

September 24, 2020

Open Letter

To the Premier of Victoria, the Hon. Daniel Andrews

SUGGESTIONS FROM FOOD BUSINESSES TO KICKSTART THE VICTORIAN ECONOMY AND SAVE JOBS

– Boosting ‘social consumption’ will help the entire food supply chain

Dear Premier,

Thought we'd touch base and introduce ourselves because you may or may not have heard of us and we think we can help. Here's a quick snapshot. The Independent Food Distribution sector has a collective member purchasing power of a few billion dollars. We directly and in-directly support tens of thousands of jobs.

We represent mum and dad independent family owned and operated food distribution businesses across Victoria who care greatly about our state. Thousands of small to medium size regional suppliers, manufacturers and farmers support us and they too, employ many thousands of Victorians. Nearly 50% of our food distribution warehouses are located in regional Victoria.

We operate high volume and very low margin wholesale business models, with high fixed overhead expenses. We collectively purchase food from thousands of local manufacturers and farmers all over the state and on-sell it to tens of thousands of cafes, hotels, clubs and pubs, whose sales were decimated with the lockdown leaving us with mountains of stock. We also provide food to the majority of hospitals, aged care facilities, child-care centres, schools, prisons and military bases in Victoria so provide a pretty essential service!

We are extremely grateful to all those who have worked so hard in reducing the number of COVID19 cases, it would seem we are nearly there and that giving the go ahead to reduce restrictions on local hospitality and other businesses is just around the corner! So, we thought it might be timely to suggest a few things to help kickstart our economy and keep as many Victorians in work as possible.

BUSINESS SUPPORT

- **Eat out to Help Out** - We, as Independent Food Distributors, fully endorse the move by Restaurant and Catering Australia to implement a scheme where every Victorian household would receive a voucher to spend at local eateries under a \$650 million plan to save the state's hospitality industry. This would see households receive vouchers of up to \$100, after great success with similar initiatives overseas. Why? Because a 'consumption led recovery' benefits all those involved in the food supply chain from local manufacturers, farmers, suppliers and, independent food distributors.
- **Payroll tax relief** – we need the State Government Payroll tax relief to be abolished not deferred for 6 – 12 months or, at a minimum, 50% forgiven for the next 2-3 years? This would help because the burden of a double payment next year will be extremely hard to secure, if not impossible. This would help subsidise business for stock losses incurred as a result of enforced lockdowns where losses were significant. This subsidy should be industry wide as all restaurants, cafes and caterers were sitting on normal inventory levels, much of which is short-life, highly perishable products that were immediately redundant after lockdown.
- **State Government Support Package** – This currently provides extra support for hospitality businesses based in the Melbourne CBD but nothing for those businesses that supply them. Open-up the extra support package for Food Service Distribution Businesses that supply Hospitality Businesses in the CBD.
- **Food Services** - Most importantly, businesses, particularly those in hospitality, need to open to outdoor and indoor dining as soon as possible, in a safe and measured way, so that all businesses in the food supply chain can trade through the current challenges and survive to be viable in better times in the future.

Federally, your support to help raise further opportunities with the Federal Government to help drive business back to Victoria and Victorian families include;

- FBT tax – Could the FBT tax be dropped on dining / business lunches for up to 2 years and potentially beyond? We need to incentivise business customers somehow! This will assist in rebuilding dining establishments.
- Tax Deduction for stock losses – There have been huge stock losses due to the closures of commercial venues and bad debts resulting from forced venue closures. A 200% Tax Deduction will help offset the losses experienced by Food Service Distributors.
- Banks – Could you please lobby the major banks for a further six months deferment on loans

JOBKEEPER! Job keeper has been the single most helpful support in keeping our businesses afloat during the lockdowns. The timing for the reduction of JobKeeper does not reflect where Victoria is on the road to recovery. We are now several months behind compared to the rest of Australia and we still have a long road ahead of us before we even start to catch up.

Yes, yes, we know it's a federal issue but if you could make some calls to ensure there is some flexibility in the criteria to receive JobKeeper for those in the food supply chain, now that it has been extended until the end of March 2021, that would be great! After all, it has been widely acknowledged that the Food Service sector has been one of the hardest hit by the lockdown.

Without a degree of flexibility in the criteria for JobKeeper food distributors and cafes/restaurants, sports dining and conference facilities will be forced to lay off thousands of staff from March 2021, especially with limited or potentially no indoor dining. With your support we would like to see some modifications to JobKeeper that better reflect the current market conditions in Victoria.

Contact

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