



SUBMISSION TO THE PRODUCTIVITY COMMISSION

PERFORMANCE BENCHMARKING OF AUSTRALIAN BUSINESS REGULATION: FOOD SAFETY

Introduction

ClubsAustralia represents Australia's 4000 licensed, not-for-profit clubs. Clubs are community based organisations whose central activity is to provide local community and sporting facilities for their members. Clubs contribute significantly to their local communities, through employment and training, direct cash and in-kind social contributions and through the formation of social capital by mobilising volunteers and providing a diverse and affordable range of services, facilities and goods. Typically this includes bistros and restaurants serving meals and snacks at affordable prices.

Australian not for profit, community clubs are committed to food safety and hygiene practices in the best interest of their members and guests.

In meeting this commitment, clubs must comply with the Food Standards Code as well as initiatives introduced independently by States and Territories. Many larger clubs have voluntarily implemented food safety and hygiene practices following HACCP principles, and also pay for the ongoing training of their chefs and kitchen staff.

Clubs, due to the diverse range of activities they offer their members, need to comply with a wide range of local, state and federal government regulation. In addition to food preparation and service, club activities include entertainment and the performance of live music, sporting activities, gambling and alcohol service. The combination of regulations presents a significant compliance burden.

Overview of Food Service in Clubs

According to the Australian Bureau of Statistics, almost half of all licensed clubs are in New South Wales, with 14 per cent in Victoria and 12 per cent in Queensland.¹ Club Movements in Australia's States and Territories have a diverse history and have been subject to very different laws and regulations. Most club regulations are state based; importantly gaming machine and liquor laws vary considerably in each jurisdiction. Food provision is strongly connected with responsible alcohol service and in some States, food service in clubs is mandatory under State liquor laws.

The type of food service available at clubs varies considerably. In NSW, 630 clubs have at least one restaurant, bistro or café, 399 clubs have 2 or 3 food service points and 36 clubs have four or more restaurants, cafes or bistros. Some clubs do not have

¹ The Australian Bureau of Statistics Report 8687.0 – *Clubs, Pubs, Taverns and Bars, Australia 2004/05*. Note: ClubsAustralia believes the ABS has undercounted clubs, confusing the percentage of clubs in each jurisdiction.

dedicated food service outlets; these clubs may only have food vending machines or serve pre-prepared, packaged food over the bar.

There is a significant difference between the type and size of food operations in large and small clubs, and clubs in urban and regional areas. For example, Bankstown Sports Club, in the western suburbs of Sydney, has four restaurants, one bistro and three cafes and serves food for over 12 hours a day. The club employs 120 food handlers and has 52,000 members. In contrast, Boorowa Recreation Club in South Western NSW has a single bistro that is open for lunch 4 days a week and employs 4 food handlers, serving food to only 610 members.

Table 1 shows food service as a percentage of revenue by club size in New South Wales. For small clubs, with revenue of under \$200,000, food contributes almost 9.5 per cent of their income.

Table 1: Food as a sources of Revenue for each club size (percentage of total revenue) NSW

Sources of Revenue	Club Size					
	\$0-200K	>\$200K- 1M	>\$1M-5M	>\$5M- 10M	>\$10M	Total Clubs
Food	9.5%	5.0%	6.0%	8.8%	7.2%	7.0%

Source: Allen Consulting Group, 2007 Survey of Clubs in NSW

Similarly in the ACT, small clubs receive 5.1 per cent of their revenue from food compared to 23.4 per cent of bar sales. Large clubs receive 7.1 per cent of their revenue from food service and 15.5 per cent from bar sales.²

According to ABS statistics from 2005, takings from sales of meals and food, accounted for 9.9 per cent of club revenue Australia-wide in 2004/05 (\$726.4 million).³ Food as a source of revenue in New South Wales has remained unchanged since 2003.⁴ Revenue gained from food sales declined in the ACT from \$18.4 million in 2002 to \$17.1 million in 2007.⁵

Table 2 shows food service as a percentage of club profit in New South Wales.

Table 2: NSW Clubs' sources of profit (percentage of total profit), by club size (by gaming machine revenue\$)

Sources of Profit	Club Size					
	\$0-200K	>\$200K- 1M	>\$1M-5M	>\$5M- 10M	>\$10M	Total Clubs
Food	0.5%	-0.2%	-0.3%	-8.1%	-2.2%	-1.7%

Source: The Allen Consulting Group, Clubs and the Mutuality Principle, Table 1.5 March 2006 p.6

For the most part, food service in clubs is an unprofitable activity and is often provided at a loss. Clubs provide dining facilities and food service to accompany the service of alcohol and to create a friendly, welcoming atmosphere for their members. Further regulation which either increases the cost or complexity of compliance would therefore be unwelcome in the club industry.

