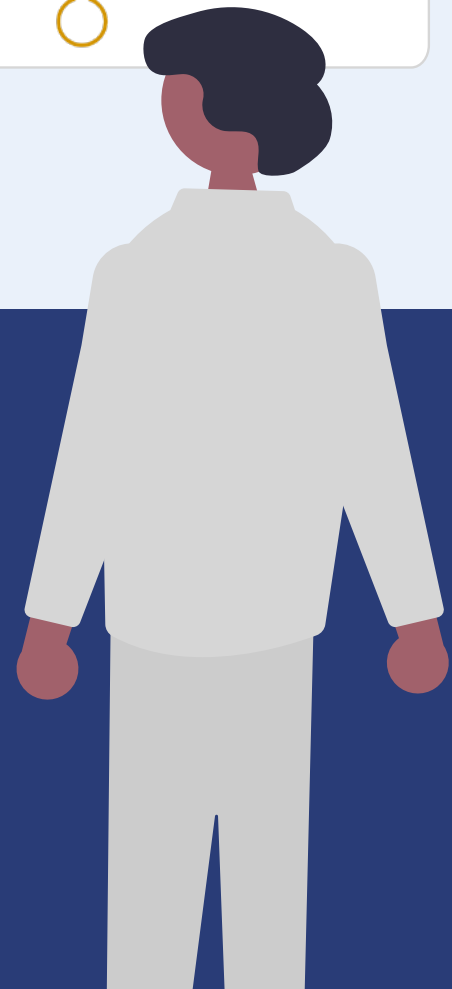
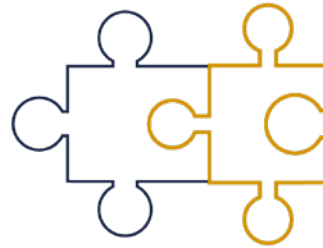


1 in 5 businesses rely on owners completing more than 40 hours per week of unpaid work



40hrs+

54.4% of respondents said complexity in the award system was the number one contributor to non-compliance



CHAPTER 6

Industrial Relations & Trading Hours

As part of the 2020 survey, businesses were asked several questions regarding their trading practices on both Sundays and Public Holidays and whether they applied a surcharge at any of these times.

Trading Hours

In the 2020 survey, 53.6 per cent of businesses indicated that they opened on Sundays and Public Holidays, a slight drop from the previous year. 22.2 per cent of businesses indicated that they opened on Sundays but closed on Public Holidays.

The survey also showed more businesses are choosing to close on Sundays and public holidays, which is directly related to the high cost of labour on those days.

Hours of operation	2020 (2019-20 FY)	2018-19 (2018-19 FY)	2016-17 (2016-17 FY)	2015-16 (2015-16 FY)	2014-15 (2014-15 FY)	2013-14 (2013-14 FY)
Open Sundays but not Public Holidays	21.2%	21.3%	24.1%	20.2%	19.4%	22.6%
Open both Sundays and Public Holidays	53.6%	57.0%	51.8%	50.9%	54.7%	48.0%
Open some Sundays and Public Holidays	5.8%	5.8%	8.9%	8.8%	7.9%	10.2%
Closed Sunday and Public Holidays	14.7%	12.3%	9.8%	12.3%	13.7%	13.6%
Other	3.8%	3.6%	5.3%	7.9%	4.3%	5.6%

Public Holidays

Businesses were asked which Public Holidays they opened for as well as the services that they provided on each of these days (breakfast, lunch and dinner). As the survey was distributed nationally, certain state-specific and regional-specific Public Holidays were not included.

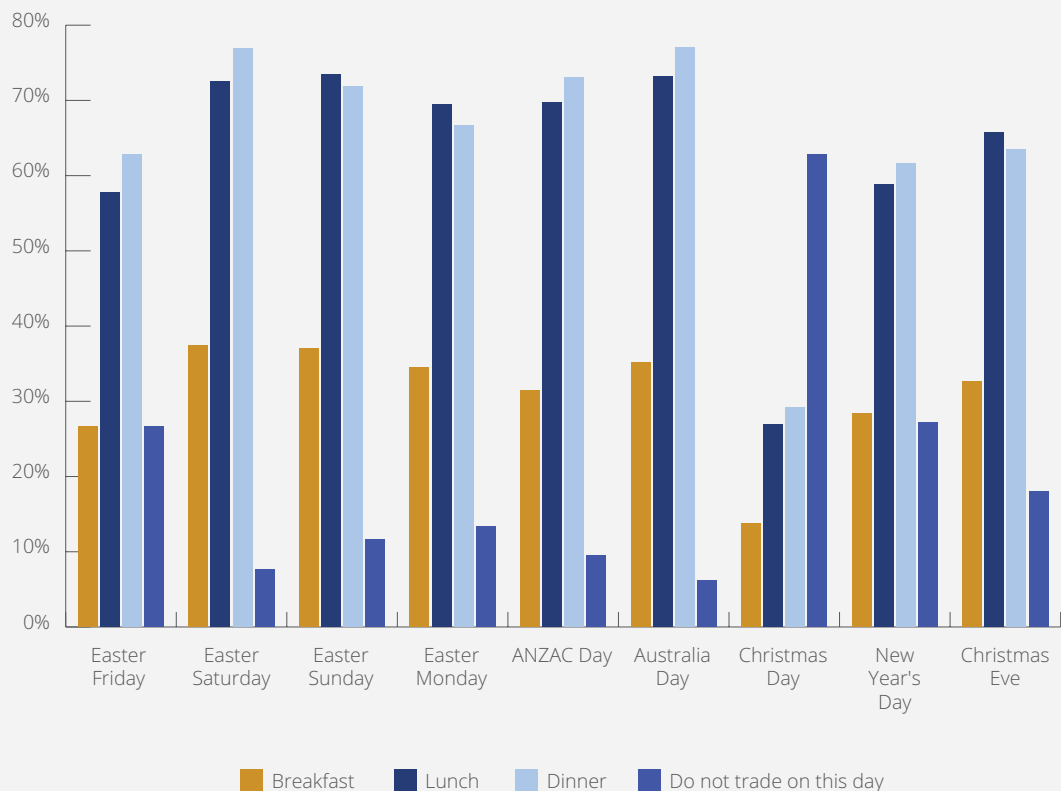
The included Public Holidays were Australia Day, ANZAC DAY, Good Friday, Easter Saturday, Easter Sunday, Easter Monday, Christmas Day and New Year's Day.

