



Restaurant
& Catering

SAVOUR
AUSTRALIA



12 April 2018

Mr Paul Kelly
Acting Chief Executive Officer
Level 4, Albert Facey House
469-489 Wellington Street
PERTH WA 6000

Dear Mr Kelly,

Restaurant & Catering Australia (R&CA) thanks the Economic Regulation Authority (ERA) for the invitation to provide comment informing its inquiry into state government business licensing reforms. R&CA particularly welcomes the Inquiry's focus on reducing the regulatory burden and other economic costs of state business and occupational licences. In principle, R&CA strongly supports policy measures simplifying the task of establishing, owning and operating a small business.

As the national industry association representing the interests of over 45,000 cafés, restaurants and catering companies, including 4,000 individual businesses across Western Australia (WA) alone, R&CA is well-placed to provide feedback on the structure, design and efficiency of the state government's business licensing system. R&CA is cognisant of the detrimental impacts of business licensing on the productivity of the state's café, restaurant and catering sector and believes that a sustained reduction in the number and cost of business licences in WA should be a key outcome arising from this Review. Further to this, R&CA argues that greater efficiencies should be sought in the approval processing times associated with business licensing to avoid productivity losses amongst small businesses.

At present, the café, restaurant and catering sector collectively contributes \$3.5 billion to the Western Australia's economy each year and is growing at year-on-year at a rate of 5.6 per cent according to the most recently available data from the Australian Bureau of Statistics.¹ Of the approximately 4,000 businesses in the café, restaurant and catering sector, over 88 per cent are small businesses employing 19 people or less.² This figure is especially significant as small businesses often lack the resources and capacity of larger businesses to cope with the administrative challenges posed by government red tape and regulation such as those presented by business licensing. The administrative burden of red tape is a significant impediment to the capacity of hospitality businesses to grow and as such, should be prioritised throughout this inquiry.

¹ Australian Bureau of Statistics (ABS) (2018) 8501.0 - Retail Trade, Australia, Feb 2018.

² Australian Bureau of Statistics (ABS) (2018) 8165.0 - Counts of Australian Businesses, including Entries and Exits, Jun 2012 to Jun 2017.

DIAMOND PARTNER



RESTAURANT & CATERING INDUSTRY ASSOCIATION

AUS ABN 73 080 269 905 ACT ABN 78 368 403 792 NSW ABN 26 214 164 082 QLD ABN 52 830 089 419 VIC ABN 31 739 604 819

WA ABN 81 641 812 048

PO Box 121, SURRY HILLS NSW 2010 T: 1300 722 878 F: 1300 722 396 E: restncat@restaurantcater.asn.au

www.restaurantcater.asn.au www.savouraustralia.com.au

Based on feedback received from R&CA members, obtaining the relevant licenses needed to operate a café, restaurant or catering business can be a significant source of confusion and frustration for business-owners. In addition to the upfront costs incurred during this process, delays in licence approval times can also result in lost productivity for the business further compounding the frustration and anxiety for business-owners. It should be noted that hospitality businesses are significantly exposed to government business licensing given the variety of functions that are regulated (food safety, alcohol licensing, outdoor dining etc). The major relevant licence categories applicable to business-owners in the café, restaurant and catering sector are:

- Development Approval;
- Licensed Liquor Premises Health Approval (s.39 Certificate);
- Licensed Liquor Premises Planning Approval (s.40 Certificate);
- Permit for an outdoor eating area in a street or public place;
- Registration of a local food business;
- Temporary Registration/Notification of a Food Business;
- Pay-roll tax registration;
- Registration / Notification of a Food Business in Kings Park or on Rottnest Island; and
- State Registration / Notification of a Food Business.

R&CA would recommend to the ERA that at least one of the aforementioned categories of licences are chosen as part of the three to four case studies to assess against its analytical framework to determine whether these licences are 'necessary, well-designed and well-administered'.³ In R&CA's view, pursuing greater efficiencies amongst the various licenses applicable to hospitality businesses will result in significant economic and employment benefits for Western Australia, given the forecasted employment growth of the next five years.

R&CA believes that failing to achieve reductions in the overall number and cost of business licensing may also have the reverse effect of stifling economic and employment growth within the sector. The complexities involved in obtaining a liquor licence for instance can provide a strong disincentive for businesses wanting to expand their services which would be ultimately beneficial for both customers and staff. For instance, the current cost of a liquor licence for a café or restaurant in Western Australia is \$584.00. In comparison, the equivalent license for a café or restaurant in Victoria is \$461.30. Cafés and restaurants in WA are also subjected to other licensing costs after the business has commenced operations such as obtaining permits to serve liquor without a meal and for outdoor dining. R&CA argues that the overall costs of business licences must be considered as a fundamental part of this Inquiry rather than an exclusive focus on the structure and design of the system as a whole.

As part of this inquiry process, R&CA would urge the ERA to closely examine approaches towards business licensing in other Australian jurisdictions to inform its work. For instance, the New South Wales (NSW) Government's [*Easy to Do Business*](#) Program is a pertinent example of a licensing framework which has successfully minimised the cost and administrative burden involved in setting up a café or restaurant business. Prior to the introduction of the *Easy to Do Business* program, the process of establishing a restaurant or café in NSW required dealing with 13 agencies, 75 regulations, 30 phone numbers and 48 forms in a process which took up

³ Economic Regulation Authority (2018) Inquiry into reform of business licensing in Western Australia, *Consultation Paper 1: Identifying priority areas for reform*, p.8.

to 18 months.⁴ The *Easy to do Business* program has helped reduce this process to 3 months.⁵ An additional example in NSW is the Interim Restaurant Authorisation which allows low-risk cafés and restaurants the ability to sell alcohol upon lodging their liquor licence application, rather than having to wait until their licence is approved.⁶ R&CA believes that similar efficiencies should be pursued in Western Australia to simplify the business licensing process as much as possible.

R&CA also contends that there are examples at a local level which may be instructive for the purposes of this Inquiry. For example, the City of Vincent recently launched an online alfresco permit system to assist local businesses in setting up an outdoor eating area and displaying their goods or signs on footpaths.⁷ This system involves free and instant permits being granted to businesses as opposed to the previous system which involved a waiting period of approximately 10 working days as well as an application fee and an annual license fee. R&CA argues that a similar system should apply across all Councils in Western Australia to encourage, rather than inhibit businesses from adopting outdoor dining offerings to customers.

I appreciate your consideration of the items raised within this submission and look forward to future industry engagement from the ERA regarding this inquiry and other issues of relevance. In the meantime, should there be any matters you wish to discuss, please do not hesitate to contact me on 0468 328 513 or julianap@restaurantcater.asn.au.

Yours sincerely,



Juliana Payne
Chief Executive Officer
Restaurant & Catering Australia

⁴ Service NSW, (2016) Less Red Tape, More Red Carpet for Small Business, 28 May.

⁵ Ibid.

⁶ Liquor & Gaming NSW (2017) *Interim restaurant authorisations available* <https://www.liquorandgaming.nsw.gov.au/Pages/about-us/news-and-media/recent-news/interim-restaurant-authorisations.aspx>

⁷ City of Vincent (2018) *Online system helps outside business!* Media Release, 22 February.