In a 2002 ClubsConsulting Survey, 61% of respondents listed dining facilities as a main reason for joining a club. 98% of club goers rated club restaurant and bistro

² Allen Consulting Group, Survey of Clubs in the ACT, 2007

³ The Australian Bureau of Statistics Report 8687.0 – *Clubs, Pubs, Taverns and Bars, Australia 2004/05*

⁴ Allen Consulting Group, Socio-Economic Study of Clubs in New South Wales 2007

⁵ Allen Consulting Group, Socio-Economic Impact Study of Clubs in the Australian Capital Territory, 2008

facilities as being of a high importance to them. While dining and food service contribute to the club-going experience for club members, food service is required as part of clubs' obligations to serve alcohol responsibly. Even when a club dining room or bistro is closed, the club still needs to ensure some form of food is available and many larger clubs serve hot, ready to eat meals for the entire duration of alcohol service.

Food regulators typically classify clubs as food businesses with a low to medium risk of food borne illness. Clubs who typically sell pre-prepared and packaged food over the bar are low risk, and clubs with restaurants and bistros are medium risk. The definition of risk may also be dependent on previous inspections; clubs with a good record of food safety and hygiene pose a lower risk than less responsible food businesses.

While clubs hold functions for their members, helping them to celebrate important milestones such as marriages and birthdays, catering for large groups is not a core part of club business. Most clubs only hold functions as a service for their members yet there have been attempts to classify clubs as high risk catering businesses when clubs mostly provide ready to eat meals in club restaurants, bistros and cafes. In some cases, particularly in regional areas, clubs are the only suitable place to hold large parties to celebrate weddings, birthdays and other festivities. Any further regulation may see these clubs struggle to provide this valuable service to their members.

Many clubs outsource their food preparation activities. While the exact number of clubs that use contract caterers is unknown, it is estimated that a high proportion of smaller clubs rely on contract caterers for their food preparation.

Top Compliance Burdens for the Industry

The increasing compliance burdens experienced by the industry reflect changes to the Food Standards Code federally, and food safety legislation and regulatory requirements in individual jurisdictions. Below are some examples of the food safety regulations clubs in different States and Territories must comply with, including details and examples of the compliance costs.

New South Wales

Clubs in New South Wales are subject to inspections of their premises to ascertain compliance with the Food Standards Code. These inspections are conducted by local councils, and councils are the primary government regulator for clubs. The greatest compliance burdens for clubs are the inspection and administration fees charged by local councils. These fees vary considerably and councils determine the fees depending on different features of the food businesses in their area. Table 3 shows examples of council and additional fees in New South Wales.

Table 3: Sample of council inspection and additional fees (NSW)

NAME OF COUNCIL	2008/09 INSPECTION FEE (PER HOUR)	ADDITIONAL FEES
Hurstville	\$110	
Sutherland	\$85	Admin fee dependent on number of food handlers
Manly	\$150 (low risk) \$160 (med risk) \$399 (high risk)	No additional fees
Gosford	\$140	\$250 administration fee
Holroyd	\$257.36	\$55 administration fee
Canada Bay	\$70 or \$140 (depending on level of risk)	\$100, \$150 or \$200 (depending on level of risk)
Deniliquin	\$88 or \$99 (depending on level of risk)	\$62 notification of food business
Richmond Valley	\$120	\$150 administration fee
Ballina	\$312 (clubs with 6-50 food handlers) \$130 (<5 food handlers)	\$55 notification of food business
Ashfield	\$140	\$250 annual administration fee \$50 Notification of food business
Bega Valley Shire	\$120	\$350 (6-50 food handlers) \$200 (<5 food handlers)

Source: Councils' schedules of fees and charges available from individual council websites.

In addition to inspections, some councils also charge for the mandatory food business notification process. Clubs must notify the council and the NSW Food Authority, informing the government that the club serves food to the general public. Clubs can also complete this notification process for free online by accessing the NSW Food Authority's website. If clubs process their food notification through council, they can be charged a fee, usually \$55.

While some councils charge fees in accordance with the size of the business and their ability to pay, many councils base their fees on the type of business or charge all businesses the same fee. As a result, small clubs in some areas bear the same costs as large clubs in their local government area, or higher regulatory costs than larger clubs in other areas.

The administration fees clubs must pay are not transparent, some councils charge as much as \$350, while others do not charge an administration fee.

The timing of health inspections also varies across council areas. Some councils have a set number of annual inspections, for example Liverpool Council inspects all premises twice and Canterbury Council inspects premises once a year. In some local government areas, the timing and number of inspections depends on the success of previous inspections as well as the venue's past history of food borne illness outbreaks.

There is an increasing trend towards club amalgamations in New South Wales, with amalgamation being sought by small or financially unviable clubs as an alternative to closure. This process has resulted in amalgamated groups of clubs, most notably the Panthers Entertainment group, which operate over many council areas. There are 14 licensed clubs in the Panthers Group in areas including Port Macquarie, Bathurst, Penrith and Newcastle. Amalgamated groups benefit from central management and combined resources but have a greater compliance burden for food safety due to the differences between local council fees and processes. Onerous food safety regulation or cost can therefore be a disincentive to amalgamate.

