

**Submission  
No 268**

**INQUIRY INTO THE MUSIC AND ARTS ECONOMY IN  
NEW SOUTH WALES**

**Organisation:** Hotel Gearin

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## PARLIAMENTARY SUBMISSION

I find myself at this point in time speaking for not just our own business but for so many of the small businesses of our heritage-listed region, Blue Mountains, NSW.

Hotel Gearin is an historic (1881) Hotel/Music Venue in Katoomba with a capacity for 300 people to attend the musical events we bring to our establishment. Not only does our business support music, the arts and entertainment as a whole but also the necessary employment which goes with it. For us this includes a staff base of a minimum of 12 people yet rising costs are having a detrimental effect on not just our business, but many small businesses of all kinds. Whenever we feel we are at last making some progress, yet another tax is imposed.

For us this includes a New Container Disposal Tax, a proposed Binge Drinking Tax (applied to wine) looking to come into effect, while also being burdened with CPI in February and August. This is expected to come from a business income where it's hard enough to break even at times. Receiving an email from AHA (Australian Hoteliers Association) recently, noting that a bill is expected to be passed to compel business owners to offer full time or part time work only and remove casual employment, may well be the final straw for struggling small businesses. Many of our local businesses, including ours, no longer choose to open on Public Holidays and close early or open fewer hours to save on crippling staff costs. Having to pay for extra employees, while others are on sick leave or holiday is yet another burden for which there are simply not the finances to absorb any more costs. Less people employed all round will be the next likely result of being burdened with more taxes and expenses.

Our business fluctuates constantly, making it increasingly difficult to pay the regular bills, loans for improvements and crippling rent from landlords who do little in the way of repairs and necessary upkeep of buildings, historic or otherwise. Our own Hotel, at the entry point of an important Tourist and Cultural region of the Blue Mountains, Katoomba City, is clearly visible from the Great Western Highway, yet desperately needs external painting and repairs. Over the 3 years we've been in the business this has been ignored by the owner, while receiving rent which has turned out to be much too high for a building in its continued poor condition. We, and other business owners, improve and maintain the internal structures to the best of our ability, often taking out loans to do this.

For our own particular business, as a historic hotel right opposite the railway station, there are other significant factors also which hinder our ability to make a living. From time to time, with little warning, we are inundated with dozens of rail buses in front of and all around our premises, with rail staff also using the hotel car-park, which needs to be for our patrons who've booked accommodation and later for those coming to the Live Music Venue. Due to this imposition we have lost thousands of dollars on these nights, always with a struggle to recover financially from a weekend which should've been a lucrative one for us.

We are not the only business in Katoomba, historic or otherwise, who are reaching desperation point financially. As the cost of living keeps rising, we have no choice but to raise our own costs and pass them on to the public, which then puts them in the position of not being able to go out as often for some well-earned entertainment and enjoyment at the end of their working week. When paying bills is all people have it makes for a bleak existence, with no pleasurable respite. In our business, which is all about people and their social lives (tourists and local community) we directly see a flow-

on effect where people are angrier, depressed and often just feel hopeless and powerless with the way things are going. Australia's high level of Road Rage, Depression and Suicide (there have been several in the region, of which 3 were personally known to us) is doubtless a part of this picture. Growing health issues for many are also a part of this stress-loaded picture. Rising costs have also rendered people less able to go out, making it a choice to have some social enjoyment with family and friends or sit at home and just pay the bills, which are also constantly growing. Again a flow-on effect is less work offered or less jobs, as small businesses flounder with their own bills.

Our local government will not allow us to effectively advertise upcoming events, which can be 6 months in advance, to ensure optimal attendance. If we poster anywhere other than the 3 designated bollards in the main street (which are constantly postered over) there's the potential of being fined. We are unable to use banners on the highway as this is deemed as being too commercial. Advertising in local publications has often proven to be unreliable and too expensive.

In January, 2018 we completed a major upgrade to our music venue, The Roxy Room, with a view to attracting major calibre music events to the Blue Mountains. There is also the intention of becoming a link for music tours to continue on out west. As a venue we have the potential capacity for 300 people in attendance, so we consider this to be the ways to achieve the best return for our efforts as to wages vs bar/door takings, stock and licensing fees. Our premise also has a historic Long Bar and accommodation, although the music into the early hours sometimes limits patrons staying in the hotel. Until recently we also ran a restaurant but with 60+ restaurants and cafes in Katoomba it turned out to be impossible to make this part of the business profitable. Being singularly located on the opposite side of the railway to the other businesses in town was not in our favour for a restaurant but is ideal for the music venue, when not impacted on by State Rail track work, as outlined earlier.

My partner and I have 30 years in family businesses and have observed the impact of GST, Super and other changes being imposed during this time. For ourselves we have experienced just under 3 years in our present business but liaising with other local business-owners, their viewpoints have also revealed how things have changed for the worse. A business friend has the books from his one restaurant business of over 30 years in the same location. He has had to make constant changes in recent years, from trading 7 days, lunch and dinner, to 5 days, dinner only and now closes one week of every school term and random other days to reduce costs. He, we and others constantly juggle the costs (including wages) and trade. One iconic Katoomba business, the Paragon, is facing closure due to the rising costs and the landlord's unwillingness to aid with major repairs. At the end of the last financial year there were 7 hotels for sale in the Blue Mountains region. Only one managed to sell (and is on the market again) and the others struggle on or have made radical changes out of sheer necessity. Hotels were once thought to be prime business opportunities and a great source of revenue and this myth is still in force, despite all proof to the contrary. Everything about them has been taxed to oblivion over the years, leaving little left after all the hard work.

Another recent blow to the Blue Mountains reputation of being a region supporting the Arts, Entertainment and Tourism is the inability of those running the annual Winter Magic Festival to cope with escalating costs. There were rumours last year that it may be the last time this popular event would be held and this has now been confirmed. Clearly this is not just about a single business but a widespread and growing issue.

As to staffing costs, the average wage is stated to be \$1,000 but neither we, nor other businesses we know of, would be in a position to support this and wonder where this estimation comes from. Requiring 11-13 employees to be able to run the business in its current format means wages, tax and Super are a weekly burden. To remain afloat my partner and I each work 100 hours per week and take a meagre wage of \$373.75 each to help support our large blended family. If any money is ever left over after all liabilities and expenses are met, it is put back into the business.

We all are aware that Australia was built "riding on the sheeps' back" and more recently "on the back of small business" but that back is about to break for so many, with big business getting all the support and certainly giving no more back to the community or the country. Big Business has the advantage over us whereby they participate in "tax minimisation schemes" and sending profits offshore. This ought to be clear to those at the top who are expected to be the best minds in the country, hence the enormous and growing pay packets allotted to them. This all needs to be taken into consideration to make it fair, or even possible, for small business to function properly and the on-flow effects on employees and consumers, who have always supported each other but are finding it more and more difficult to do so.

In the Blue Mountains, as a Tourist Hub, we need to be able to cater for people from all walks of life, not just the well-healed members of society who can afford the high-end places, such as Lillianfells and the Hydro Majestic. Seems like the "Lucky Country" is now only lucky for those with wealth to continue to grow that for themselves and the rest of us are on the other side of an ever-widening divide.

Are there any incentives or cost-cutting at all that will be heading our way in the Music and arts arena to make it viable for our own venue to continue to offer musicians employment, as has been asked of us? At this point in time there seem to be less and less options available for small businesses to function well and even less so for the hotel industry.