

**Submission
No 756**

SYDNEY'S NIGHT TIME ECONOMY

Organisation: Kings Cross Hotel

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Prepared for The Chair
Joint Select Committee
Sydney's Night Time Economy

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On behalf of Kings Cross Hotel

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About Us

The Kings Cross Hotel is owned and operated by The Solotel Hospitality Group. Solotel operates a diverse range of 30 hospitality businesses in Sydney, Parramatta and Brisbane. The venues include hotels, restaurants, bars and event businesses. The vicinities in which the venues operate in Sydney include the CBD, Surry Hills, Newtown, Double Bay, Kings Cross and broader suburbs Parramatta and Willoughby.

Solotel is passionate about providing the 5 million guests we serve each year a safe 24-hour environment to eat, drink, see live music, listen to comedy, see a play, meet up with family and friends or hold a corporate event, at a time that suits their work and personal demands.

The Kings Cross Hotel has prepared this submission to support the preservation of the night time economy in Kings Cross with the focus on providing vibrant but safe environments for the community; while supporting and ensuring the longevity of employment, surrounding small business, the music/entertainment industry and the tourism dollar.

This submission focuses on the impact the current night time laws and the limitations they have on the Kings Cross Hotel, 248 William Street, Kings Cross and the precinct in general. Solotel purchased the Kings Cross Hotel in 2010 and spent the following 2 years renovating the business in order to make it a destination venue, to accommodate 1300 guests across 6 levels. Solotel spent in excess of \$1.5m on the works, over and above the property purchase on the assumption of the licencing laws that existed at the time would remain stable. Then the Lockout Laws came into effect January 2014.

The Kings Cross Hotel (KXH) has 6 bars and is licensed for 1300 people. In 2012 the KXH was operating all 6 bars on Friday and Saturday night, with a full capacity of 1300 patrons at peak times. Today the KXH generally operates 3 bars and has a capacity as low as 150 - 400 on a Saturday night after 9pm.

Not once has the KXH been found to allow intoxicated guests into the venue or been on the Violent Venue Scheme. We work together with the local authorities to ensure that the business is continually run in a safe and friendly way.

We support removing the current Lockout Laws to enable the Kings Cross precinct to operate as a safe, vibrant destination for local and international visitors. A city that supports art and culture, food and beverage and ultimately providing a thriving social and cultural night-night economy that benefits all.

Economic Effect

The overall economic effect that the current restrictions have had on the KXH and the surrounding Kings Cross and Potts Point areas are wide and varied; they include job losses, the closure of local businesses and reduction of support for the music scene.

1. Kings Cross, once a night time destination filled with bars, nightclubs and pubs supported by local retail and take away eateries providing services to night time visitors is now a shell of its former self with reduced night time trade. In 2018, Labor member John Graham reported that a total of 176 venues had closed in the CBD and Kings Cross area in the 4 years since the Lockout Laws had been introduced.
 - The KXH, once a destination for music, food and entertainment for over 1300 people a night has been reduced to a venue with limited live music and 3 closed bars
 - The number of full-time employees has dropped by 30% since 2014, resulting in job losses for 25 full time employees
 - The support of the local and grassroots music industry has dropped by 85%
 - From 34 DJ's a week to 5
 - A 90% reduction in support of live bands, from 12 per week to generally 0 due to a lack footfall
 - FBI Social was created on level 2 of the KXH in 2011 and was run and managed by FBI Community Radio, who used the space to showcase emerging musicians. In 2014 FBI Social closed due to lack of guests as a result of the Lockout Laws and ID Scanning. During the 3.5 years of operating, FBI Social played host to more than 1000 local artists and over 40,000 guests
 - The flow on effect of employment loss from the reduction in music is considerable, each band/DJ would have a manager, a sound technical and staff support staff of up to 4 people
 - The overall experience for visitors has been reduced by the introduction of ID Scanners, including international travellers being turned away due to not having the correct ID. On average KXH turn away over 100 guests for not having correct ID. This includes many elderly visitors to the precinct who may have come from a show or are staying in a local accommodation Hotel.
2. The drop in the overall number of people frequenting the area seeking night time entertainment has impacted local business resulting in business closures and job losses.
 - Up to 50% of the local businesses no longer operate in the evening, reducing the number of employees required in each business
 - Since the introduction of the Lockout Laws business turnover has been close to 75%, resulting in business closures and job losses
 - It also means empty shop fronts which impacts the overall look and feel of the area

3. The flow on effect of this includes reduction in use of public transport in the area, less need for industrial cleaning staff, food providers and service providers such as printers and graphic designers etc.

