

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

**Organisation:** Vivo Cafe Group

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# **NSW Parliamentary Inquiry into the CBD South East Light Rail**

## **Submission**

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Vivo Café

## Impact of the Project

### **Length of time affected**

3 years and counting

### **Turnover and profit losses in both dollars and percentage**

Turnover losses = 35-45%

### **Financial loss estimate**

This is not as clear cut as x or y percent. Turnover and profit loss does not consider how much personal savings are poured into a business to keep it afloat.

Loss of personal savings, loss of wages, loss of Superannuation Investments

Complete loss of business good will and value

### **Impacts on social amenity (access, dust, noise, etc)**

The noise and dust on this project affected me personally because I was subjected to it every single day. It is difficult to concentrate at work with noise levels so intense that I could barely think, and the allergies that it exacerbated caused so much irritation that I found myself on medication for months.

I suffer from sinus problems anyway, but the dust from construction resulted in severe and recurring sinus infections.

I watched pedestrians in particularly the young and old, walk past my shop with their hands over their ears. Those game enough to stick around in those conditions, could barely see let alone get to us thanks to the permanent barriers.

This intersection of King and George was once considered one of the busiest in the CBD (ABS) with 40-50 thousand crossing per hour during peak. Since the hoardings went up, we can now no longer be seen from any corner or the other side of the street.

### **Other impacts**

Naturally the loss of turnover results in reduction in staff levels, and the effect on our suppliers who are also small businesses with our reduction of purchases. These disasters never affect anyone in isolation, it is always a ripple effect. Even the banks who I have no sympathy for would have been affected.

To survive I had to cash in my super investments to pay the rent, and staff. I was determined to hang on because we were told it would only be for 6-9 months. I was prepared for possibly 1 year. I quickly realised halfway through the first year of construction that we would not make it unless we either grew our debt or cashed in on our investments.

The fact that I will never be able to replace my super or get back my losses causes me a great deal of emotional anguish because I am a single 52 year old woman and in ten years I could be a statistic on the poverty line.

The cost of this project on small business isn't just about the dollars and cents. It is the fact that no matter how hard you work or how good you are at your job if your business is blocked off, can't be seen, surrounded by noisy and dusty construction with no end in sight - you can't fight back at that.

The absolute humiliation of bearing the burden of failure will be the greatest legacy this project leaves behind. I see first-hand how families have been affected and then I have to look at myself in the mirror every day as well. I try to give others courage, but I don't know where to turn to for myself. This is what I will remember about Light Rail.

One day, I can be entrepreneur of the year, and the next I can be left with nothing.

A difficult part of running my business has been trying to maintain a positive outlook for my staff and for my customers, for the sake of the business. It is hard to keep faking it, year after year. Every business owner and every resident has been treated with such contempt by State Government when they refused to acknowledge day after day, the impact of this project and the way it has been run, and the delays that have come along with it. They have a lot to answer for.

You cannot plan a future when there is none.

Every business runs on a premise of goodwill, based on their lease. When a construction project takes years and eats into your goodwill and lease time, and the sands of this construction hourglass have run out - we are left with nothing. Another loss, based on our goodwill. How do you measure that?

I personally don't know how anyone can give you back time.

So, if you are stuck along the light rail route you can't sell your business. You can't grow your business. You are losing every day, you are probably getting further and further into debt, and most likely you have thoughts of killing yourself.

**This is how I feel.**

## Communication from Government

### **Date of Initial Communications (if any)**

2015

### **Has there been any follow-up? Provide details**

At first in this project Transport for NSW sent around the communications team to tell us that there were different milestones in the project re: construction. Then ACCIONA took over the communications (2016).

Face to face communications stopped almost immediately, I suspect because people were not welcoming the fact that they never brought good news, they only ever brought bad news on noise and construction - without solutions. Communications then began to come as flyers, or emails. That is how it has been since the start of 2017.

### **How effective has this communication been (1 – Poor, 5 – Adequate, 10 – Excellent)**

-100

## Government Assistance

### **Date Assistance Offered**

2017

### **Provide Details (if offered)**

Transport for NSW offered a small rental relief payment only after they were forced by media reports and shamed into acting.

### **What assistance was offered (do not provide dollar values)**

Ex-gratia rent "relief".

The whole process has not been transparent, we have never been told how it is calculated or what it is based on. Unless you are able to show a great loss, you were never considered worthy of the small amount which was offered. It has never been fair, or accurate, or transparent. Recipients are made to sign confidentiality agreements.

### **What process did you undertake to obtain this assistance**

My accountant gathered all my paperwork to present to Transport and Ernst & Young the forensic accountant. It took weeks for my accountant to prepare paperwork, because it wasn't in the usual course of doing business for us or him.

