

INQUIRY INTO IMPACT OF THE CBD AND SOUTH EAST LIGHT RAIL PROJECT

Organisation: Australian Hotels Association NSW

Date Received: 6 July 2018

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Reverend the Hon. Fred Nile MLC,
Chairperson
Legislative Council – Public Accountability Committee
NSW Parliament SYDNEY NSW 2000

Dear Rev. Nile,

RE: Inquiry into the impacts of the Sydney CBD and South East Light Rail Project

In June 2018, the Legislative Council commenced an inquiry into the impact of the CBD and South East Light Rail Project. The Australian Hotels Association (AHA) NSW is pleased to make a contribution to this inquiry on behalf of our impacted members along the route.

Introduction

The AHA NSW represents over 1800 licensed premises across NSW, from small hotels in regional NSW to large, premium accommodation hotels in the Central Business District of Sydney. The predominant liquor licence held by our members is a hotel licence – permitting the sale and supply of liquor for consumption on premises or takeaway sales for off premises consumption.

Hospitality is the predominant aspect of our member's business operations. A place for people to go for entertainment, music, food or a drink. Patrons want to attend clean, welcoming licensed premises that allow ease of accessibility combined with surroundings that contribute to a pleasant experience without the clutter, noise and dust of an ongoing construction process.

The Light Rail Project

The CBD and South East Light Rail Project construction commenced in October 2015. The route traverses 25 kilometres from Circular Quay, along George Street, Eddy Avenue and Chalmers Street then along Devonshire Street in Surry Hills before running along Anzac Parade to Kingsford, with another section diverting along Alison Road and up to High Street in Randwick. There are 19 stops along the route, with 70 metre long train carriages traversing the route. The original completion date of March 2019 would have seen construction along all zones completed by December 2017, with testing being conducted currently. There is currently no indication when barricades will be removed and the project completed.

Impact on hotels along the CBD and South East Light Rail route.

There are 25 AHA NSW member hotels that front directly on the light rail route, with a further number situated within close proximity of the route. Table One identifies each of those venues along the route including the zone and suburb they are situated in, and the original estimated completion date for that zone. There are no hotels in the only zone that has currently been completed.

TABLE ONE
HOTELS ON LIGHT RAIL ROUTE WITH PROJECT PROJECTED START/FINISH DATES

Hotel Name	Suburb	Light Rail Zone	Start	Finish
Ship Inn	SYDNEY	1	Jan/17	Oct/17
Jacksons on George	SYDNEY	2	Mar/16	Dec/16
The Morrison Bar & Oyster Room	THE ROCKS	2	Mar/16	Dec/16
Establishment Hotel	SYDNEY	3	Apr/16	Dec/16
Ivy	SYDNEY	4	Jul/16	Jul/17
Star Bar & Grill	SYDNEY	8	Jun/16	Feb/17
The Albion Place Hotel	SYDNEY	8	Jun/16	Feb/17
The 3 Wise Monkeys Pub	SYDNEY	8	Jun/16	Feb/17
Sir John Young Hotel	SYDNEY	9	Aug/16	Feb/17
Cheers Bar and Grill	SYDNEY	9	Aug/16	Feb/17
Charlie Chan's Bar and Bottle Shop	SYDNEY	10	Oct/16	Jul/17
The Haymarket Hotel	SYDNEY	10	Oct/16	Jul/17
Palace Hotel Sydney Since 1877	SYDNEY	10	Oct/16	Jul/17
Mountbatten Hotel	SYDNEY	11	Jan/17	Aug/17
Great Southern Hotel	SYDNEY	11	Jan/17	Aug/17
Madison Hotel	SURRY HILLS	15	Aug/16	Feb/17
Royal Exhibition Hotel	SURRY HILLS	15	Aug/16	Feb/17
GT's Hotel Surry Hills	SURRY HILLS	15	Aug/16	Feb/17
Strawberry Hills Hotel	SYDNEY	15	Aug/16	Feb/17
Dove and Olive Hotel	SURRY HILLS	16	Sep/16	Jun/17
Shakespeare Hotel	SURRY HILLS	16	Sep/16	Jun/17
Trinity Bar	SURRY HILLS	29	May/16	Nov/16
Doncaster Hotel	KENSINGTON	29	May/16	Nov/16
Regent Hotel	KINGSFORD	30	Jun/16	Apr/17
Churchill's Sports Bar	KINGSFORD	31	May/17	Dec/17

Through Surry Hills, the construction has seen the removal of over 100 car spaces along Devonshire Street that will not be returned to use once construction is completed. Many of the patrons who attend venues in this area do so for food and entertainment and therefore drive. The removal of these

parking spaces has resulted in direct financial losses for these venues, which have been observed when parking spaces are removed or altered to loading zones or other restrictions.

For all members along the route, the impact on their businesses have been many, and significant. Road closures, power, water and utility outages whether planned or due to incompetence, bollards, hoarding and obstructions to patrons entering or exiting venues, noise, dust, mud and other impacts are all examples of the issues that have arisen that have deterred patrons from attending member hotels.

Case Study – Devonshire Street Surry Hills – a licensee’s perspective

The Shakespeare and The Strawberry Hills Hotels are located in Devonshire Street Surry Hills. They have been owned and operated by the Hargreaves family for more than 40 years. This portion of Devonshire Street is known for its village atmosphere, with patrons walking, driving or catching public transport to the venues. Prior to 2016 both hotels had good trade in all facets of the business, shops were full of tenants and the streets were vibrant.

The Sydney CBD and South East Light Rail Project commenced in Zone 15 (Devonshire Street) in August 2016, with an anticipated completion date of February 2017. Since construction commenced, businesses along Devonshire Street have closed for good, tenants have vacated, access to areas have been blocked and dozens of parking spots removed. Foot traffic has slowed to a trickle – patrons will not fight their way through a construction site to have a meal or a beer at a dust-covered pub. Footway dining is not an option.

