

LIQUOR ACT 1992 AMENDMENTS – TAKEAWAY LIQUOR

Office of Regulatory Policy:
Liquor, Gaming and Fair
Trading

MAY 2021

Introduction

The Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to comment on potential amendments to the *Liquor Act 1992* (the Act) to allow the holders of a subsidiary on-premises licence to sell takeaway liquor with takeaway food.

CCIQ is Queensland's peak industry representative organisation for small and medium businesses. We represent over 448,000 Queensland small and medium businesses who employ 44% of Queenslanders working in the private sector. CCIQ works with the regional and local chamber network across Queensland to develop and advocate for policies that are in the best interests of Queensland businesses, economy, and community.

On 5 May 2021, the Commissioner for Liquor and Gaming wrote to CCIQ seeking our views on potential amendments to the Act to permanently allow holders of subsidiary on-premises licence (meals) to sell takeaway liquor with takeaway food. The request for comments proposed the following guiding questions:

- a. *Do you support the proposed legislative amendments? What are the reasons for your position (please provide supporting information, if available)?*
- b. *Will the proposal have any direct impact on members of your organisation? If so, how will your members be affected (please provide supporting information, if available)?*
- c. *Will the proposal have a specific or distinct impact on the members of your organisation located in regional or rural Queensland (please provide supporting information, if available)?*

This submission offers CCIQ's response to the above questions.

Economic Background

Queensland businesses have begun their recovery after the economic shock caused by the COVID-19 pandemic. The December 2020 CCIQ Pulse Survey of Business Sentiment highlighted this recovery, with the following figures standing out:

- 36% of businesses reported a stronger outlook for Queensland's economic performance in 2021
- 2 in 3 businesses were confident of their survival after the withdrawal of stimulus
- 2 in 3 businesses had recovered between 67% and 100% of their pre-COVID trade

This stands in stark contrast to the historic lows in business sentiment reflected in the June 2020 Pulse Survey. The sentiments in that survey were some of the lowest in the Pulse's history.

Despite this recovery, businesses and local chambers of commerce cited a lack of certainty about COVID-19-related restrictions as a major impediment to their recovery. While addressing the questions above, our response will be framed in terms of the need to maintain business recovery and provide certainty for future business growth.

Business-friendly Policies

The proposed amendments to the Act are an example of “business-friendly” policies. “Business-friendly” refers to a set of policies that make it easier to do business by reducing operating costs and complexity. In this instance, it involves removing a policy obstacle. CCIQ referred to “business-friendly” policies in our 2021-22 State Budget Submission, our submission to the COVID-19 Emergency Response and Other Legislation Amendment Bill 2021 and in various public fora. Business friendly policies are also a critical part of CCIQ’s 2021-22 state budget submission to the Queensland Government.

It is worth noting other states implementing this approach to liquor licensing. South Australia made allowances in response to the COVID-19 pandemic to enable cafes, restaurants, small bars, and local clubs to temporarily sell takeaway liquor in March 2020. Further reforms were announced in November 2020 to make these changes permanent. In May 2021, the South Australian Government further announced additional support for liquor license holders affected by COVID-19 by offering a 50% reduction on liquor license fees for COVID-19 impacted businesses for 2021-22¹. The extension of COVID-19 liquor licensing amendments and the reduction of liquor licensing fees are key examples of a “business friendly” approach to reform on liquor licensing. CCIQ encourages your office to adopt a similar “business friendly” approach.

COVID-19 Response Certainty

Besides business-friendly policies, there is a critical need for business certainty. Over the past 12 months, CCIQ has consistently advocated on the importance of providing businesses with certainty in the management of the Queensland Government’s COVID-19 health and economic response. This certainty is particularly important now that we know the vaccine rollout is delayed and that complete eradication of the virus is highly unlikely in the short to medium term. This results in the extension of ongoing impacts to business and potential disruptions to their ability to trade. CCIQ has prepared and submitted a nationally consistent framework for COVID-19 reopening to the Queensland Government (attached to this e-mail). We would encourage your office to peruse the document and refer it to relevant officials within the Queensland government.

¹ South Australian Government, www.cbs.sa.gov.au/liquorwaivers

Response to Questions

a. Do you support the proposed legislative amendments? What are the reasons for your position?

