

Cost of Change Research

**A report for
OneMusic Australia**

**Prepared by the
National Institute of Economic and Industry Research (NIEIR)**

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Executive summary

For the average restaurant, the annual replacement cost is at least:

1. \$560.51 to replace menu folders.
2. \$589.45 to replace cloth napkins and tablecloths.
3. \$803.44 to replace wait staff uniforms.
4. \$1,190.00 to replace the radio with a background music service delivering a streaming service.
5. \$1,486.93 to replace tableware.
6. \$1,752.85 to replace table and chairs.
7. \$2,544.00 to add live music once a month.
8. \$2,657.57- \$3,796.53 to replace the ceiling (*7-10 years lifetime*).
9. \$2,671.20– \$4,452.00 to resurface the walls (*3-5 years lifetime*).
10. \$4,940.00 – \$8,233.33 to replace the floor coverings (*3-5 years lifetime*).

Background

- An average restaurant is a 79-seat restaurant in Australia. Last ABS report shows 1.1 million seats spread across 13,987 café and restaurant locations, or 78.6 seats per location, rounded up.
- Mid-range dining (\$50-\$100 for two diners) makes up 50.6 per cent of the \$18.8 billion industry revenue.
- Mid-range dining accounts for 11,137 of the total numbers of premises in Ibis World report, the second largest share of total establishments.
- This has grown as a proportion of industry revenue over the past five years and is projected to continue to grow over the next five years.
- The mid-range segment accounts for the largest portion of industry revenue:
 - higher quality and more expensive meals;
 - wide variety of food styles; and
 - broadest appeal.

Cost Group 1: Menus

Nisbets Australia belongs to the Nisbets Group, Europe's largest catering equipment supplier.

Least expensive menu holder on Nisbits online store was Olympia American Style Menu Holder Black 2 Card which was \$14.19 per unit; allow one per seat. \$1,121.01 or **\$560.51 a year** (see note) to replace menu holders.

Note: a menu holder of this type is expected to last 18-24 months, assume 24 months at best.

NIEIR has checked OneMusic Australia's calculations and advise this is in the likely cost range.

Cost Group 2: Napery

Nisbets Australia belongs to the Nisbets Group, Europe's largest catering equipment supplier.

Least expensive napkin on Nisbits online store was \$3.19 per unit; allow for three sittings a day for 79 seats - \$756.03 or **\$151.21 a year** (see note) to replace napkins.

Least expensive tablecloth on Nisbits online store was \$16.60 per unit; allow for 22 tables to seat 79 pax and spare for laundry down-time, \$2,191.20 or **\$438.24 a year** (see note) to replace tablecloths.

Total \$589.45 a year.

Note: napery is estimated to last no more than five years.

NIEIR has checked OneMusic Australia's calculations and advise this is in the likely cost range.

Cost Group 3: Front of house staff uniforms

Using Nestle Professional's guide to staff numbers per seat, assume six front of house wait staff for a 79 seat restaurant who are given a replacement uniform each, 12 uniform sets. These consist of a \$21.26 apron, \$32.89 shirt and \$46.28 pants, \$1,205.16 or **\$803.44 a year** (see note). The following suppliers sourced from the first page ranked in a google search on 4 October 2019.

Note: a uniform is estimated to last 12-18 months, assume 18 months at best.

Supplier*	Cargo Crew	Hospitality Uniforms Australia	Urban Bar	Nisbets	Average
Product	Deluxe Canvas Short Waist Apron	Dorset Half Apron	Archie Waist Canvas Apron	White Short Waist Apron	
Price incl GST	\$22.99	\$32.95	\$18.00	\$11.10	\$21.26
Product	Women's/Men's Smith Oxford S/S Shirt	Women's/Men's Ashton S/S Shirt	Women's/Men's UBD Urban Military Tommy SH/SLV Shirt	-	
Price incl GST	\$33.00	\$33.66	\$32.00	-	\$32.89
Product	Women's/Men's Todd Chino Pants	Women's/Men's Riley Chino Pants	-	-	
Price incl GST	\$49.99	\$42.57	-	-	\$46.28

NIEIR has checked OneMusic Australia's calculations and advise this is in the likely cost range.

