

**Submission  
No 779**

## **SYDNEY'S NIGHT TIME ECONOMY**

**Organisation:** Tourism Accommodation Australia TAA

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# JOINT SELECT COMMITTEE ON SYDNEY'S NIGHT TIME ECONOMY TAA NSW SUBMISSION



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## INTRODUCTION

Tourism Accommodation Australia (NSW) welcomes the opportunity to make a submission to the Joint Select Committee's inquiry into Sydney's Night Time Economy (NTE). This submission will address how to ensure Sydney remains an attractive destination which is competitive internationally in attracting tourists, whilst also seeking to uphold community health and safety.

TAA (NSW) is the peak industry association representing hotels, motels and serviced apartments in New South Wales' \$8.0 billion accommodation sector (\$2.7 billion direct gross-value added (GVA); \$5.3 billion flow-on). TAA (NSW) is focused on, and committed to, the future development and growth of the accommodation sector within NSW's vibrant tourism and hospitality industries.

NSW's accommodation sector supported 57,329 full-time equivalent jobs in 2016-17, (26,300 through direct employment and a further 31,029 through flow-on impacts). This accounts for 21.9% of jobs supported by NSW's tourism industry and 1.8% of employment throughout NSW. Employment in the accommodation sector contributed \$3.5 billion to household incomes throughout NSW, and the sector contributed \$416.8 million in taxation revenue during 2015-16.<sup>1</sup>

## SYDNEY'S NIGHT TIME ECONOMY (NTE)

Sydney's NTE is an integral part of the city's commercial, cultural and social fabric. On a broader spectrum, this economy plays a pivotal role in NSW attracting domestic and international visitors to experience all that Sydney has to offer.

Research has found the Sydney NTE is valued at more than \$27 billion and supports more than 230,000 jobs. NTE establishments are an important contributor to the NSW economy and account for 34% of the Australian total, while 30% of Australian NTE employment and turnover are also generated in this State.<sup>2</sup>

## IMPORTANCE OF TOURISM TO THE NSW ECONOMY

Tourism delivered \$38.8 billion in visitor spend into the State's economy last year. 171,000 people are employed in tourism, one in every 22 people, across the state. 38.9 million international and domestic overnight visitors stayed in excess of 203 million nights in NSW last year. According to the year ending March 2019 data, NSW continues to top the visitation categories, attracting 50.9% of international visitors and 36% of international visitor nights. However, Victoria grew 5% in the visitors' category between 2018 and 2019, while NSW only grew 0.3%. In the visitor nights category Victoria grew 5.6%, compared to NSW's 3.2%. Victoria actively campaigns on the difference between night-life offerings in

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<sup>1</sup> AEC Group, 2017, *Economic Contribution of the Tourism Accommodation Sector in New South Wales*.

<sup>2</sup> Licence, A., Edwards, A. & Bevan, T (2018), *Measuring the Australian Night Time Economy 2016-17*, Ingenium Research: Melbourne.

Victoria and NSW. Without a vibrant and active night-life, Sydney risks losing status as a globally attractive city to visitors.

TAA members attract visitors from overseas, as well as from all over Australia. Anecdotal feedback from members has been visitors – particularly international visitors from cities with a vibrant NTE – are frustrated at the lack of options at night. While some hotels have exemptions from special licence conditions allowing customers to consume alcohol in their rooms, this effectively ‘maroons’ them in the venue when there are limited options elsewhere.

### *Events and Conferences*

Business events are a considerably lucrative part of the visitor economy. One in five dollars spent by international visitors in Australia is spent by an international visitor attending one form of business event. In addition, international business events delegates spend 77% more per day than leisure tourists.<sup>3</sup> Visitors on company-paid reward trips spend seven times as much as visitors coming to Australia for a holiday.<sup>4</sup>

The Federal Government has provided a \$12 million three-year national bid fund to attract major conventions and exhibitions. STR data shows in Sydney demand has continued to rise but not to the level required to negate supply growth and that a moderate downturn in group bookings contributed to this result.<sup>5</sup> To be sure Sydney is competitive in attracting events and conferences it is important that the NTE is seen as a strength and not as a weakness.

