

MEDIA RELEASE

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NSW Hospitality Businesses Call on State Government for Support as Rising Costs Push Sector to the Brink

Restaurant & Catering Australia (R&CA) is calling on the NSW Government to step up support for hospitality businesses facing sustained cost pressures across every part of their operations.

Wages have risen close to 25 per cent since 2020. Insurance premiums, energy costs and compliance burdens continue to climb. The conflict in the Middle East has now added a global fuel crisis to an already stretched industry, with diesel in Sydney averaging over \$3.00 per litre and suppliers passing fuel levies through on deliveries across the board.

Unlike other sectors, hospitality cannot stockpile inventory. Restaurants, cafes and caterers rely on a daily flow of fresh product by road, and with household budgets tightening, operators cannot simply pass rising costs on to customers. Almost one in ten NSW hospitality businesses have closed in the past 12 months, with Western Sydney among the hardest hit regions in the country.

R&CA successfully advocated for fuel price relief and welcomed the Federal Government decision to halve the fuel excise. But fuel is only one part of the picture, and a coordinated response from the NSW Government is now needed.

R&CA is calling on the NSW Government to:

- Provide targeted support for hospitality businesses absorbing cost increases across their supply chains, including fuel-driven pressures;
- Review regulatory and tax settings adding to the cost burden, including payroll tax thresholds and grouping rules that have not kept pace with wage growth, and
- Work with industry on practical measures to help operators maintain employment and keep their doors open.

Steve Sidd, Managing Director of Catering HQ and R&CA member, said: "I operate 16 venues across NSW and employ hundreds of people. Wages, insurance, energy and now fuel levies on every delivery — we cannot pass all of that on to customers who are already watching what they spend. Payroll tax grouping rules treat my business like a large corporate, even though no single venue would come close to the threshold. We are not looking for a handout. We are looking for a fair go."

John Hart OAM, National President of R&CA, said: "R&CA took the case for fuel price relief, and the Federal Government decision to halve the excise was the result. That was an important first step. But hospitality businesses have absorbed years of rising wages, insurance, energy and regulatory costs, and the fuel crisis has compounded all of it at the worst possible time. We need the NSW Government to work with us on practical support for the businesses that employ people, feed communities and keep our suburbs alive."

R&CA represents the interests of 57,000 restaurant, cafe and catering businesses across Australia, and continues to advocate at all levels of government for settings that support the viability and growth of the sector

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