

**Submission
No 774**

SYDNEY'S NIGHT TIME ECONOMY

Organisation: Australian Venue Co

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Australian Venue Co – Submission to Joint Select Committee on Sydney’s night time economy

The Hon. Natalia Ward

Dear Madam Chair

Thank you for the opportunity to make a submission to the Joint Select Committee on Sydney’s night time economy.

As a major participant in the night time economy nationally Australian Venue Co hopes that we can provide some insight into the differences in approach between each state from a regulatory perspective along with contrast sales and safety outcomes between the States.

Australian Venue Co (AVC) owns and operates 157 licensed venues across Australia and New Zealand. We operate in every state and Territory except ACT and Tasmania. AVC employs over 4500 employees across our 157 venues. New South Wales represents 13% of AVC’s total sales with annual sales of \$84m across our fourteen venues in the state.

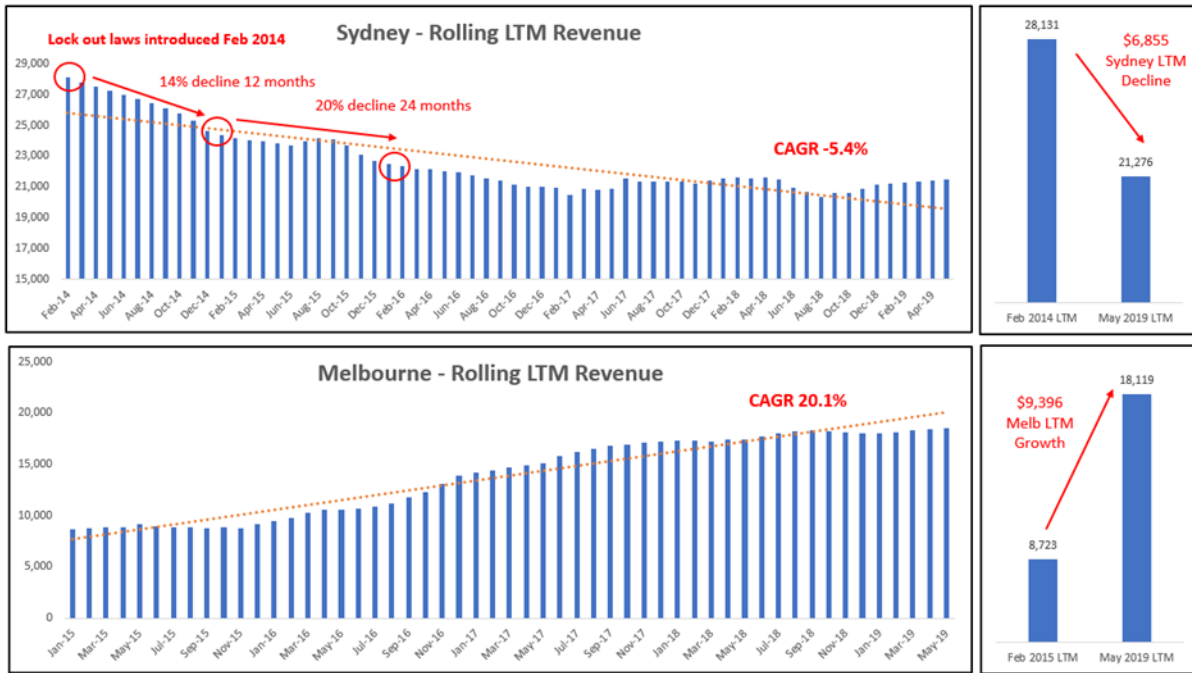
AVC has invested heavily in both infrastructure and people across the last three years. We have invested over \$19m in capital fit outs across our Sydney venues.

AVC is passionate about the hospitality industry and we have witnessed the communities and public interest in activations and events from successful launches we’ve had in states across Australia and most recently in NZ. Unfortunately, we have had limited success in NSW and have found this to be due to a complex regulatory approval process.

Revenue

AVC has little doubt around the accuracy of the Deloitte Access Economics study “*ImagineSydney: Play*” published in February 2019 which estimated Sydney was missing out on \$16b per annum due to the poor performance of the night-time economy. Even more concerning for New South Wales is that other states has seen the opportunity to develop their night-time economy at the expense of tourism and other spend in New South Wales.

Since the introduction of lock out laws in February 2014 our five CBD Sydney venues has seen a revenue CAGR of -5.4%. This decline was markedly seen in the first two years of the lock out laws where our venues saw an average decline in sales of 14% and 20% for the first two years. In contrast our two similar venues in Melbourne have seen a CAGR of 20.1% over the same period. There is no structural reason that the Melbourne CBD based venues should have grown at a faster rate than the Sydney venues except for the introduction of the Lock Out laws and the associated compliance regime and negative publicity that accompanied the Lock out laws.



If the Sydney revenue had of grown at the same rate as the peer Melbourne venues the venues in question would have been achieving \$77m of annualised sales. This implies an annualised labour cost of \$25m compared to current labour cost of \$6.3m for these same venues. This difference represents a payroll tax loss of \$1.02m annually to the State before consideration of additional employment opportunities afforded by increased sales is taken into account.