The most popular public holiday to open was Australia Day, with only 6.2 per cent of respondents indicating they did not open on this day at all, followed by Easter Saturday (7.7 per cent).

The least popular holiday to open was overwhelmingly Christmas day, with 62.9 per cent of businesses choosing not to open on this day.

Due to the recent introduction of a Christmas Eve Part-Day Public Holiday in QLD, joining states who already celebrated the holiday such as SA & NT, this question was asked for the first time. Respondents indicated that 63.5 per cent of businesses chose to remain open despite the added labour costs.

Please indicate which of the following Public Holidays you are open and what service you provide on these days:

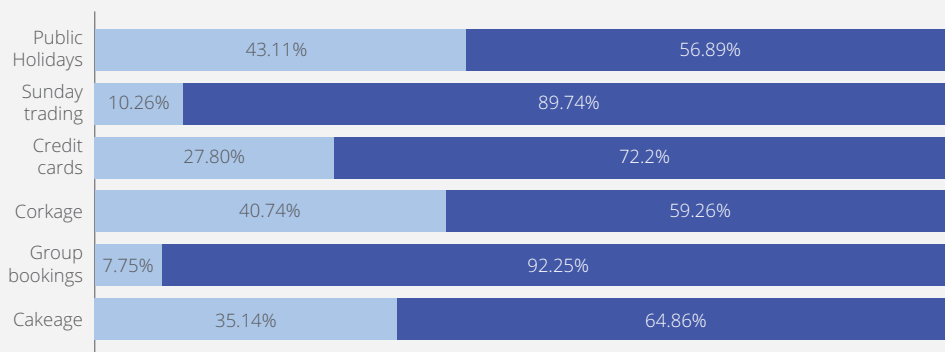


Surcharging

Respondents to the 2020 survey were asked about their practices in terms of surcharging including what item or items they applied surcharges to and whether they chose to apply surcharges on Sundays and Public Holidays. 43.1 per cent of respondents indicated that they applied a Public Holiday surcharge, an increase from 2019 levels. 40.7 indicated they did charge a corkage surcharge and 27.8 per cent indicated that they charged a surcharge on credit card use.

Do you charge a surcharge for any of the following?

■ YES ■ NO



Of the respondents who reported that they applied a surcharge on Public Holidays and/or Sundays, most indicated that they did so at either 10 or 15 per cent as was the case in previous year's surveys.

In terms of other commonly used surcharges, group booking surcharges have more than tripled from the 2019 survey to 7.8 per cent from 2.3 per cent the previous year.

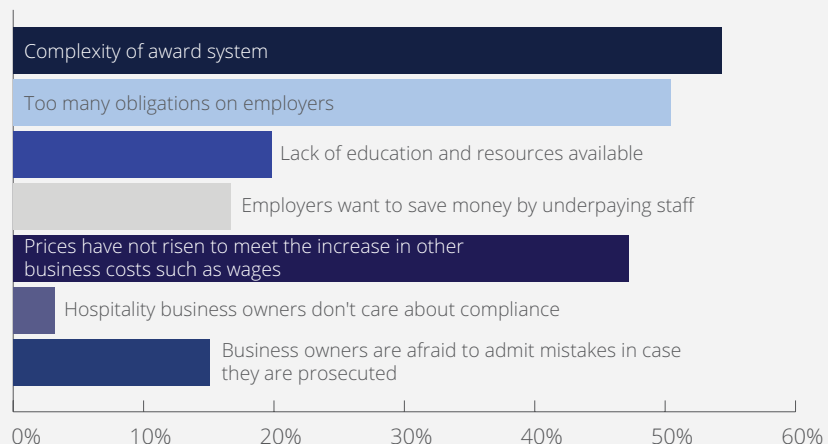
Main Contributor to Fair Work Non-Compliance

Respondents to the 2020 Survey were also asked about their Fair Work obligations and efforts to ensure compliance in their business, including what they thought was the main contributors to non-compliance in the hospitality industry.