There were two meetings, several phone calls, and emails, in order for Ernst & Young to be satisfied that they had enough information. I was then made an offer and told - take it or leave it.

### **How adequate was the assistance**

We have received two ex-gratia payments, owing to our position in the most severely affected section of the light rail route.

Had they been provided sooner, it may have made a difference. Both payments were too little, too late.

### **What were your out of pocket expenses to see assistance**

About \$2500, and we have only just been told we can claim that now for the second round of payments. That was not an option for the first round of payments.

### **How adequate and effective was the process (1 – Poor, 5 – Adequate, 10 – Excellent)**

-100

## Other details

### **Have you been offered any other assistance (landlord, council, utilities, etc)**

Assistance or understanding that we are under a tremendous amount of financial pressure has been lacking- especially from council. The landlord was not under any obligation to assist.

### **Anything else you wish to add**

In this part of my submission, I would like to share with the committee my journey for the last 4 years of light rail that overlaps with the varied roles I have.

I am an elected councillor with the City of Sydney, a business owner on George St and a resident in the CBD, so I have seen this project from very different views. I also sit as a business representative on the Light Rail Business Forum.

Over the years I have attended what I believe would be almost 90% of any meetings ever held for anything to do with Light Rail, and that would include meetings for other zones and areas other than the one I work in – ZONE 4.

The very early days of the project - when it was still an artist's impression and a video that showed George St looking like a European piazza as a sea of outdoor dining with chairs and tables all the way up and down George St was how it all began for me. And my first questions began.

### **The Transport Promise**

This project was sold to the business community as being consultative, that TfNSW wanted to work with the businesses to make sure that best practice was observed, that any concerns that people had would be addressed and that challenges would be dealt with.

The first rounds of stakeholder meetings included exercises in futility such as asking us to put post-it notes on walls covered with paper to indicate which dates would be problematic for construction e.g. boxing day sales, new year's sales etc. Even at that point people were commenting that starting the project in December at the busiest time of the year for retailers and visitors was silly. The businesses suggested that the project wait until June and winter to start which traditionally is the quietest trading time. That went unheeded because for some reason unknown to all of us there was an apparent urgency to start, regardless of the common-sense suggestion made by the retailers & businesses.

The answer to our request was that:

- No one zone would have more than 6-9 months of disruption, so everyone would only ever suffer 1 disrupted Christmas. This obviously was NOT what happened.
- My business has suffered through 3 disrupted Christmases and it appears that there could be a 4<sup>th</sup>
- We were told that they would not have noisy or dusty construction during our peak times 7-9am or 12-2pm. This was never observed.
- We were told that there would be marketing campaigns to assist us (still waiting for anything meaningful other than a poorly made video)

We were constantly told that this was going to be the greatest project this city had ever seen, well run and well planned. This could be the greatest lie ever told.

### **The Communications Problem**

There were community forums established, business representative forums established, community engagement teams appeared, and all of these were to provide direct means of communication keeping all of us in the loop and provide contact points for any concerns. WASTE OF TIME AND SPACE. All of it was to tick a box that it was done, but nothing meaningful ever happened. Whenever I would ask questions I was told that it was disruptive and negative, and I was being dramatic.

**Personal insults were always inflicted on anyone who spoke up, we were made to feel irrelevant.**

This became common practice in the years to come, with a steady stream of highly paid communications people employed by either TFNSW or ACCIONA to step in and shut down or block any complaints voiced by anyone.

It is well known amongst those of us that do ring the “hotline” number that is established under the care of ACCIONA that nothing is responded to on the same day, and even then, it’s to say someone else will get in touch. It also appears that none or very few of these complaints ever make it to TFNSW even though they are supposed to. I make this assumption because whenever I have been in meetings and people say to TFNSW “that I have rung up and complained so many times” TFNSW respond with “I’m not aware of any complaints”

This story of more than 1000 days has destroyed many lives and futures, my family and I are just one.

### **The Reality of the Situation**

These are some of the issues that arose, which I will list as bullet points to hopefully be easier to read:

- In October 2015 the buses left George St forever. That had an immediate economic effect on the businesses and the amenity of the workers and visitors. Bus stops generate economic hubs – people make shopping decisions around the path of their transport stops. Overnight this changed what had been in place for decades. Even before one bit of road was excavated businesses were impacted.
- The first construction barriers and impacts began in December 2015 in ZONE 5, a major shopping and retail section, at Christmas time.
- My zone – 4, began construction in March of 2016.
- All the rest were slowly started and very quickly the entire route was ripped up.
- Barriers and walls were put up creating tunnels and blocking visibility.
- Businesses couldn’t be seen any longer unless you were in front of them, and even then, you didn’t want to be around George St because of the noise and dust.
- Signage was a joke, they never got it right, they never consulted or asked what we would prefer, they always thought they knew what we wanted or needed even though they never asked or gave us a choice.
- Children and elderly would walk past with their hands on their ears from the noise.
- The sheer duration of the construction project – the endless years of noise and dust and messy dirty zones changed the economic habits of people. They just didn’t choose to go past George St when they could choose more pleasant streets to walk even if it wasn’t direct anymore.