CCIQ supports the proposed legislative amendments and has previously expressed this support in submissions² and parliamentary hearings.³

We submit that there is a net economic benefit to removing an impediment to increased profitability for clubs, pubs, and restaurants in Queensland. As of 2020, the Australia-wide revenue for cafes and restaurants alone was \$37 billion, generated by 47,000 businesses employing 450,000 people. Most notably, over 92% of businesses in this sector were small businesses employing fewer than 20 staff each⁴. In Queensland, the sector represents 8,354 businesses employing 112,000 people each year⁵.

Restaurants, cafes, and pubs generally operate on thin profit margins. Despite the paucity of more detailed recent data, a 2018 Australian Financial Review analysis revealed that, for every \$30 spent in a restaurant, only 60c is realised as profit by the restaurateur.

Additionally, the sector has been disproportionately affected by COVID-19-related restrictions. The current customer density limit of 1 person per 2 square meters has a direct, negative impact on profitability. The community wide lockdowns have also had a detrimental effect on businesses in Queensland. CCIQ's survey results revealed that Queensland businesses lost \$604 million as a direct result of the March 2021 three-day lockdown, with the loss in Greater Brisbane region alone revealed to be \$415 million. Pubs, clubs, and restaurants reported they suffered direct losses because of throwing out stock and from the inability to trade during the lockdown. The ability to charge higher mark ups for takeaway liquor are, therefore, an effective enhancement to their cashflow and profit potential. This will help the sector improve their profit margins and recover from the effects of COVID-19 disruptions and restrictions, particularly since these disruptions are predicted to continue for some time.

In making this decision, the ORP is encouraged to look at the example set by South Australia. In November 2020, the South Australian government announced their intention to make similar changes permanent. The South Australian Attorney General pledged to table the legislation before Parliament "at the earliest possible opportunity." The South Australian Premier described this measure as helping to remove "...unnecessary red-tape and help businesses defy the ongoing challenges and impacts COVID-19 presents."⁶ CCIQ submits that the same logic applies in Queensland.

² CCIQ submission on the COVID-19 Emergency Response and Other Legislation Amendment Bill 2021

³ CCIQ verbal evidence at the COVID-19 Emergency Response and Other Legislation Amendment Bill 2021 public hearing, 29 March 2021

⁴ Restaurant and Catering Association submission on Takeaway Liquor Licensing, 10 December 2020

⁵ Restaurant and Catering Association submission on Takeaway Liquor Licensing, May 2021

⁶ South Australian Government, www.premier.sa.gov.au/news/media-releases/news/pandemics-positive-takeaway-helping-to-back-small-business

b. Will the proposal have any direct impact on members of your organisation? If so, how will your members be affected?

CCIQ represents a multisectoral membership base. We therefore focus on the potential net economic benefit to Queensland's small business community.

We acknowledge that some businesses may be negatively affected by this change, with a potential dilution of hotels and taverns' competitive advantage in the takeaway alcohol market being one example. We believe, however, that this change presents net positive benefits to Queensland's small business community. CCIQ recommends that consideration be given to all types of businesses which may be directly or indirectly impacted by the proposed amendment in making the final decision.

We also acknowledge potential concerns about increased abuse of alcohol because of this amendment. CCIQ has not sighted any evidence of this effect to date. We further submit that alcohol abusers would need to purchase a meal and combine it with high-cost alcohol. The cost of a meal, the high price of takeaway liquor and the restrictions on alcohol quantities purchased in this way would make it an expensive and inconvenient way to obtain excess alcohol.

c. Will the proposal have a specific or distinct impact on the members of your organisation located in regional or rural Queensland?

CCIQ acknowledge the range of businesses which may be directly or indirectly impacted by the proposed amendment, including those located in regional and rural Queensland.

No specific data on these potential impacts is available, however the economic rationale for the change as discussed above also applies in regional and rural Queensland.

Further Enquiries

CCIQ thanks the Office of Regulatory Policy: Liquor, Gaming and Fair Trading for the opportunity to provide commentary on the proposed amendment. If there are any further questions in relation to the submission, please contact Gus Mandigora (Senior Policy Advisor) at gmandigora@cciq.com.au.