Cost Group 4: Music sophistication

Switch from **Bronze** Background Music for Dining (unrestricted number of devices playing music only from a terrestrial or digital broadcast through TV and/or radio) to **Silver** Background Music for Dining (unrestricted number of devices playing music from commercial background music supplier and other music uses) for a 51-100 seat restaurant represents an increase from \$350.00 to \$1,000.00 which is **\$650.00**.

Assumes no partial rights discount applies.

Add to music licensing costs a Soundtrack your Brand subscription at \$45.00 a month for 12 months, **\$540.00**. This price does not include any offers.

NIEIR has checked OneMusic Australia's calculations and advise this is in the likely cost range.

Cost Group 5: Dinnerware, cutlery and glassware

Nisbets Australia belongs to the Nisbets Group, Europe's largest catering equipment supplier.

Least expensive dinner plate on Nisbits online store was \$2.08 per unit (Athena Hotelware Wide Rimmed Plate 280mm); allow 25+33 dozen/100 seat (550 plates for 79 seats) according to Central Restaurant Resource Centre. **\$1,144.00** to replace dinner plates.

Least expensive side/salad/dessert plate on Nisbits online store was \$1.91 per unit (Athena Hotelware Narrow Rimmed Plate 165mm); allow 33 dozen/100 seat (313 plates for 79 seats) according to Central Restaurant Resource Centre. **\$597.83** to replace side plates.

Least expensive soup bowl on Nisbits online store was \$2.98 per unit (Athena Hotelware Rimmed Soup Bowls 228mm); allow 20 dozen/100 seat (190 bowls for 85 seats) according to Central Restaurant Resource Centre. **\$566.20** to replace soup bowls.

Least expensive oatmeal bowl on Nisbits online store was \$1.91 per unit (Athena Hotelware Oatmeal Bowls 153mm); allow 6 dozen/100 seat (57 bowls for 79 seats) according to Central Restaurant Resource Centre. **\$108.87** to replace oatmeal bowls.

Least expensive wine glass on Nisbits online store was \$1.60 per unit (Olympia Boule Wine Glasses 190ml); allow two glasses per seat of 79. **\$252.80** to replace wine glasses.

Least expensive table cutlery on Nisbits online store was \$0.73 Olympia Kelso Table Fork and \$0.83 Olympia Kelso Table Knife; allow 3 forks and 2 knives per seat of 79, according to Central Restaurant Resource Centre. **\$304.15** to replace table cutlery.

About the lifetime of a plate/glass: Another source: <https://play.google.com/books/reader?id=YIsOAQAIAAJ&hl=en&pg=GBS.PA47>

Establishing and Operating a restaurant was published in the U.S. in 1957, the numbers appear to be reasonable. On page 46-47, it says:

Quantities which allow for minimum breakage and for annual replacement are as follows:

- Plates, large – 2.5 to 3.0 times the number of seats
- Plates, small – 3.0 to 4.0 times the number of seats
- Bowls – 2.5 to 3.0 times the number of seats
- etc.

Calculated using the price per unit provided, the annual cost for the 79 seat restaurant – to replace large plates is \$1,144.00, small plates \$597.83, bowls \$675.07, wine glasses \$252.80, cutlery \$304.15 total \$2,973.85 or **\$1,486.93 per annum** based on the 24 months lifetime of plate. These numbers are fairly close.

Cost Group 6: Table settings

79 chairs and 20 tables seating 4 per table.

The following suppliers were sourced from first page of google search on 10 October 2019.

The average cost of a basic bistro table was \$206.98 and average cost of a basic bistro chair (google search for *commercial dining chair*) was \$58.54.

79 chairs at \$58.54 is \$4624.66 and 20 tables at \$206.98 is \$4,139.60 lasting five years or **\$1,752.85 per annum**.

Supplier*	Café Ideas	Buy Direct Online	Apex	Nisbets	Average
Product	70cm Square SMART TOP Table with Corsica Base	70cm Square Milan Table	70cm Square Aida Outdoor Table	60cm Square Bolero Bistro Table	
Price incl GST	\$179.00	\$311.00	\$239.00	\$98.90	\$206.98 each
Supplier*	Nisbets	Nisbets	Nisbets	Nisbets	Average
Product	Bolero Polypropylene Angel Chair	Bolero Steel Bistro Side Chair	Bolero Aluminium Stacking Chair	Bolero Faux Leather Dining Chair	
Price incl GST	\$42.88	\$46.97	\$48.10	\$96.20	\$58.54 each

NIEIR has checked OneMusic Australia's calculations and advise this is in the likely cost range.