The sales decline in Sydney venues has not been due to lack of investment from AVC. During the period in question AVC have invested over \$7m in refurbishment and development of the venues in NSW as compared to \$4.5m in Victoria. Furthermore our external licencing legal costs in NSW are more than double the equivalent cost in Victoria despite having far fewer venues in the State.

Compliance regime

In AVC's view the regulatory regime in Sydney CBD could be perceived as being challenging for hospitality operators. We sense there is a stronger focus on compliance rather than education. By way of example on Saturday night 15th June Cargo Bar on the King St wharf received:

- three business inspections by police;
- one licencing visit by the regulator;
- one council inspection from the City of Sydney;
- one visit by under-cover police; and
- four policemen on the door from 7pm to midnight.

In contrast in Melbourne AVC venues received two visits from police and one visit from the liquor regulator over the course of the same night. This disparity in regulatory oversight is not unusual each week.

Whilst without exception the visits we receive by all regulators are professional and courteous and are undoubtedly designed to improve patron safety our statistics don't show a correlation between increased regulatory oversight and improved safety outcomes.

As we have the privilege of operating across Australia and New Zealand, we've had many dealings with governing authorities from matters relating to our permanent venues to activations/events. We've found in states other than NSW, that the legislation and its interpretation are perhaps more clearly articulated allowing the licensee to achieve a positive outcome for the community as well as the hospitality industry.

Cutting Red Tape

In November 2018 the NSW Government announced a blitz on red tape, which included L&GNSW offering a special three-month assessment service that waived the usual \$110 application fee and used a streamlined process for faster outcomes.

In good faith AVC decided to take this opportunity to apply for the removal of an outdated and irrelevant condition in one of our hotels, stating that “no disco” be conducted on the first and second floors of the hotel.

We felt confident that the process would be seamless based on the Minister’s press release:

“Outdated conditions that place unnecessary restrictions on licenced venues will be binned during a three-month blitz, Minister for Racing Paul Toole said.

Venues can have obsolete conditions removed from their licence conditions using a free and streamlined assessment service, Mr Toole said.

Many of these historical conditions can restrict the types of live music venues can offer or prevent the use of features such disco lighting or mirror balls.

“Some of the conditions were imposed decades ago and serve no purpose at all today. The NSW Government is committed to streamlining regulation of licensed venues to encourage safe and vibrant entertainment options,” Mr Toole said.

“In cases where conditions are no longer relevant, we invite venues to apply to Liquor & Gaming NSW to have them removed. This will enable them to expand the types of entertainment they offer.”

AVC lodged the application on the 12th of February 2019. As part of the process it was still a requirement to advertise our submission. Unfortunately, this led to other parties seeing this as an opportunity to make generalised and in our view embellished complaints against the hotel. The local police also made an objection that the granting of disco music would create “disturbance of the amenity of the neighbourhood” and advising that they have received complaints from neighbours relating to people on the street they presume are from the venue.

This streamline process resulted in AVC spending a fair amount of time responding to these objections which was heavily driven by one individual and an extension to the advertising period. We decided to stop engaging as it was evident that the approach was simply to object to any variation to a licensed venue. This approach costed AVC over \$15,000 to undertake

On the 27th of May 2019, an email was received from L&GNSW advising that our application was approved.

Raising standards of service

AVC has resolved to be an industry leader and encompassing this is safe spaces for both our staff and our customers. As we go through our period of growth, a key focus is to ensure our robust policies and procedures are implemented into all acquisition sites. A good example of this is Beer Deluxe in Albury. When we acquired the venue, it was facing a possible Level 1 rating for the Round 16 reviews under Schedule 4 of the NSW Act. This was reduced to a Level 3 by Round 17. We were able to achieve this through implementing staff induction procedures, increased training and coordination with the security company, strict adherence to the Venue Safety Plan, strict banning policies and most importantly training and procedures focusing on communication with our patrons for both refusal of entry or ejections.

Generally speaking, we look for every reasonable opportunity to reduce harm if we deem an event higher risk, which has included the use of ID scanners (even if not mandatory), increased security beyond the minimum requirements and staff training with recognised leaders such as ‘Verbal Judo’, whose training helps our teams diffuse conflict through conversation skills.

Since the commencement of the Lock Out laws we see undoubted consolidation and maturation in the hospitality industry. With this professionalisation of industry participants are placing greater emphasis on patron experience and safety.

State	Incidents per 1m patron visits			
	Altercations	Anti-Social behaviour	Slips, Trips, Falls	Property Damage
Victoria	8.90	17.80	15.66	4.98
New South Wales	14.24	22.07	14.24	1.42
Queensland	13.35	9.24	4.11	-
Northern Territory	48.15	66.88	18.73	2.68
Western Australia	4.38	10.94	24.06	-
Total company	12.96	19.94	14.29	2.82

Generally, pubs and clubs across Australia are a very safe place to be. The Australian Venue Co venues only see 13 altercations per 1 million patron visits across the country. We see great success in the partnership we have with Victorian regulators and police in Melbourne as evidenced by reduced altercations and anti-social behaviour per million patron visits as compared to other jurisdictions. The reduced number of altercations and anti-social behaviour includes periods where Melbourne venues at times traded through to 5:30 am for major sporting events such as the Soccer World Cup.