2020 respondents said complexity in the award system was the number one contributor

to non-compliance, with 54.4 per cent of respondents. The second most common contributor was a view that there were too many obligations on employers. For a second year in a row, the least common reason for non-compliance was 'Hospitality business owners don't care about compliance', with only 3.2 per cent of respondents.

Based on your insight, select the main contributors to non-compliance with regards to Fair Work Obligations in the hospitality industry.



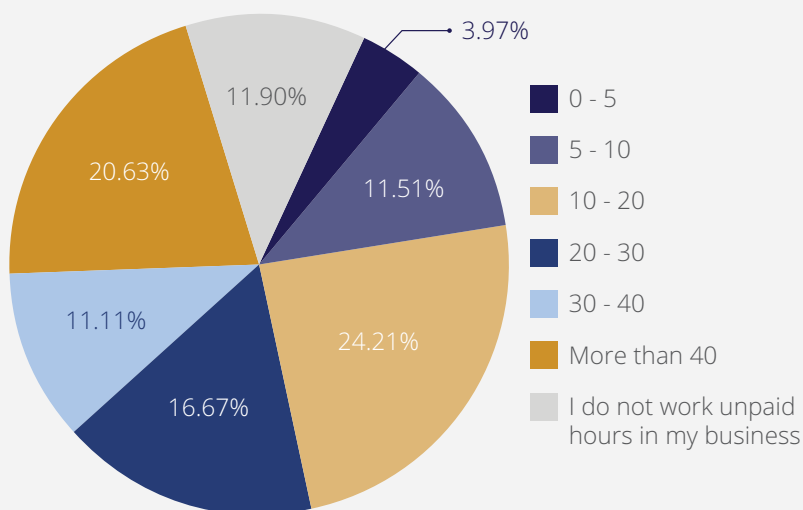
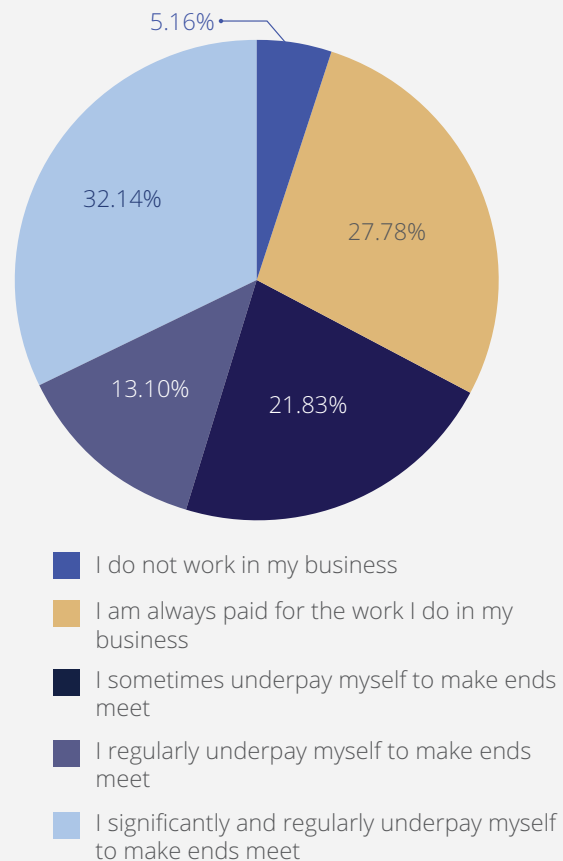
Business Owner Labour

The 2020 survey again asked business owners to reveal if they have ever failed to pay themselves at the appropriate award wage for the hours they have worked within their business. This is the second time this question has ever been asked as part of the survey. For the first time, a new question was added asking respondents to identify how many unpaid hours per week owners work their businesses.

32.1 per cent of business owners admitted to significantly and regularly underpaying themselves, with 13.1 per cent stating they regularly underpay themselves and 21.8 per cent indicating they sometimes underpay themselves.

Only 5.2 per cent of owners indicated they do not work in their business, down from 7.8 per cent last year. 27.8 per cent indicated that they always pay themselves the appropriate award rate when working in their business.

As a business owner, have you ever failed to pay yourself at the appropriate award wage? If so, how often?



How many unpaid hours a week do you work in your business?

When asked about how many unpaid hours a week business work in their business, only 11.9 per cent indicated that they do not do unpaid hours of work in their businesses. The most common response was between 10-20 hours per week, with 24.2 per cent of respondents. Surprisingly, 20.6 per cent indicated they work more than 40 hours per week in their business.