### **The City and Safety**

We had so many safety issues around our area because of the barriers and LACK of lighting and security. George St was once a nonstop busy 24-hour road that was constantly activated. When the barriers went up they blocked vision and therefore vandalism and crime were easy. Police often commented that even some CCTV

cameras were blocked from being able to see what was going on, and police patrols were less effective because they also could not see what was happening around them. It took **one year** of repeated requests to finally have some lighting put along the barriers.

### **My Business**

As a business we were impacted by:

- The poor management of the project,
- The delays and length of the construction,
- The lack of information as to when it would finish or how each zone was progressing (of course, it would be 2 years before they admitted that they were going to be delayed longer than the 6-9 months in any zone) and that the utilities were an issue,
- The disregard of how much the noise and dust would affect our business when faced with years of it,
- How unprepared they (NSW Government/Transport for NSW) were to provide any real support to business,
- There constant denial that anything was wrong,
- There constant commentary that nobody was complaining,
- The complete disrespect that they showed to business owners including myself when we asked for financial assistance,
- The frequency that we would lose water and power and they would not acknowledge it was due to the construction, and
- The loss of very good staff as it was a terrible environment to be a part of.

I have always prided myself on being a good business owner, and I have been grateful for all our industry and business awards that we have been acknowledged with, and when the start date for Light Rail was announced, I didn't just give up and cross my fingers that it would all be ok.

As a business we were proactive in having a business plan to fight what was coming, including:

- A \$100k refurbishment on the outdoor dining area of our café; installing wall gardens and new furniture to encourage and beautify the area to sustain and hang on to our trade,
- The installation of an outside coffee machine to catch any passing trade, and
- Reduction of menu prices by 30% to encourage business.

We prepared for what we thought would be a decline in sales of about 10% and hoped that we would make that up or at least prevent greater losses by changing our business model and adapting to the situation.

### **It didn't work.**

We were hit hard immediately and nothing we did stopped the losses. You can't change less people coming to your business when circumstances have nothing to do with your food or cost or service

**The result of this investment was a waste of money.**

Emotionally we have been distraught and overwhelmed for so long that we don't know how to be positive or unlearn the terrible ripple effects that this has had. We have experienced increased aggression along with depression and lack of motivation for our personal and business lives. When there is no end to your pain all you see is a black hole with no way out.

I did everything I could in my business to protect it, but I failed. I did everything I could as a councillor to try and get the Council to assist businesses and residents who were being affected, but that fell on deaf ears. I had several meetings with the then Transport Minister and now Premier about our fears.

**I was told that it would be great when it was all over.**

I told her we wouldn't be here to see that because we wouldn't last. I had meetings with the next transport minister and explained the issues, this again fell on deaf ears. Time and time again, I was told that I was the only one complaining – as if this ignorance would absolve the Government of their guilt.

One of my greatest disappointments of this project was that nobody wanted to listen or indeed ask what the business owners thought should be done to help them from the beginning. Instead we were given stereotype solutions that came from a handbook most likely called *“10 useless things to do for businesses who are stuck in a bad project”*.

I was sick and tired of being told that nobody else was complaining so therefore there was no problem and I quickly realised that this had to change. But so many businesses feared speaking up – they didn't want others to know they were losing money, they didn't want their banks and families and creditors to know.

**The shame was immense and profound.**

**Transport and the Office of the Small Business Commissioner**

I approached the Office of the Small Business Commissioner in 2017 as a last resort to hopefully have someone else put forward our case. They agreed to provide a meeting room for 2 meetings to gather the stories of the small businesses and take them to cabinet / minister and come up with a solution.

They didn't expect the turnout. People were fed up and starting to speak up. Standing room only. There were representatives of TFNSW there and they took quite a beating from the very angry business owners. Dozens of stories were recorded by the staff of the Commissioner, but I don't believe they were ever provided to cabinet. The second scheduled meeting offer was withdrawn by the commissioner on the request of the Minister.

**Its my understanding that this was done because the minister refused to provide public space for people to speak against TFNSW.**

The second meeting was held in my café – again standing room only. Dozens more stories collected. Again, I don't believe any were put forward.

### **Where are we now?**

We are still hearing that there really isn't a problem, we are still being insulted by TFNSW stating that the losses were being overstated, in fact we were told that foot traffic on George St was UP!!

Of course, the government was still saying that this was  
**SHORT TERM PAIN FOR LONG TERM GAIN.**

And still no compensation (which is not to be confused with the token rental relief payment). Compensation implies an acceptance of fault and provides for the safety and viability of the affected. The current scheme does neither of those and provides a false sense of achievement for Transport and the Government at large.