The family business is an employer of labor, both full time employees and younger part time staff. They have seen a 40% downturn in sales with the Shakespeare Hotel revenue down 87% since last year.

The Hargreaves have retained their long-term staff – many of whom have been with them for more than a decade, however maintaining staff when business doesn’t support comes at a significant cost, but as a family business that’s what they do.

The impacts of the construction have been many. Everything from holes being dug and covered up only to be re-dug again, constant noise, dust, dirt and rubbish with workers having no respect for the hotels. There is a daily track of mud from the worksite to the toilets and back, tools constantly leant against the premises, unexplained power outages, contractors parking in the few spots left and a street that no one wants to walk down. The bollards and fencing that stretched along Devonshire Street rendered the area unsightly, and prevented easy access to the hotels, with patrons having to walk 30 metres along a fence line just to get to a point where they could walk back along the footpath to the entrance. Plant sites have also been erected where no construction was occurring, further impeding access.

Recently, the cellar of the Shakespeare Hotel flooded, due to the construction zone’s poor drainage. Despite seeking assistance, none came and they had to clean up and pay for repairs themselves. The company responsible declined to pay for the damage or clean-up.

The licensees/owners want the area returned to the way it was so they can just get on with running their business. They know how to do that, and they do it well. They want parking

spaces reinstated, removal of the rubbish, and for the areas outside or venues to stop being used as stockpiles.

They have been told by Transport for NSW that once the light rail opens they will all “reap the benefits.” That people will flood to the area. The reality is that Devonshire Street will become little more than a rail corridor, with the only light rail stops in Chalmers Street and on the corner of Crown and Devonshire Streets – hundreds of metres from both hotels. The once picturesque village street will have a tram line through the middle of it with 100 parking spots gone and 70-metre long trams whizzing past.

There is a very justified fear that Devonshire St Surry Hills will never return to the village it once was, and the patrons that have chosen to go elsewhere will never return.

FINANCIAL IMPACT TO HOTELS FROM THE LIGHT RAIL PROJECT

In preparing our response specifically to the financial impact of the project, access to compensation and the adequacy of any compensation offered to hotels along the light rail route that form the terms of reference for the inquiry, AHA NSW engaged accountancy firm DFK Crosbie to collate and examine financial statements from a snapshot of hotels along the route, both before the light rail project commenced and as at the present day. That body of work is attached to this submission at Annexure A. We also provide the following brief observations;

RESPONSES TO PARLIAMENTARY INQUIRY TERMS OF REFERENCE

A). the appropriateness and adequacy of the financial compensation process and diminution in social amenity caused by the project on residents and businesses

Transport for NSW speaks in relation to “financial assistance” or “relief” (not compensation) from a perspective of “overstay” – the period of time from when the project was intended to be completed in an area and its actual completion date. In reality, losses were sustained for many member venues from the commencement of the construction, and that should be factored in to any relief or assistance package.

B). The appropriateness and adequacy of the financial compensation process established by the assessment process and consistency of outcomes

It is our experience that the financial compensation process has been totally inadequate for our members. Initially, our members were clearly informed there was no financial assistance or relief to businesses available. Subsequently, an initial offer of financial assistance was verbally announced during a meeting of the Light Rail Business Reference Group (BRG) that AHA NSW is represented

on as “rent relief” only, with no assistance to owners of their businesses, lease holders or businesses with more than 20 Full Time Equivalent (FTE) employees.

In terms of consistency of outcomes, matters regarding successful applications are between the project and the individual businesses so this is unable to be determined.

In May 2018, the criteria for financial assistance/relief was expanded. AHA NSW was informed via email that;

“the Small Business Assistance Program provides an ex-gratia payment to help with the rent and other bills of eligible small businesses on, or in close proximity to, the light rail alignment and located in a zone where construction is taking longer than initially advised.

While applicants will continue to be considered on a case by case basis, Transport for NSW has changed the criteria to allow for more flexibility in how businesses are assessed. We are now making the program available to small businesses with up to 50 employees.

It is too early to assess the appropriateness or adequacy of this expanded process or the extent to which owners of businesses will be included in the scheme, as to our knowledge no hotel operators along the route have received relief/assistance from the latest variation of the scheme.

C).The effectiveness of the government’s communication with residents and businesses concerning project delays and financial compensation

Members along the route have advised that they have experienced ongoing communication and contact from employees of Transport for NSW charged with stakeholder engagement for the Sydney CBD and South East Light Rail project.

In addition, AHA NSW as a BRG member has also been provided with regular updates on construction, road closures and other issues which have been disseminated to members.

However, communication in respect of ongoing project delays and anticipated completion timeframes by zones has been non-existent, as recently as the last BRG meeting where Altrac declined to answer that specific question – posed by the Chair of the BRG. In our opinion, communication regarding opportunities for financial compensation have been inadequate as until recently there was no formal process for seeking financial assistance and because many of our members did not meet the assistance criteria (Less than 20 FTE – renting), they were not invited to forums.

D) Any other related matters.

The project commenced in October 2015. As at Friday 6 July 2018, a small section of the line only has been substantially completed. The ongoing delays continue to impact upon businesses along the route, with no firm indication of when the barriers will be removed and when the line will be operational. Whilst some precincts may return to a level of business activity similar to that prior to the commencement of the project, there is no compensation being offered for losses during the almost three years that the project has been underway for many of our members, whilst there is every indication that some businesses along the route will never recover.

Should you require further information or wish to discuss any of the issues raised in the attached submission, do not hesitate in contacting AHA NSW John Green by email

Your faithfully.

JOHN WHELAN
Chief Executive Officer