The COVID-19 pandemic is the most common reason for introducing a new delivery platform

UberEats & Menulog were the two most popular platforms used

A majority of businesses choose not to use online reservation booking platforms

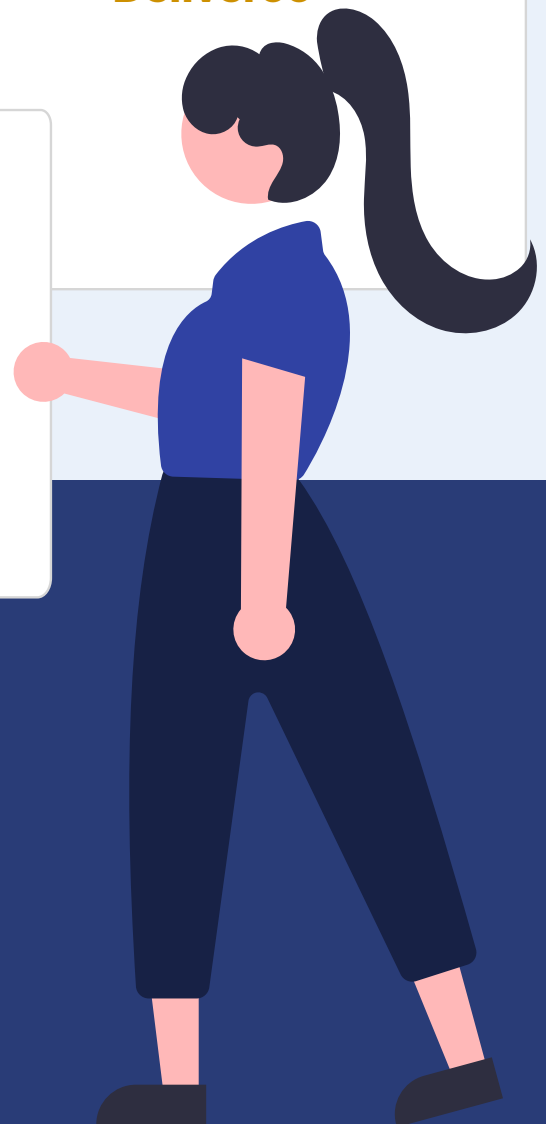
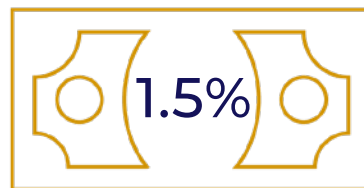


Payments methods like apple pay have increased five-fold in the last 12 months

More than 40% of businesses indicated they offered delivery through a third-party delivery platform such as UberEats, Menulog or Deliveroo



Cash accounts for just 1.5% of all spending



CHAPTER 7

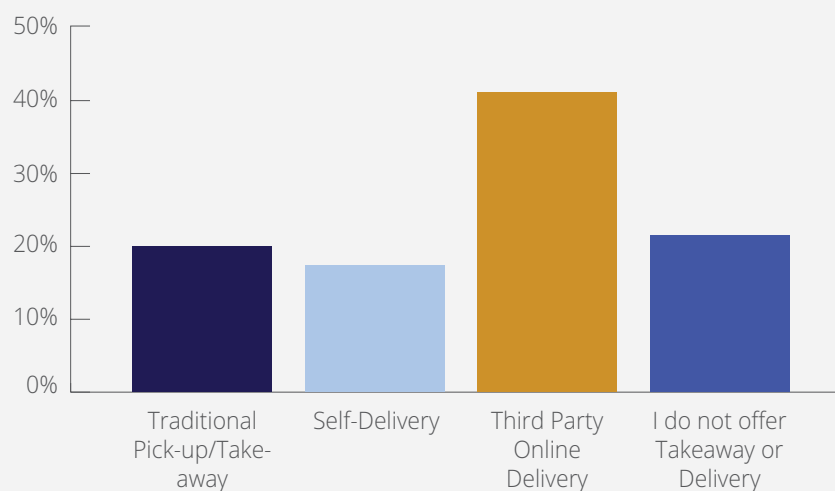
Use of Digital Technology

Popularity Online Takeaway and Delivery

The 2020 survey amended some questions relating to online takeaway and delivery compared to 2019 questions, noting the increased role of takeaway and delivery to the restaurant in industry due to the COVID-19 Pandemic as well as the expanded offering of many online platforms and aggregators into options such as pick-up and self-delivery.

The 2020 survey asked what options venues provided to customers seeking takeaway or delivery options, with 41.1 per cent of businesses indicating they offered delivery through a third-party delivery platform such as UberEats, Menulog or Deliveroo, which was the most common choice.

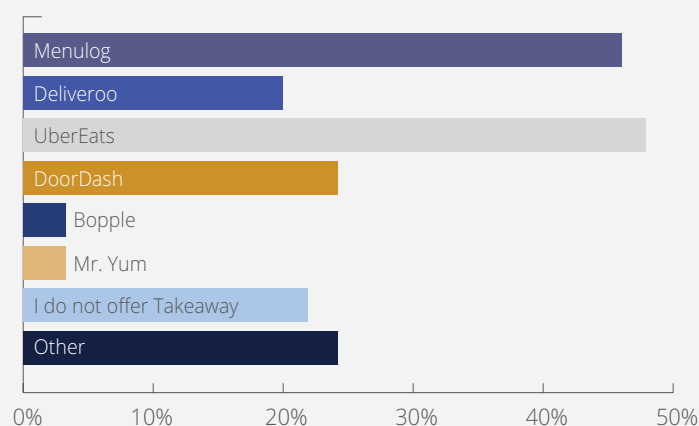
What kind of Online Takeaway or Delivery Platform do you provide in your business?



