



MEDIA RELEASE

HOSPITALITY BUSINESSES PLEAD FOR GOVERNMENTS TO ACT ON RED TAPE

- **Regulation burden is killing small business profitability costing many businesses \$50,000 or more in time and adding to the cost of food to consumers**

Australia's \$50 billion hospitality sector says both federal and state governments are significantly impacting business growth through increasing red tape and compliance at a time when the cost of doing business in the food sector has sky rocketed in the past couple of years which, ultimately, impacts the cost of food to the consumer.

Multiple pieces of recent research have highlighted the impact that government red tape and compliance is having on businesses profitability. 45% of small businesses have considered closing their doors during the last twelve months.

The Foodservice Suppliers Association Australia, Independent Food Distributors Australia and the Restaurant and Catering Association says governments have control of red tape and compliance.

CEO of Independent Food Distributors Australia (IFDA), Richard Forbes says, "For too long governments have washed their hands of responsibility on this major cost to business. If they really cared about the business community they would do everything they can to reduce this burden on hard working family businesses, including food distributors".

CEO of RCA, Suresh Manickam says, "The vast majority of restaurateurs are small family owned and operated businesses. The current business landscape already carries significant challenges without adding further hurdles by way of red tape. We call for the government's immediate intervention in removing red tape so family owned and operated businesses can get on with running their business".

CEO of Foodservice Suppliers Association of Australia (FSAA), Minnie Constan says, "The escalating burden of red tape is suffocating our hospitality sector, preventing small businesses from reaching their full potential. It's vital that both federal and state governments take decisive action to simplify regulations, enabling our local foodservice manufacturers and operators to thrive and better serve their customers".

ACCI Survey - A recent survey into small business found that 82% of businesses said red tape is having a major or moderate impact on their operations and for most small businesses, the impact of red tape is growing. The inaugural Australian Chamber of Commerce Industry (ACCI) small business survey also found that 61% of small businesses said the overall impact of red tape has increased in the past 12 months and that small businesses are feeling these impacts more acutely as they often lack the resources and capacity to adapt to rapid regulatory changes.

20% of those surveyed said they spent between 20K - 50K on compliance each year and a further 20% said they spent more than 50K.

This comment from a survey respondent sums up the general sentiment: *"Remove the ridiculous amount of mounting red tape across the board. Small business cannot thrive under the current regulations and long-term*

viability is not assured anymore because regulations, guidelines and increased costs seem to rise more than they should be with very little breakdown of why it has all increased”.

Ignite Hospitality Post Summit Report Survey (prepared by Paddl)– A survey of close to 300 respondents involved directly or indirectly with the hospitality industry said ‘Regulatory requirements are ***consistently cited as a burden that adds complexity and cost to business operations***. This includes challenges related to labour laws, health and safety standards, and environmental regulations, which are seen as increasingly difficult to navigate and comply with. Apart from staffing shortages and turnover, regulation was the issue that frustrates businesspeople’.

Largest Regulatory burden - (ACCI Survey) - The Australian Taxation Office (ATO) requires the greatest degree of regulatory compliance. This is very likely due to the required relationship all businesses have with the ATO on behalf of their employees and for tax purposes. Several respondents noted that the Environmental Protection Authority created the greatest regulatory burden for their business. While not regulators, other responses included the Department of Education, the Department of Health, the Department of Finance, and the Department of Agriculture, Fisheries and Forestry as generating the greatest compliance requirements for their business.

What governments can do

1. Business processes and regulations should be streamlined. This should occur at a federal level as well as across state and territory borders where possible.
2. A central hub for information and assistance for small businesses would be helpful, and more of this support should be available.
3. Incentives for Australians to support more small businesses and for small businesses to keep operating should be created.
4. Industrial relations settings are not conducive to positive outcomes for small businesses.

Contact: Richard Forbes – 0427 270687 or Richard.forbes@ifda.com.au

END