



Restaurant
& Catering

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18 December 2018

Dr Matthew Butlin
Commissioner
South Australian Productivity Commission (SAPC)
GPO Box 2343,
ADELAIDE SA 5001

Dear Dr Butlin,

Restaurant & Catering Australia (R&CA) welcomes the opportunity to provide a submission to the South Australian Productivity Commission's (SAPC) inquiry on procurement guidelines. R&CA has previously commended the current SA Government on its establishment of the SAPC as part of its election commitments made during the March 2018 State Election.¹ R&CA strongly believes that a close and careful examination of the SA Government's procurement guidelines, as part of the SAPC's inaugural inquiry, will generate positive outcomes for small businesses in the State's café, restaurant and catering sector, as well as many others.

R&CA is the only national industry association representing the interests of over 45,000 cafés, restaurants and catering businesses, including more than 2,500 in South Australia alone.² Over the 2016-17 Financial Year, the number of café and restaurant businesses in the state grew by 3.4 per cent.³ Collectively, South Australia's café, restaurant and catering sector generates over \$1.5 billion to the State's economy, increasing to \$2.6 billion when including turnover generated from takeaway sales.⁴ Significantly, over 87 per cent of all South Australia's cafés, restaurants and catering businesses are small businesses employing 19 people or less.⁵

R&CA agrees with the objectives of the Inquiry as set out within the SAPC's Issues Paper. In this regard, R&CA would like to see a system of government procurement adopted which is as efficient, streamlined and accessible to business-owners as possible. In R&CA's view, one of the major barriers to small businesses' participation in the government procurement is over-complexity and red tape with the application process. Minimising the amount of red tape involved in the government procurement process is particularly important for small business-owners given the significant time pressures involved in operating a café, restaurant or catering business. The hypercompetitive nature of the hospitality industry combined with the occasional downturn in takings due to seasonal variances can often preclude business-owners tendering for government contracts.

¹ SA Liberal Party (2018) *Getting our Economy Back on Track – SA Productivity Commission*.

² Australian Bureau of Statistics 8165.0 *Counts of Australian Businesses, including Entries and Exits*, Jun 2012 to Jun 2017.

³ Ibid.

⁴ Australian Bureau of Statistics, (ABS), (2018) *Retail Trade Data 8501.0*.

⁵ Australian Bureau of Statistics 8165.0 *Counts of Australian Businesses, including Entries and Exits*, Jun 2012 to Jun 2017.



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R&CA previously argued its position on the importance of reducing red tape in all interactions with State Government's in its submission to the Economic and Finance Committee's inquiry on business investment attraction to SA in August this year. R&CA's position put forward to the Committee was that red tape and overregulation acts as a "key inhibitor to business investment".⁶ Further to this, R&CA also highlighted in this submission the fact that "*the impact of red tape and regulation has a disproportionate impact on small businesses as they lack the resources and capacity of larger businesses to cope with the associated administrative burden which in turn impacts their ability to grow and succeed.*"⁷ R&CA believes that these principles should be explicitly acknowledged when devising the SA Government's procurement guidelines.

R&CA has also written similar submissions to other State Government inquiries on the issue of government procurement and believes that many of the arguments made are also relevant for the SAPC's inquiry. For instance, in its submission to the Queensland Government's inquiry on small business procurement in August 2018, R&CA argued that '*there should be a focus on the entire small business sector as part of this Review, rather than just the handful of small businesses who are ultimately successful in obtaining government contracts*'.⁸ Further to this, R&CA also stated that it was '*concerned that small business-owners who have previously been unsuccessful in applying for government tenders may be less likely to do so again due to a reluctance to devote more valuable time resources to another application*'.⁹ R&CA believes that this should be acknowledged as part of the SAPC's inquiry and that the ultimate procurement guidelines adopted should make it possible to easily replicate information for multiple tenders and reduce any duplication when applying for different contracts.

R&CA would also like to highlight to the SAPC that it has several accreditation programs in place which may assist the SA Government in identifying businesses which are particularly well-suited to providing certain services and therefore ideal candidates to apply for government contracts. The most applicable of these is the Association's Gold Licensing Scheme for Caterers which allows caterers the opportunity to "*to differentiate their business from competitors by demonstrating their high level of professionalism, food safety and workplace standards.*"¹⁰ The requirements of the Gold Licence program include a satisfactory Health Inspection Report on all commercial kitchens and transport vehicles less than six months old, a valid Workers Compensation certificate, public and product liability insurance, an approved food safety program and background resume of a nominated person demonstrating at least five years' experience in the hospitality or catering industry.

R&CA believes that the Gold Licence program could be incorporated within the SA Government's procurement guidelines when tendering for catering contracts. The Gold Licence accreditation ensures that any kind of malpractice or food contamination incidences are less likely to occur as the caterers must provide R&CA with demonstrated evidence of their capabilities and commitments

⁶ Restaurant & Catering Australia (2018) Standing Committee on Economic and Finance - *Inquiry into Business Investment Attraction*, Submission 11, page 1.

⁷ Ibid.

⁸ Restaurant & Catering Australia (2018) *Submission to Queensland Small Business Procurement Commitment – Consultation Paper*, August.

⁹ Ibid.

¹⁰ Restaurant & Catering Australia (2018) *Gold Licence Caterers Accreditation*.



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to an outstanding level of professionalism. R&CA highlights the example of several Local Councils in NSW which already use the Gold Licence Accreditation as a mechanism when evaluating catering tenders for government contracts. Specific guidelines issued by Redfern Town Hall and Paddington Town Hall explicitly state that. Paddington Town Hall's 2017 Catering Guidelines, for example, state that '*all catering services must be arranged and carried out by an accredited Restaurant and Catering Gold Licence Caterer*'.¹¹ There are also additional examples of this at a NSW level including Customs House, the Historic House Trust portfolio of venues, Sydney Town Hall, Powerhouse Museum and The Australian Museum which also have similar requirements embedded in their procurement guidelines for catering contracts.

Once again, R&CA appreciates the opportunity to provide the Commission with feedback on behalf of the State's café, restaurant and catering sector. R&CA looks forward to liaising closely with representatives from the SAPC and other government and industry stakeholders to deliver the best possible outcomes for businesses in the State's café, restaurant and catering sector.

I thank you for your consideration of the matters raised within this submission. Should there be any matters you wish to discuss contained in this submission or otherwise, I may be contacted at any time on 0468 328 513 or julianap@restaurantcater.asn.au.

Yours sincerely,

Juliana Payne
Chief Executive Officer
Restaurant & Catering Australia

¹¹ City of Sydney (2017) *Paddington Town Hall – 2017 Catering Guidelines*, Issue 5, January 2017.