

Response to questions taken on notice

Australian Retailers Association

AUSTRALIAN RETAILERS' ASSOCIATION

ANSWER TO QUESTION ON NOTICE – 5 AUGUST 2019

BUSINESS FAILURES IN SYDNEY CBD AND KINGS CROSS DUE TO “LOCKOUT LAWS”

Mr GUY ZANGARI: Mr Zimmerman, when you are looking at businesses that have shut, do you have a figure since 2014 of how many businesses have shut within the precincts of the Sydney CBD, and is there a number that you have regarding jobs lost and potential for opportunities? You say in your submission that businesses have failed and closed as a result of the lockout laws, both within and beyond Kings Cross, taking jobs and livelihoods with them and opportunities for income. You may want to take some of this on notice.

Mr ZIMMERMAN: I certainly would want to take it on notice. I do also want to make two points on this—one major point, really. We will try and give you a number. I would also point out that it is going to have to be fairly carefully curated, because there have been other issues within the CBD of Sydney that have caused failure of business. Obviously, I refer to the issue that has happened around—and I intend no nastiness about this—but one of the things has been the light rail. However, I think it is also fair to say that light rail had to happen, and it will actually turn businesses around in Sydney when it is there. But, in the meantime, there has been a lot of pain. We will take it on notice and we will come back to you with what we believe is a figure on the lockout laws.

ANSWER:

The ARA has attempted to quantify business failures in the CBD and in Kings Cross which may be ascribed to the “lockout laws” for the Committee’s information. We do not believe it is possible to accurately do so.

We obtained Liquor and Gaming NSW figures showing 418 licensed venues closed in the lockout zone from 2014 to 2018, and that 242 small bar and on-premise licences were issued over the same period resulting in a nett decline of 176 venues. Subsequent review of Hansard shows this data was quoted by Sydney Business Chamber Executive Director Katherine O’Regan in her remarks to Committee on 5 August.

In working to ascertain a gross figure for business closures and/or failures across all retail, including food, beverage and licensed venues, it became apparent that answering the more salient question – how many of these businesses failed due to lockout laws – is impossible.

This is due to factors which may include, but are by no means limited to

- Construction of Light Rail in the CBD (and work on other infrastructure projects adjacent to the City which may have indirectly compounded the effects of reduced foot traffic and retail patronage);
- Business failures due to mismanagement and/or personal insolvency on the part of proprietors;
- Business closures arising from shifting consumer behaviour, sentiment and/or market trends;
- Businesses that have closed, and not relocated or otherwise reopened, due to changes in land use (for example, demolition of buildings and construction of new buildings on the sites);
- Business closures for any other reason unrelated to the lockout laws (for example, the closure of stores belonging to failed chains or franchises).

Any or all of these may also have accelerated closures primarily caused by the lockout laws, further complicating any attempt to identify the actual effect of the laws on business viability.

Even so, the nett loss of 176 licensed venues in the lockout zone – including many in Kings Cross – is a potent measure which makes it impossible to draw any conclusion other than that the lockout laws have affected an unknown number of general retail businesses, and forced the closure of at least some of these.

Whilst we regret we cannot be more specific, the ARA suggests this is simply another of the “unintended consequences” of the lockout laws to which we alluded in our evidence to Committee on 5 August.