

R&CA Proposal – Further Support for SA Hospitality Sector 2 December 2020

Background:

The South Australian Government deserves to be congratulated for their handling of the Covid-19 Pandemic and their ongoing support for the broader hospitality sector, with the continual easing of restrictions leaving south Australia one of the least restricted states prior to the Parafield outbreak. However, since the announcement of the first cluster in SA for months, hospitality businesses have been subject to a constantly changing regime of restrictions that, as of 1 December 2020, leave them the most restricted state across Australia.

R&CA believes that moving to a 1 person per 2 sqm indoors, re-introducing stand up drinking and lifting caps on larger venues is vital to ensure the continued viability of the sector as JobKeeper payments taper off.

Finally, as these restrictions are in place over what is traditionally the busiest season for hospitality venues, the impact is far more severe than restrictions over quieter periods such as winter. For many venues, December takings could be higher than over the entire winter quarter. For many venues, these busier months serve as a boom period that will help businesses survive through the following winter in 2021.

Due to the impact of these restrictions on vital pre-Christmas trade, R&CA has outlined key stimulus & recovery measures that should be adopted to assist the sector in recovering and help operators plan their business with greater certainty.

1. Targeted Micro-economic Stimulus

R&CA believes the SA Government should introduce a targeted voucher, available to every household, aimed at encouraging people to spend in their local restaurant, café or catering businesses. R&CA is calling on government to provide up to \$100 towards the cost of a restaurant bill for households of two or more, or up to \$50 for single person households, which can be given in single or multiple vouchers of smaller amounts, [similar to what was announced in NSW](#).

R&CA believes the NSW scheme, worth \$500m, will bring in over \$1.5billion in economic activity to the NSW economy.

This measure would provide targeted support for the hospitality industry through a home-grown version of the UK's current "Eat Out to Help Out" initiative. The scheme would be available for in-house dining well as takeaway options (and pre-packaged meals) and contactless food delivery where the

consumer paid the businesses directly (not to an intermediary or third-party delivery service).

There are 765,786 million households in South Australia as per the 2016 Census, with 179,119 being single person households.

The cost of this program would cost approximately \$67.6m to the state budget but could bring as high as \$200 million in added economic activity to the SA economy.

2. Cash grants to support re-opening

To supplement the existing cash grants that are available, businesses will need significant further assistance to be able to meet the cost of re-opening including stock ordering and other upfront costs.

There are 2,353 Cafes and Restaurants and 278 Catering Companies and Function Venues in Victoria.

R&CA believes that hospitality venues should be able to access re-opening grants of \$10,000 for small business and \$25,000 per larger business under a hospitality specific top-up to existing support measures

The cost to of this program to the state budget would be approximately \$39.5 million.

3. Greater Certainty with a Re-Opening Roadmap

Whilst SA hospitality businesses were operating in a certain business environment prior to the Parafield outbreak, the movement of restrictions since then has been ad hoc and prone to last minute amendment. While these changes are rightly based on health advice, they do not provide a clear operating environment for hospitality venues, nor do they allow the planning of staff, stock or bookings during what is a very busy time of year. This has already lead to customers expressing increasing frustration with operators and staff as bookings made months ago are being cancelled due to lower higher density restrictions.

R&CA believes a clear roadmap for loosening restrictions, including the introduction of the 1 person per 2 sqm rule, be released to give more certainty to the sector and allowing them to appropriately plan their businesses accordingly.

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