Choice of Platform

The 2020 survey asked respondents to name the online food delivery platform their business used, and to select multiple options if they used more than one platform. UberEats & Menulog were the two most popular platforms used, with 47.9 & 46.1 per cent respectively. DoorDash was the third most popular platform with 24.2 per cent. 20 per cent of respondents indicated that they used Deliveroo. Smaller self-delivery platforms such as Bopple & Mr Yum were also offered as choices, with 3.3 per cent of respondents each selecting this option.

Which of the following online platforms do you use? (if you use more than one tick each box for the platforms you use)



Choice of Platform Continued

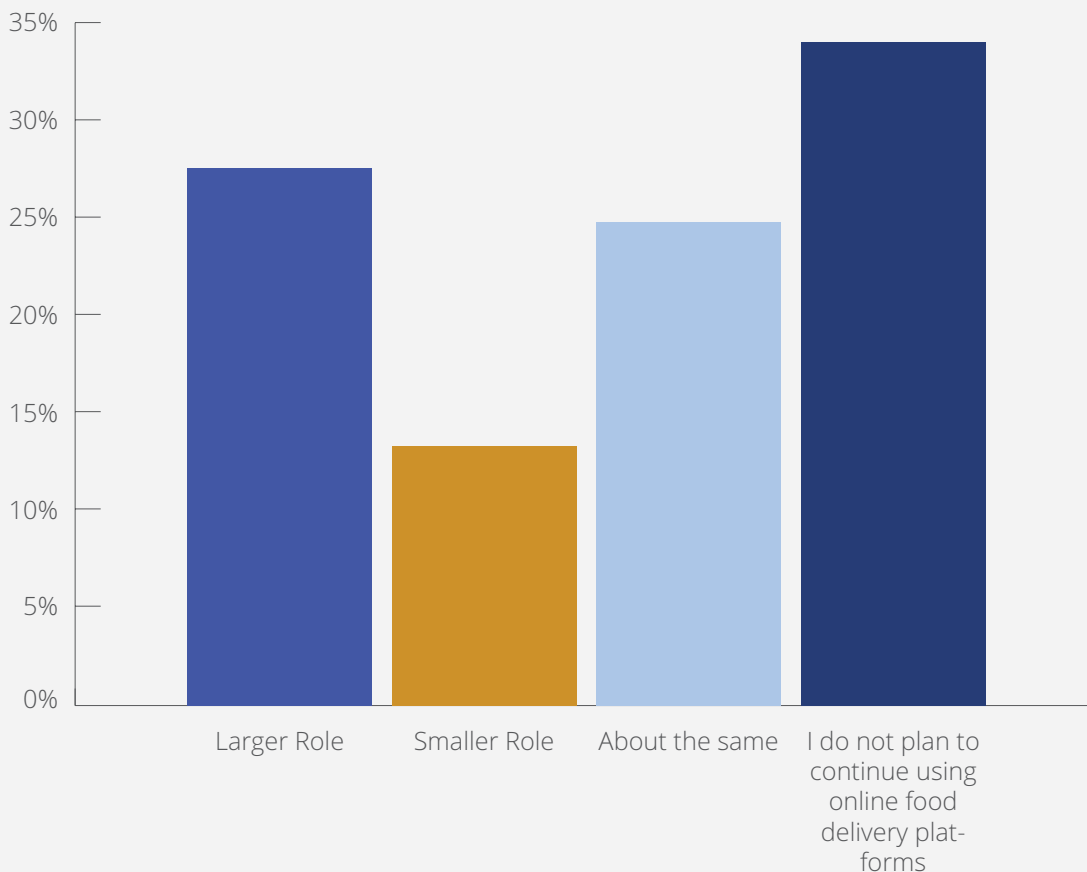
Of those businesses who did use a third-party platform, the most popular reason for their choice was COVID-19 (23.3 per cent), indicating the increased utilisation of these platforms as a result of COVID-19 restrictions and the pandemic. 21.2 per cent indicated that it was to increase their customer base and 20 per cent indicated it was to introduce a new revenue stream into the business.

Choosing an online platform to stay competitive with other local venues dropped significantly in this year's survey, with just 7.4 per cent indicating this as their key reason compared to 32 per cent last year.

When asked 'What role will online food delivery play in your business over the next 12 months?', 27.7 per cent of respondents indicated that it would play a larger role, 24.9 per cent indicated it would play a similar role and only 13.4 per cent thought it would play a smaller role.

34.1 per cent indicated that they do not plan to continue using online food delivery platforms, indicating that many businesses saw online delivery platforms as a temporary measure designed to get them through the COVID-19 pandemic period.