Behavioural Change of the People

Since the laws were introduced in 2014, there has been a fundamental change to the way customers behave. We need to evolve with the changes and provide communities with what they need, both local and international.

1. We need a diverse audience and offering to meet the social and cultural demands of people, to provide for the young and the old, the locals and the international tourist. We are an international city with increasingly limited night time activity
2. The millennial generation are driven by experiences, they demand more and drink less. They are connected constantly to the global cultural and music scene in cities like LA, Tokyo, London and New York. They expect the same experiences in their own cities
3. They are a generation that is constantly on the move seeking experiences and opportunities to engage with their tribes, they demand new and exciting ways of engagement
4. The digital age provides 24hr instant connection, to both each other and the global social and cultural world. The latest and greatest events, experiences, live music and plays are accessible in one or two clicks. Long gone are the days when an evening was planned around one bar, one act or one event
5. With the introduction of ride sharing there is more access to transport and the means to move between areas, verses spending an entire evening in the one area. We need to do more to keep people engaged in the same areas and precincts
6. There is increased knowledge of different premium beverages including spirits, cocktails and champagne. People expect to have access to these beverages in certain venues and have them served in premium glassware, as they do in every other international city
7. There has been an increase in flexible and shift work, including night shift workers that demand the same experiences and opportunity to entertainment outside of the current hours of operation

Increased Cost of Running a Late-Night Venue

The overall cost of doing business has increased since the law changed, this is both an increase in time and financial cost on operating venues in the Kings Cross precinct.

1. The change in the regularity of this has caused increase costs to businesses through additional use of town planners, acoustic consultants and other legal requirements
2. It has increased the time venue management teams spend on preparing submissions which reduces the time spent on creating vibrant venues and developing new and creative experiences for the community
3. Since the Lockout Laws came into place, the cost of running the business has dramatically increased. For large businesses this cost is manageable however the impact on small or independent operators can be paralysing
4. There are many requirements that the venue needs to comply with under the current restrictions. These include;
 - CCTV – The Kings Cross Hotel has over 70 cameras that are required to be of a high digital standard with specific frame rates and storage capacities. The KXH is about to spend in excess of \$50k to ensure that these are updated and above the legislated standard
 - Training – all staff that operate ID scanners are required to undergo specific training prior to operating
 - ID Scanners – the cost of these is \$650 per week with no option for the venue to negotiate their price. We are also required to pay for any upgrades or improvements
 - Staffing – the scanners are required to be operated by trained staff or security at a cost of over \$1500 per week
 - Compliance controls – unknown amount of time required to ensure that all compliance controls are in place
 - Consultant Fees - over the past 7 years we have not only needed to continually ensure that we are operating in accordance with the Lockout conditions, but also need to attempt to adjust our business model to survive to maintain profitable and offer the same experience to guests. This involves consulting with town planners, lawyers etc. The cost over the past 7 years for consultant fees for the KXH alone would be over \$250k
 - Acoustic Works - The KXH is about to spend over \$100k on acoustic attenuation and audio visual upgrades. This is due to needing to upgrade our system so that we can monitor the sound levels that we are required to comply by according to our license and Development approvals

Current Regulations

By removing the current Lockout Legislation, the current regulations, if correctly policed provide late night licensees and operators with boundaries to operate safe establishments while ensuring a vibrant night time economy.