## CHANGES TO THE TRANSPORTATION SECTOR

The introduction of ride-sharing to Sydney has increased the options for customers heading home at night. The launch of Uber in Sydney in 2012 provides access to an additional means of transport which is on-demand, safe and reliable. Sydney-siders now have an increased variety of transport options, including taxi and other ride share apps, which often provide a convenient complement to existing public transport.

## IMPACT OF THE LIQUOR AMENDMENT ACT 2014 (THE LOCKOUT LAWS)

A negative impact on Sydney’s NTE has been the policies introduced in 2014. There is tangible and anecdotal evidence which demonstrates restricting the trade of one part of the NTE has had flow-on effects to other areas.

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<sup>3</sup> Australia’s international business events sector: the economic and strategic value proposition, Deloitte Access Economics 2014.

<sup>4</sup> The Value of Business Events to Australia, Ernst & Young for the Business Events Council of Australia, Sydney February 2015.

<sup>5</sup> Lennon, Matt, ‘STR hotel stats (May 2019): Supply surges forward’,  
<https://www.hotelmanagement.com.au/2019/07/03/str-hotel-stats-may-2019-supply-surges-forward/>.

There has been a drop in vibrancy and there have been closures across hotels, cocktail bars, nightclubs, and wine bars since the restrictions were introduced. Data from APRA AMCOS reveals there has been a 40% drop in live performance revenue at venues within the Sydney CBD area.<sup>6</sup>

Data from STR shows that for the last seven months there has been a decline in key hotel performance metric ADR (average daily rate) - and for the last 14 months there has been a decline in RevPAR (revenue per available room).<sup>7</sup> Sentiment surveys completed by TAA NSW reveal generally mixed outlooks for future performance over the last seven months, and when they do predict an increase in performance it is only minimal.

Data from the Bureau of Infrastructure, Transport and Regional Economics<sup>8</sup> demonstrates that from the year ending April 2018 to April 2019 there was a 1.5% reduction in monthly activity of passenger movements at Sydney Airport. Over the same period there was a 1.6% increase for Melbourne Airport. The total annual growth for Melbourne Airport over the last 10 years in regards to both domestic and international airlines has been nearly 49%, whereas Sydney has seen growth of 36%.<sup>9</sup>

Preliminary research from the University of Sydney indicates The Liquor Amendment Act 2014 (The Lockout Laws) has not reduced the amount of violence in the Sydney CBD.<sup>10</sup> Assault rates on or near licensed premises have been steadily falling across the state for more than a decade. NSW Bureau of Crime Statistics and Research (BOCSAR) demonstrates assault rates were down significantly before lockouts were introduced. Publicly available data shows between 2008 and the implementation of the lockout in 2014, assaults in NSW had already fallen by 32%.<sup>11</sup>

## TAA RECOMMENDATIONS

By implementing strict measures in 2014, Sydney's reputation as a global city has been compromised. To maintain NSW's coveted top spot regarding tourism, TAA recommends the following steps be taken.

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<sup>6</sup> 'Sydney CBD sees drop in live performance revenue since introduction of lockout laws', <https://livemusicoffice.com.au/drop-in-live-performance-revenue-and-nightclub-attendance-in-sydney-cbd-since-introduction-of-lockout-laws/>.

<sup>7</sup> STR Reports provided to TAA NSW and Lennon, Matt, 'STR hotel stats (May 2019): Supply surges forward', <https://www.hotelmanagement.com.au/2019/07/03/str-hotel-stats-may-2019-supply-surges-forward/>.

<sup>8</sup> Bureau of Infrastructure, Transport and Regional Economics, Statistical Report: Aviation, Domestic aviation activity, April 2019 [https://www.bitre.gov.au/publications/ongoing/domestic\\_airline\\_activity-monthly\\_publications.aspx](https://www.bitre.gov.au/publications/ongoing/domestic_airline_activity-monthly_publications.aspx).