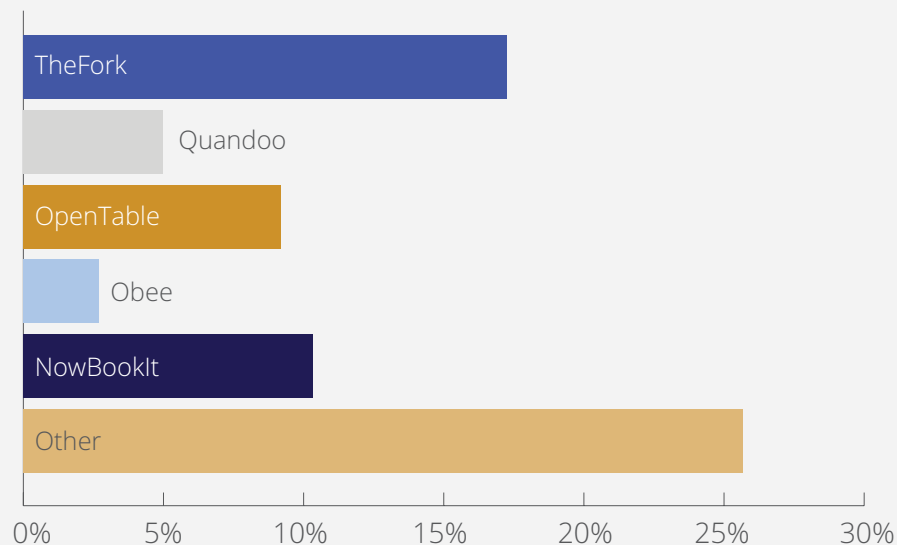
What role will online food delivery play in your business over the next 12 months?



Online Booking Providers

Respondents were asked again as part of the 2020 survey whether they used an online booking system in their business, with 45.1 per cent indicating that they did compared to 54.9 who indicated that they did not, this is a significant drop from 2019 and 2018 levels where a majority of businesses indicated they had used an online system. The popularity of certain platforms is mixed as shown below, with the Fork the most popular single brand, attracting 17.2 per cent of respondents.

What platform do you use?

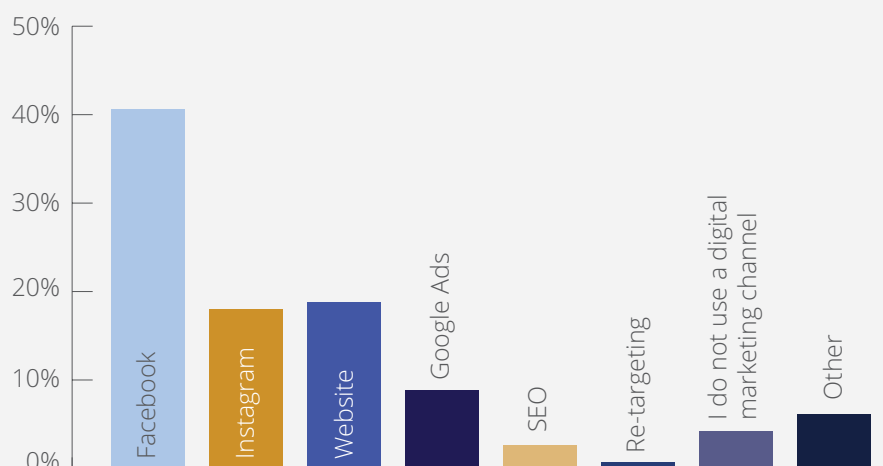


Digital Marketing

Businesses were asked about what digital marketing channels are most popular for restaurant, café and catering businesses. Respondents to the 2020 survey indicated that Facebook continues to be the most popular form of digital marketing, with 40.6 per cent of respondents choosing this option. Instagram and the business own website were also popular choices.

Respondents also indicated that Facebook continues to be the most effective way to attract new customers to their business, followed by Instagram.

What digital marketing channels do you currently use in your business?



Social Media Advertising

The 2020 survey also asked respondents about their use of social media advertising, with 65.5 per cent of respondents indicated that they spend money of social media ads.

Businesses were then asked to identify which social media platform has been the most effective in attracting new customers, with Facebook (57.9 per cent) & Instagram (24.1 per cent) the two standout platforms.