Ability to value add through innovation

AVC chooses to invest substantially in activations and pop up events in order to provide an interesting and diverse offering to patrons. Our offerings are family focussed and work in partnership with other sectors including art and culture, retail and entertainment. Our view is that this investment provides interesting and compelling methods to engage local and tourist consumers.

This model has had great long-standing success in Sydney with VIVID attracting 2.33 million visitors in 2017 according to Destination NSW, with a 35% increase in national and international visitors. The 18-day lightshow includes art, music and culture and appeals to a broad sector of the community and has been running since 2009.

This success shows the public interest in engaging with campaigns that offer multiple areas of interest.

Australian Venue Co. has five venues across King St Wharf and Barangaroo all of which participated in VIVID. We had a variety of offers ranging from large scale igloos with light displays at Cargo Bar, to smaller in venue campaigns kids eat free at Beer De Luxe to Dining in the Dark at 12 Micron. Participating venues enjoyed an uplift in trade from 5-30% during this period in keeping with the scale of their level of activity. There were no reported incidents of violence or anti-social behaviour as a result of the VIVID initiative.

Australian Venue Co. as a National hospitality group has been focusing on large scale activations with the vision to offer pop-up spaces that offer a community purpose and interest as well as food and beverage options. This gives us a unique ability to contrast the compliance and regulatory regime between the different precincts.

As an example, AVC this winter looked to activate an Alpine Village in both Melbourne and Sydney.

The Melbourne activation site was selected within three weeks at a cost of \$40k per month at Federation Square, the liquor licence was granted within six weeks and council approval received within eight weeks. With the success of the village the various regulators and stakeholders readily agreed to extend the licences and permits for a further one month with very little notice. The site is drawing considerable footfall to the location (which was a simple car park) with majority of the customers frequenting the activation being young families, couples and tourists. The activation is seeing between 3000 – 5000 people across the course of the weekend, many popping in for a bite to eat or drinks, others just passing through to take photos and enjoy the winter village atmosphere. The activation has not only been an enormous success for Federation Square, it was a key feature in the City of Melbourne's winter

campaign. Tourism Australia, Channel 10, 9 and 7, amongst a range of other media outlets have covered the activation due to its unique, family friendly atmosphere.

By contrast in Sydney we faced challenges such as

1. No facility within the legislation to temporarily extend liquor licensed areas. All other states have the capacity for venues to apply to temporarily extend a liquor licence for temporary activations and special events (such as areas adjacent to the venue with landlord consent)
2. Conflicting advice from various landholders such as the Barangaroo Development Authority, Roads and Maritime Services, Sydney City Council. Gaining consent from so many key stakeholders was challenging.
3. A lack of support by the police for activations outside current venues
4. An inability for the regulator (due to lack of clarity around legislation and time availability) to help navigate us through the various regulatory and legislative requirements.
5. Inability to find suitable space to bring these family friendly activations to life. The only available space in Sydney was located 3km out of the CBD with a rental cost more than double the cost of the Melbourne venue at \$90k per month.

After spending over \$20k attempting to bring the activation to Sydney we abandoned the concept and are instead focussing on Melbourne and Perth.

Summary of recent activations launched which were either adjacent or standalone events by AVC:

VIC:

- Carpark rooftop - Winter Village Melbourne
- Adjacent area - The Wharf Hotel Winter wonderland
- Beach activation – The Exchange Beach Club (such positive feedback, Council have provisionally approved a summer beach activation for Jan 2020 – Feb 2020)
- Street Activation – Middle Park Hotel Christmas Party
- Street Activation – Middle Park Hotel Grand Prix

QLD:

- Carpark activation - Everton Park Hotel Igloo Garden Party

NZ:

- Adjacent area – St John’s Bar Igloo Village

WA

- Laneway activation – Wolf Lane Botanicals journey
- Laneway activation – Wolf Lane Cinco de Mayo

NT:

- Street activation – Shenannigans St Patricks Day

NSW

- Nil

Generally, to obtain all required licences and permits for the above activations it took between 6 – 12 weeks. This includes liquor licences, planning permits, temporary structure approvals, food licences, music licences, occupancy permits, event permits, etc. These activations were able to succeed as the relevant stakeholders were engaging, informative and provided clear direction when required in order for AVC to obtain all relevant approvals.

AVC is a significant employer and supporter of Sydney and New South Wales. We have contributed significant capital and employment opportunities to the market. We stand ready to invest further in the State and would welcome the opportunity to work closely with the groups creating these governing policies, procedures and guidelines to create a clearer process for approvals to ensure Sydney can offer wonderful experiences to locals and tourists by the hospitality industry.