<sup>9</sup> Bureau of Infrastructure, Transport and Regional Economics, Airport Traffic Data 1985 to 2018, [https://www.bitre.gov.au/publications/ongoing/airport\\_traffic\\_data.aspx](https://www.bitre.gov.au/publications/ongoing/airport_traffic_data.aspx)

<sup>10</sup> Centre for Translational Data Science, University of Sydney, 2019 <https://sydney.edu.au/content/dam/corporate/documents/centre-for-translational-data-science/Lockout%20laws%20research.pdf>

<sup>11</sup> NSW Bureau of Crime Statistics and Research (BOCSAR),

#### INCREASE PUBLIC TRANSPORT OPTIONS AT NIGHT

- TAA strongly supports the need for more taxi access at night and for improvements around security, lighting, cover, way-finding, and location of taxi ranks. This would be complemented by high visibility signage to assist international visitors with easily accessing Sydney's public transport network.
- Scheduling train, metro and light rail services to align with late-night trading hours and areas is recommended – ideally, there would be 24 hour operation of Sydney's public transportation system, at least on weekends. Research has shown in the absence of sufficient transport, patrons seeking to return home are forced to spend longer in entertainment areas, creating frustration and competition over resources and increasing the potential for conflict.<sup>12</sup> An important measure in maintaining community safety is providing frequent, reliable, and safe late night transportation.

#### ENHANCE LATE-NIGHT TRADING AND DIVERSIFY OFFERING

- In a report by Cred Consulting,<sup>13</sup> respondents demonstrated they supported extending late-night trading hours. There was support from respondents to see opening hours increase. There was also strong appetite to create new late-night areas in Alexandria, Chippendale, Waterloo, Parramatta Road Corridor, and 'Green Square/Botany Rd/Zetland'.
- The Cred Consulting report also confirmed a desire for more diversity in late-night options, extending from cafes and restaurants, to retail stores and cultural entertainment including live music and performances. There was also support for more nightclubs, pubs, and small bars.

#### REMOVE REGULATIONS ON CBD AND KINGS CROSS

- To enable the Sydney CBD and Kings Cross to once again thrive, the Committee should consider abolishing the restriction on entry to patrons after 1.30am (lockouts) in Kings Cross and Sydney CBD.
- Consideration should also be given to abolishing the 3.00am/3.30am cease service provisions. This is particularly pertinent for accommodation hotels, which frequently house guests operating on different time zones. Further, hotels offer an acceptably safe and secure environment.

#### INCREASE VISIBLE SECURITY

- Increase funding for enhanced, high-visibility police resources in the Sydney CBD, Kings Cross and other entertainment areas.
- That a "Barred from One, Barred from All" strategy be encouraged within Sydney CBD and Kings Cross venues.

<sup>12</sup> Hadfield, P., 2011, *Night-Time Economy Management: International Research and Practice*, City of Sydney: Sydney.

<sup>13</sup> Cred Consulting, *Community consultation summary report: Review of the hours and areas of operation of late night trading premises in the City of Sydney LGA*, prepared for City of Sydney, 23 May 2018, [https://www.cityofsydney.nsw.gov.au/\\_data/assets/pdf\\_file/0004/302683/180523-CoS-LNT-Public-Summary\\_FD2.pdf](https://www.cityofsydney.nsw.gov.au/_data/assets/pdf_file/0004/302683/180523-CoS-LNT-Public-Summary_FD2.pdf)

#### RUN ADDITIONAL EDUCATION CAMPAIGNS

- Education and training awareness campaigns should be considered to bring awareness of safe alcohol consumption as well as socially acceptable behaviour to younger generations with RSA courses being offered in all high schools.

#### INCREASE FUNDING FOR DESTINATION NSW

- Increase funding to Destination NSW – the \$35 million recent cut to be used as a promotional fund to a task force (see below) to rectify the reputational damage done to the NTE and return Sydney's status as the vibrant city in Australia. Recent NSW and Queensland State Budgets revealed Tourism and Events Queensland is set to receive \$154.8 million while Destination NSW is set to receive \$141.2 million.

#### ESTABLISH TASK FORCE RESPONSIBLE FOR NTE ENHANCEMENT

- The creation of a group tasked with improving and reviewing Sydney's NTE is recommended. The group would be composed of both state and local government members, as well as industry stakeholders. This would assist with producing a more diverse offering within the NTE that would re-confirm Sydney's status as the top visitor state in Australia.

TAA NSW thanks the Committee for this opportunity to contribute to improving Sydney's NTE. We look forward to seeing the results of the Committee's work and trust a balance will be struck between maintaining community safety and enhancing Sydney's NTE, ensuring NSW remains the top tourist destination in Australia.