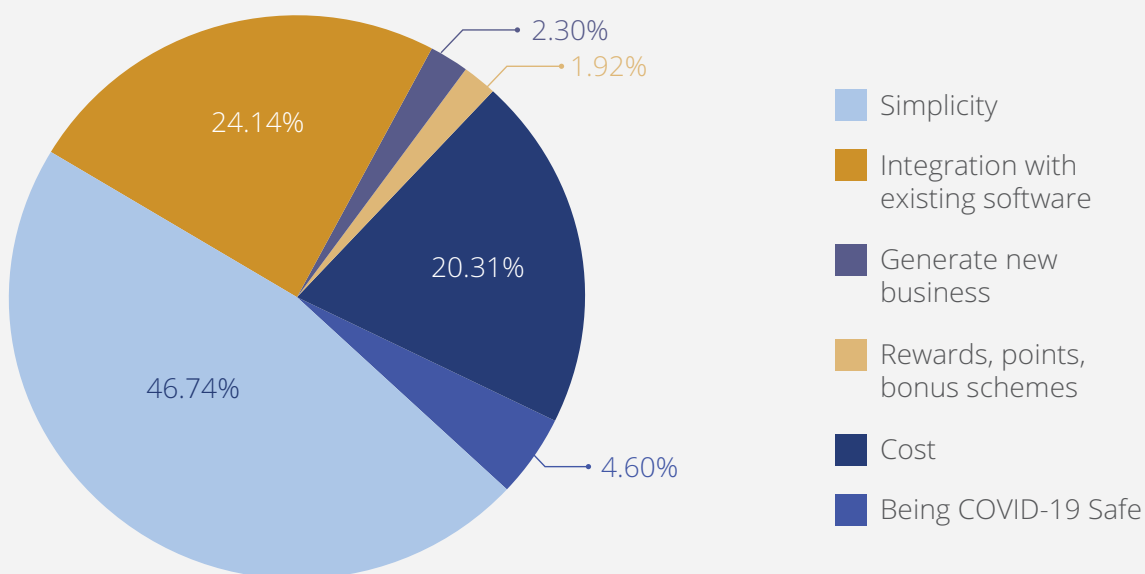
Payment Methods

The 2020 survey also asked businesses for detailed responses relating to payment methods and payment platforms. An overwhelming number of businesses indicated that card payment – either credit or debit card) – was the most common payment method (90 per cent). Phone or device touch payment e.g. Apple Pay significantly increased in 2020 to 5.4 per cent compared to just 0.9 per cent in 2019. Cash continues to decrease in popularity, accounting for just 1.5 per cent of all respondents.

When asked about payment processing methods, the most common form of card payment was PayPass or 'Tap & Go' with 77.7 per cent of respondents indicating it was the method of choice for customers. This was followed by payment requiring the entering of a pin (10.8 per cent).

When asked about why businesses choose what payment methods to adopt in their businesses, simplicity (46.7 per cent) and integration with existing software (24.1 per cent) and cost (20.3) were listed as the most common reasons. COVID-19 Safety ranked at just 4.6 per cent.

What is your priority when considering what payment methods to use in your business?



CHAPTER 8

Use of Australian Wine

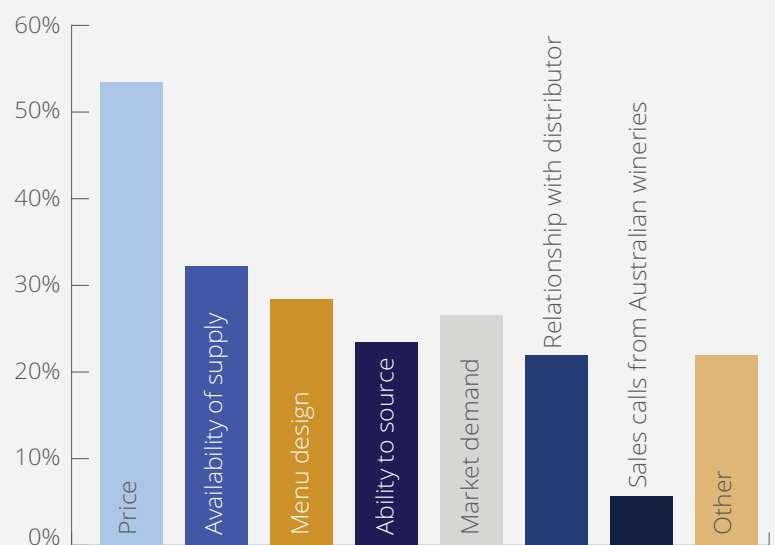
The 2020 survey also asked respondents for their views on the importance and role of Australian wines on their menu's, as well as better understanding how wine is supplied to restaurants.

33.7 per cent of respondents indicated that it is 'Very Important' to feature Australian wines on their wine list, with 25.8 per cent indicating it was 'important'. Only 4.55 per cent indicated it was not important. Surprisingly though, only 20.8 per cent of respondents indicated the percentage of Australian wines on their wine list increased over the last 5 years.

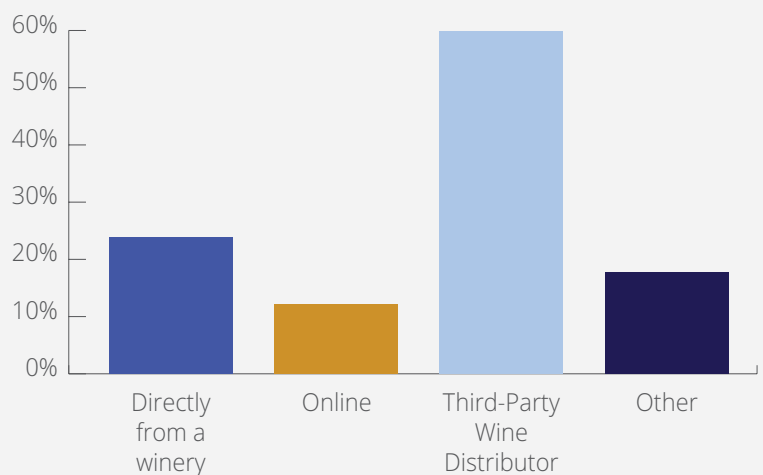
Businesses were also surveyed on the biggest contributing factors in determining whether Australian wines feature on their menu, with 53.4 per cent indicating price was the single largest determining factor. Supply availability and menu design (i.e. ensuring wines offered matched food choices) were second and third most common reason listed, with 32.2 per cent and 28.4 per cent respectively.