Cost Group 7: Live music

Average artist expenditure according to the Live Music Office is \$200.00 for two 40 minute sets. \$200.00 a month for 12 months is \$2,400.00.

Adding Featured Music to a Background Music for Dining music licence package for a Dining Area Capacity of 7-100 is \$12.00 a 'live music performance' day. Once a month is 12 days a year, \$144.00 in music licence fees. This does not include performances in a restaurant where there is an Entry Fee or where Gross Expenditure on Live Artist Performers any given night is more than \$4,000.00.

The Live Music Office suggests a benchmark payment \$150.00 per musician for a three hour call for a local performance with Public Address system (PA) supplied.

\$200.00 for two 40 minute sets for a solo performer providing their own PA is a sound estimate according to this organisation.

NIEIR has checked OneMusic Australia's calculations and advise this is in the likely cost range.

Cost Group 8: Ceiling finishes

According to **Rawlinsons (Quantity Surveyors)** and based on a Regional Shopping Centre medium standard, ceiling finishes are pegged as \$81.75 per square metre.

According to Total Food the area of square 'footage' allotted for each patron for Full Service Restaurant Dining is 12-15 square feet (3.66-4.57 square metres). A 79-seat restaurant would require between 289.14 and 361.03 square metres of ceiling (average 325.09 sq m), \$26,575.70 lasting seven to ten years, or **\$2,657.57- \$3,796.53 per annum**.

Please see comments in Cost Group 9 below.

Cost Group 9: Wall finishes

According to **Rawlinsons (Quantity Surveyors)** and based on a Regional Shopping Centre medium standard, wall finishes are pegged at \$39.75 per square metre.

According to Total Food the area of square 'footage' allotted for each patron for Full Service Restaurant Dining is 12-15 square feet (3.66-4.57 square metres).

A 79-seat restaurant would have a minimum area of 289-361 square metres, say 325 square metres on average. Assume street frontage of 5 metres and restaurant length 62.22 metres. Perimeter is 140 metres with a standard wall height of 2.40 metres. There would be 336 square metres of walls to resurface at \$39.75 per square metre. **\$13,365.00**

NIEIR believes it is difficult to estimate the cost and average lifetime of these renovations because variations in quality can be quite large. For example, in this article

<https://scholarship.sha.cornell.edu/cgi/viewcontent.cgi?article=1137&context=articles>, the recommendation is to repaint walls every three years for paint finishes, while the other materials can last much longer. The price using different wall finish materials also varies. Considering you are using the Regional Shopping Centre medium standard as the benchmark, we also recommend using a price range to estimate those costs, especially when estimating the lifetime of different types of wall finishes.

*For example, lifetime of wall finishes is 3-5 years, then the annual cost range is **\$4,452.00 per annum for three years through to \$2,671.20 per annum for five years use.***

Cost Group 10: Floor finishes

According to **Rawlinsons (Quantity Surveyors)** and based on a Regional Shopping Centre medium standard, floor finishes are pegged as \$76.00 per square metre.

According to Total Food the area of square 'footage' allotted for each patron for Full Service Restaurant Dining is 12-15 square feet (3.66-4.57 square metres).

A 79 seat restaurant would require on average 325 square metres of flooring or \$24,700.00 over three to five years' use - **\$4,940.00 per annum for five years duration - \$8,233.33 per annum for three years duration.**

Same comment as Cost Group 9.

References

<https://www.nestleprofessional.com/news/how-many-people-do-you-need-run-your-restaurant>
<https://totalfood.com/how-to-create-a-restaurant-floor-plan/>.

<https://www.abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyReleaseDate/AE12979D54285576CA25703D007465A7?OpenDocument> – is there something more up to date?

<https://www.centralrestaurant.com/resources/dinnerware-drinkware-flatware-ordering-estimates/>.