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Submission to the House Standing Committee on Industry, Science and Resources Inquiry on Food and Beverage Manufacturing in Australia

The Night Time Industries Association (NTIA) welcomes the opportunity to provide a submission to the House Standing Committee on Industry, Science and Resources for its inquiry into Food and Beverage Manufacturing in Australia. The NTIA has reviewed the terms of reference and wishes to share its perspective on:

- mechanisms for the Australian Government to support further innovation and sustainable growth in the sector, and
- opportunities across both domestic and export markets for Australian manufactured products, including shifting consumer trends.

1. Food and beverage manufacturing underpins Australia's night time economy

The NTIA's purpose is to shape the night time economy that industry wants, one that is diverse, growing, safe and accessible. The NTIA is composed of hospitality, arts and cultural institutions, live performance spaces/events and suppliers, retailers and enablers of the night. The NTIA represents these industries collectively.

The night time economy is a significant contributor to Australia's economic prosperity. In 2020/21, the core night time economy industries generated \$146 billion in sales turnover, comprised 131,373 venues and employed more than one million people¹. The night time economy has significant growth opportunities and a unique ability to be a tourism asset and an attractive proposition for young skilled workers. Unfortunately, its potential is going to waste due to ineffective excise regimes and a lack of holistic government support for domestically manufactured produce in the alcohol sector.

The relationship between the food and beverage manufacturing sector and night time economy operators is symbiotic. Many food and beverage manufacturers and distributors are staunch financial supporters and promotional partners of events and activities put on by venues. The examples are many and varied, from Australian brewery Young Henry's sponsoring a small music festival in

¹ [Measuring the Australian Night Time Economy](#) - Ingenium Research, 2022

Newtown² to the Music 101 mentorship program by Wild Turkey³ or even Four Pillars Gin releasing 'Sticky Carpet Gin' a product that pays specific homage to Australia's iconic live music pubs⁴. Without the support of these alcohol industry players many of these venues are unable to host live music and performance or put on events. In turn, this limits the potential for Australian artists to have a space to hone their craft, grow their audience and elevate their careers. The impacts are felt by venues too. In the midst of rising cost of living pressures, consumers are continuing to cut back on discretionary spending unless there is a clear impetus or value-add rationale for them to head out at night. Without these live performances and events, the vibrancy and excitement that would entice a consumer to head out at night is missing.

The nature of the going out experience in Australia has also been influenced by changes in food and beverage manufacturing. One of the great success stories from Australian industry over the past decade has been the expansion of the domestic craft beer and spirits industries, which have complemented our immense wine industry, plus access to the finest international products. In addition, the range of food offerings in venues across Australia would rival any other country, including a welcome expansion of the use of native ingredients in domestic cuisine. Arguably, the diversity and quality of produce on offer to the Australian consumer and international visitors has never been greater.

Australia's unique food and beverage offer is a central part of our entertainment, cultural and tourism offer. It is also a key export market, with significant untapped potential to sell far more produce to the rest of the world. Hospitality venues across the country offer a superior range of produce to consumers, from world class international spirits, to craft beers, award-winning wines and outstanding domestic and international cuisine. However, so much more could be achieved if the government provided targeted support and smart deregulation.

2. Providing respite for an industry under pressure

The cost of living pressures felt by Australian consumers are being felt in all parts of the economy, including in the night time economy. Many bar owners and operators are dealing with diminished patronage as people seek to limit their expenses. Unfortunately, the diminished patronage and subsequent revenue impacts are occurring while alcohol excise is adjusted to CPI twice a year. This inevitably results in the costs of goods sold rising and operators left with a stark choice to either raise their prices and risk deterring more customers, cut back any creative or cultural activity, or try and push through the storm by copping the costs for as long as they can stand too.

² [Recap Newtown Street Party at the Courty](#) - Young Henry's 2023

³ [Wild Turkey Music 101](#) - Wild Turkey

⁴ [Sticky Carpet Gin](#) - Four Pillars 2024

In addition, the costs involved in making and selling food and drink produce have grown substantially with rises in energy and commodity costs, plus above-inflation increases in rents. This pressure is exacerbated by a punitive excise regime that chokes competitiveness and makes business expansion very difficult.

While the challenges for the sector are profound, there are a number of straightforward steps that we would like to see the Committee recommend.

Firstly, the Federal Government should pause any scheduled increases to the alcohol excise for a minimum of 12 months to ease pressure on industries hit hard by rising costs and declining consumer confidence.

Secondly, the government needs to deliver the right regulatory and tax settings to attract greater foreign direct investment and other capital investment in the Australian food and beverage sector. This would both bolster domestic manufacturing capabilities and increase opportunities to export high quality produce that is made in Australia.

Thirdly, provide incentives and support to enable food and beverage manufacturers to build upon the pioneering work many are undertaking to deliver sustainable production processes, packaging solutions and distribution methods.

Fourthly, redouble efforts, through agencies like Tourism Australia, to put Australia's outstanding food and beverage produce at the heart of our tourism offer. For example, the Tourism Australia website, which is a key gateway for international tourists, lists as 'things to do' activities of culture, adventure, nature, relaxation, family and backpacking. There is no headline for food and beverages, a surprising oversight. It is also challenging to find marketing material from the organisation that promotes Australia's best restaurants, small bars, craft breweries or wine or spirit manufacturers.

Finally, we urge the government to undertake a comprehensive review of the alcohol excise regime to ensure it is fit for purpose and supports Australian businesses to grow and succeed in a hugely competitive global market.

The NTIA appreciates the opportunity to provide a submission to this inquiry and welcomes any further questions from the House Standing Committee members.

Yours sincerely,

Mick Gibb
Chief Executive Officer