Many more meetings have come and gone, many more people have spoken out and unfortunately there are more and more sad stories told repeatedly. Yes, some businesses have eventually received a small amount of financial assistance, but it is too little too late, and we have had to beg for it.

We have been left with little dignity and buckets of misery.

We have been ignored, vilified and humiliated.

### **The Project Scope and Management**

This project has been poorly managed with no thought as to the impacts and no preparation for them. A lot of money has been wasted and little has been done. Blame for the financial impacts of this project lies squarely with TFNSW and the government. The impacts of construction for a project like this and best practice is well known across the globe.

There have been glaring examples of how tough these construction projects can be – Gold Coast, Edinburgh and Newcastle (ongoing). The data from the Gold Coast was public and obvious. I flew up to the Gold Coast before the Sydney project started and spoke with the business owners myself. I asked them about their experiences and I came back to Sydney scared. They had 30-45% of businesses closed or virtually wiped out, and years after the project half of these business locations still sit vacant.

They never received any compensation and very little was offered in way of marketing and promoting.

The same conclusion they arrived at – compensation needs to occur from the beginning to help people get through construction, was exactly what we had asked about here in Sydney for years.

No amount of marketing can help in these instances – the money that goes into that useless budget is better spent given directly to the businesses. That way they can keep people employed, pay their suppliers, pay their rent and keep the doors open, pay their mortgage and keep the roof over their family's heads.

While the businesses have tried hard to keep going, TFNSW has kept up their denial routine and their fantasy feel good story on how great it will all be when its finished. The contradiction here is that they have no idea about businesses or their bottom line. If you run at a loss for years, unless you suddenly have a super year of sales x 300% (likelihood zero) you will never retrieve your loss or get back the potential of your growth and what that would bring.

Society makes comment on how when women take time out of the workforce to have children and they miss out on superannuation contributions this then puts them behind forever. They can't make it up.

This is what has taken place with the businesses and is still going unrecognised. We have lost money from day 1. That loss has compounded with each passing year. We have lost our potential, our growth and of course any profits or goodwill. We have grown our debt beyond any business plan and many of us have lost hope of ever getting out of it.

### **The Forgotten Victims - Residents**

I also want to comment on the plight of the residents who have lived with a whole other complex side of disruption to their homes. Many have suffered through endless nights of construction – 10pm-5am often without notice. Their homes have had physical impacts that are visible – TFNSW had dilapidation reports done but when people have said come and fix the damage they (TFNSW) then say “prove it happened from construction” even though the reports show no damage pre-construction and then there is visible damage during and after.

Residents impacted by noise lack any true alternative accommodation. Transport for NSW offers respite accommodation which requires residents to pay up front and then potentially wait months for reimbursement.

They have their driveways blocked, their fire exits blocked and often suffer abuse from the construction workers. The hotline doesn't register these complaints or when people write to TFNSW or ACCIONA with their complaints.

It is then that people call me and say, “I fell out of bed last night because of the vibrations from construction” or “here is a video of the glasses shaking in my cupboards.”

**These people have had no voice and no representation.**

**Why is this so hard to fix?**

I have been driven by the pain and suffering of all the people – businesses and residents, families and communities, to help where I can. I have been organising meetings, visiting people and businesses owners, gathered information and taken calls in the middle of the night. I have had to use my own experiences in a very public way to encourage people to also speak up and stand by them when they sob publicly because of the failure they feel.

**Why did I have to do all this and so much more alone?**

Why did TFNSW not offer any meaningful support, including mental health support when they were informed repeatedly of how dire it all was and still is?

I have had to go to media frequently to constantly highlight issues – individuals, groups, streets and families, just to have action. Always falling short of resolving issues, always being treated with contempt.

True compensation has never been offered, true acknowledgment has never happened. The Small Business Assistance Programme that has finally become available is only for a few businesses, in fact out of the thousands of businesses along the Light Rail route only 60 or so have been given financial assistance. Most will never fit the criteria, and many have been knocked back.

I have received financial assistance, so I am familiar with both the process and the result. So many have missed out, and while it is too little too late, it is better than nothing. But it's not far from nothing when you consider the how much money has been lost.

**Class Action**

For this reason, I have also had to organise a Class Action for the Sydney Light Rail business owners because of the enormous economic devastation that has been suffered. This has taken 1 year, and we are hopeful that many will finally receive at least the satisfaction of having the entire process stripped bare and the truth exposed.

**Thank you**

We are grateful and hopeful for this inquiry, we need this. The people of NSW need to know that no government is above the people that it is meant to serve and protect.

I look forward to the outcome and would be happy to present to the committee should they feel this would be of benefit.