Under the Food Standards Code, food handlers need to have adequate knowledge of food safety and hygiene. Many clubs, especially large clubs, train their staff through formal training courses run by Registered Training Organisations, even though there is no legislative requirement for food handlers to participate in formal training. Smaller clubs have participated in free food safety and hygiene training offered by some councils either through day courses or online programs.

Queensland

From February 2008, every licensed food business in Queensland was required to have nominated a Food Safety Supervisor. Most clubs serving food in Queensland are required to be licensed.

There are some exemptions to the food business licensing requirement, including the sale of low risk foods, e.g. cereal or toast and businesses selling pre-prepared, packaged food. Food business licenses vary between councils and according to Brisbane City Council the average annual licence fee is approximately \$555.

Where a licensed, not for profit club operates a dining area or function centre serving meals more than twelve times a year the club will need a Food Safety Supervisor. Food Safety Supervisors in clubs need to be trained in food safety practices and have achieved nationally recognised competencies in “follow workplace hygiene procedures” and “implement food safety hygiene procedures”. For clubs, the training costs can be as high as \$300 to train one supervisor for the two competencies. Free training offered by councils, for example Gold Coast City Council, is not sufficient training for Food Safety Supervisors. Although the club may pay for an employee’s training, the qualification belongs to the individual and if they leave the venue, it may mean the club has to again cover the cost of training, if the new employee does not possess the requisite competencies.

Food Safety Supervisors must be reasonably available whenever food preparation is taking place at a club. If a club remains open when the restaurant is closed there is no need for the Food Safety Supervisor to be on site or reasonably available. In the Food Safety Supervisor’s absence, the Supervisor must make documentation available to food handlers to ensure safe food handling is taking place.

Although it was established some years ago that Food Safety Programs were not justified on a cost/benefit basis, nevertheless, Queensland Health did introduce the requirement for Food Safety Programs in certain circumstances. For instance, clubs with function centres that name catering as a prime business activity must have a Food Safety Program in place, adding to the compliance burden for these clubs. Food Safety Programs must be assessed and accredited by local government and re-accredited when any major change is made to the food preparation process. Food Safety Programs are audited between one and four times a year, depending on local

government requirements. Audit costs vary between \$150 per hour and \$220 per hour.

Currently, clubs that have not more than 11 functions a year and not more than 199 persons attending on each occasion are exempted from having a Food Safety Program in Queensland.

Victoria

All food business in Victoria must ensure they have a Food Safety Program in place and appoint a Food Safety Supervisor. Supervisors are responsible for ensuring that a business maintains and adheres to its food safety programs.

ClubsVic, the peak organisation for clubs in Victoria, has developed a food safety program template that meets the legislative requirements for mandatory food safety programs. Most ClubsVic members use the ClubsVic food safety template. The ClubsVic template is easy to use and meets the requirements of the Food Standards Code. Recently the template was updated to include mandatory food allergen information.

Food safety and hygiene training through a responsible service of food training course is mandatory for all staff who work with or serve food to fulfill the requirements of the ClubsVic food safety template. Food Safety Supervisors must complete a Food Safety Supervisors Course and all other workers employed in food service areas of clubs in Victoria must have completed a responsible service of food course. If food service staff also serve alcohol or work in gaming they must also have training in responsible service of alcohol and responsible service of gambling.

In Victoria, there are no inspection fees and registration charges are determined by each local council. Local councils set their own fee policy and certain councils base their fees on the number of people working in the food business. In this way, small clubs are considered and the fees are fairer and more transparent. Clubs must notify their local council by 31 December each year and re-supply a copy of their Food Safety Program if it has changed in the past year.

Conclusion

ClubsAustralia continues to oppose mandatory food safety plans for clubs, because the public health benefits do not offset the costs of implementing the plans. Clubs are not full time commercial caterers, and the food safety and hygiene risks in clubs do not justify expensive and burdensome regulation. ClubsAustralia supports the proposed introduction of mandatory training for food safety supervisors in New South Wales. Competent staff trained in all aspects of food safety and hygiene will be able to respond to food safety and hygiene issues. Food safety plans that have been written by external consultants create more administration work and do not give food preparation staff the skills they need to adequately manage food safety and hygiene procedures in clubs.

The top food safety compliance burdens for the club industry are fees and charges for inspections and registration, and mandatory training costs. These burdens are especially felt by small clubs and any effort made to reduce these burdens and increase regulatory fairness would be welcomed by the Club Movement. This is particularly the case as ClubsAustralia is not aware that food poisoning commonly arises from club food service, let alone that there are sufficient instances of illness to justify further cost and regulation on a cost benefit analysis.