There are various levels of planned and spontaneous controls currently in place from a range of government bodies and associates including;

1. Responsible Service of Alcohol policies and requirements which are in place to ensure venues are providing safe service to customers
2. Liquor & Gaming Three Strike Disciplinary Scheme which aims to reduce serious and repeated non-compliance with the NSW liquor laws through a three strikes penalty where licensees and operators can face industry bans for up to three years. This scheme focuses on repeat offenders which can ultimately stop them from operating a licenced venue
<https://www.liquorandgaming.nsw.gov.au/documents/fs/fs3015-three-strikes-disciplinary-scheme.pdf>
3. Liquor & Gaming Violent Venues Scheme which monitors operators every 6 months for alcohol-related violent incidents and enforces special licence conditions (such as, cessation of alcohol service 30 minutes prior to close, or no shots and drink limit restrictions after midnight, etc). This scheme focuses on venues with regular incidents and provides control where proven it is required
https://www.liquorandgaming.nsw.gov.au/_data/assets/pdf_file/0020/202961/fs3006-violent-venues-scheme.pdf
4. Unannounced business inspections including plain clothed and uniformed Police visits, NSW Health, under covered Liquor and Gaming Inspectors and Council inspections to ensure operators are constantly maintaining required standards

These regulations were designed to eliminate poor or illegal operators and provide a safe environment for the community. If correctly policed and coupled with the current improvements in the precinct surely this will provide the safety the community is seeking.

Inconsistent Experience

Since the current Lockout Laws were put in place in KXH and the CBD, we have not seen an increase in alcohol-related violent incidents in other venues that Solotel operate with late night licences. Some within walking distance to the Kings Cross Hotel.

1. Solotel operates the Green Park hotel in Darlinghurst which operates until 2am, this venue is a 10-minute walk to the KXH
2. Solotel operates the Bank in Newtown which operates until 5am
3. Solotel operates the Marly in Newtown which operates until 4am
4. Solotel operates The Golden Sheaf in Double Bay which operates until 2am

These venues currently operate under the current regulations only, proving if policed correctly well managed venues can provide safe environments for the community without the Lockout Laws.

Overall Experience

Kings Cross has long been a night time, late night destination. People who visit the area expect a vibrant and world class precinct in which to experience world class food, entertainment and diversity. The current Lockout Laws directly impact the experience and result in people not visiting the area at all.

1. Due to the current restrictions which have dramatically reduced foot traffic it means the cost of hosting live music is not financially viable to music promoters or the KXH, resulting in guests are not having the same experience they once did
2. The current use of ID Scanners results in constant negative experiences for guests. This includes an increase in waiting time while scanners are being used, guests being turned away for dining as they do not have the correct ID with them along with interstate and international tourists not bringing ID with them at all. The KXH is required to use ID Scanners 7 days a week, meaning a guest coming in to dine on Monday night needs to be scanned
3. The general demographic of visitors to the area, especially to KXH on Friday and Saturday night have a higher disposable income and with that comes the demand for high quality beverages, including cocktails, wine and champagne. With the restriction of certain drinks and venues not being able to sell a bottle of wine or champagne, higher quality cocktail bars and premium offers are no longer available. This results in a negative experience for the guests and they often leave and travel to areas where there is no restriction
4. The current restrictions also mean guests are unable to access premium glassware, paying premium price to be served drinks in plastic cups
5. We should be learning from the City of Melbourne, who revoked their Lockout Laws after 3 months in place and instead focused on going in the opposite direction with around-the-clock public transport and festivals designed to attract people to the city 24/7

Recommendations for Current Conditions

We support removing the current Lockout Laws to establish Kings Cross and Sydney as a 24-hour city that is safe, vibrant and a destination for local and international visitors. A city that supports art and culture, food and beverage and ultimately providing a thriving social and cultural night time economy that benefits all. We propose the following;

1. Lockout Laws

The economic effect clearly shows that there is a need for change in order to revive the night time economy in Kings Cross to enhance employment and meet the community need.

Recommendation: The Lockout Law regulations are removed

Solution: With controlled policing of the current regulations this will address both community concerns and the desire to deliver a vibrant late-night economy to Sydney

2. Current Regulations

Well run venues should not be punished but managed under the current regulations that are in place outside the Kings Cross and CBD Lockout Law precinct.

Recommendation: The current regulations remain unchanged

Solution: There is suitable controls within these regulations and when policed correctly it will ensure the safety of the community

3. ID Scanners

ID Scanners have not proven to be an effective tool, especially when used at times where there is little to no foot traffic such as mid-week.

Recommendation: ID Scanners be removed

Solution: There is suitable controls with the current regulations to ensure the safety of the community