When asked about business preferred method of purchasing wine, 59.9 per cent indicated a third-party wine distributor was their preferred method, down from 64.1 per cent in 2019. The use of online wine purchasing among restaurants also decreased to 12.1 per cent from 14.1 per cent in 2019. Purchasing directly from a winery significantly decreased in popularity, with just 23.9 per cent preferring this method compared to 33.2 per cent the year before.

What are the biggest contributing factors in determining whether Australian wines feature on your menu?**You may select more than one response.*



What is the main way in which you prefer to purchase wine?





PO Box 121

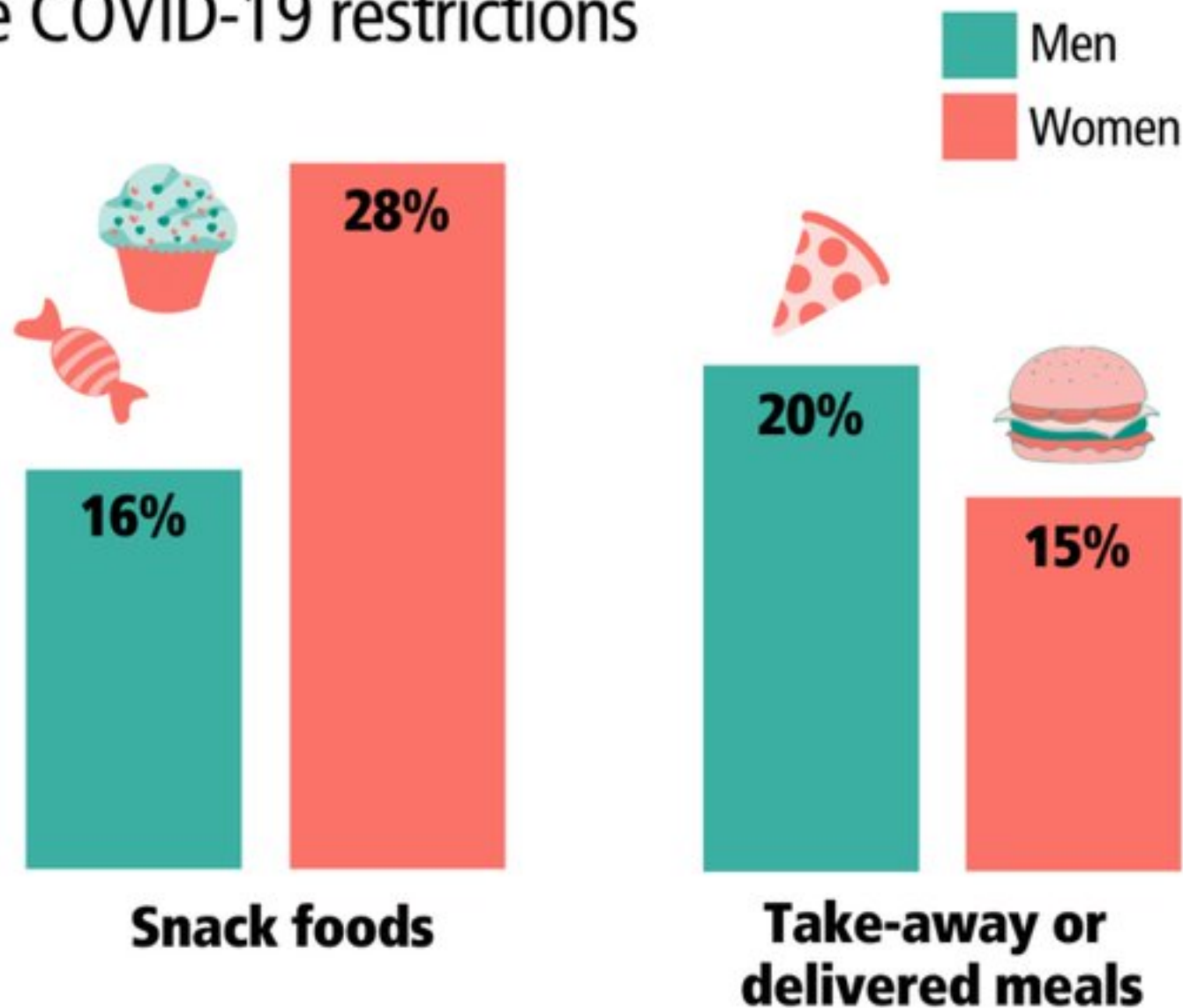
Surry Hills NSW 2010

T 1300 722 878

E restncat@rca.asn.au

Women snacking more, men ordering more take-away

% of Australians consuming more since COVID-19 restrictions



Note: Proportions are only for those who regularly consume these items
Household Impacts of COVID-19 Survey, Australia, 24-29 June 2020