

Tourism & Transport Forum (TTF)

A Division of Advocacy Services Australia Ltd | ABN 54 050 036 041

8th Floor | 8-10 Loftus Street | Sydney NSW 2000

PO Box R1804 | Royal Exchange NSW 1225

T +61 2 9240 2000 | F +61 2 9240 2020

E contact@tff.org.au | www.tff.org.au



07 April 2015

Ms Monica Barone
Chief Executive Officer
Attention: Tim Wise, Senior Specialist Planner
City of Sydney
By email: twise@cityofsydney.nsw.gov.au

Dear Ms Barone

A handwritten signature in black ink, appearing to read 'Monica', written over a horizontal line.

RE: DRAFT ACCOMMODATION ACTION PLAN

The Tourism & Transport Forum (TTF) is the peak national body for the tourism, transport and aviation sectors. We are a CEO forum representing some of the most prestigious institutions and corporations in the Australian visitor economy. Our membership spans accommodation and transport providers, restaurants and retailers, business and major events organisers, property developers and land managers, amusement and cultural attractions, and professional services. TTF utilises its expertise and networks to develop and advocate public policy for the sustainable long-term growth of the visitor economy.

TTF would like to congratulate the City of Sydney on undertaking the Accommodation Action Plan project and engaging with industry on its development through the Visitor Accommodation Reference Group, of which TTF is a member.

Accommodation plays a vital role in the visitor economy as it supplies the infrastructure necessary to accommodate visitor demand, and assists in destination development and promotion. Visitor accommodation also has the potential to become a tourist attraction in its own right.

As one of Australia's most visited destinations, it is paramount for Sydney to offer a variety of quality visitor accommodation that is capable of meeting visitor demand and servicing the breadth of visitor needs, from domestic and international leisure visitors through to backpackers, students and business event delegates.

However, as the draft Accommodation Action Plan rightly identified, there are a number of barriers that threaten the ability of the accommodation industry to meet both visitor demand and also visitor needs. The Council can play a significant role in mitigating these barriers by encouraging diversity of the accommodation market through an efficient and effective planning framework that supports market-driven investment decisions.

This is also supported by the findings by Jones Lang LaSalle¹ that the focus should be on ensuring that the market delivers an appropriate level of accommodation rooms to support the growth of the visitor economy. Jones Lang LaSalle also found that an appropriate level of investment in demand-drivers should be made so as not to hold back the industry in delivering the target of doubling overnight visitor expenditure by 2020. TTF agrees with both these findings.

The Council's objectives, particularly in encouraging a more diverse accommodation sector, are to be applauded. However, it is important to approach these objectives from a holistic and balanced perspective, which supports both new accommodation development as well as creating a positive environment that is conducive to redevelopments, extensions and refurbishments of existing accommodation stock. Identifying and supporting investment in existing accommodation assets would help alleviate the issues holding back new accommodation stock, including lack of sites and development costs. Encouraging accommodation redevelopments would also enable Sydney to remain competitive with other destinations in the Asia Pacific.

While not specifically addressed in the draft Action Plan, TTF is a strong supporter of the conversion of the sandstone Lands and Education buildings on Sydney's Bridge Street for tourism use as these assets hold great potential for the visitor economy. Circular Quay is a vital element of Sydney's tourism offering and these two buildings could further develop that through accommodation, retail, dining and other visitor amenities.

To maximise the benefits to the visitor economy and encourage greater investor interest, the tourism industry is continuing to urge the NSW government to consider all options for the buildings' adaptive reuse. The InterContinental Sydney and the Westin Sydney are both great examples of sensitive and appropriate adaptive reuse of heritage buildings that have become open to the public and removed the burden of maintaining these buildings from the taxpayer. The outcome of this project will also influence the appetite of investors to consider investment in other assets in Sydney and around Australia in the future, and should therefore receive widespread support.

TTF is generally supportive of the objectives, analysis, findings and actions of the draft Accommodation Action Plan. However, there are certain general principles as well as specific actions that TTF would like to bring to the Council's attention and consideration in finalising the Action Plan:

1. The draft Accommodation Action Plan clearly states that it is focused only on hotels and serviced apartments, however it must be recognised that this is not a complete representation of visitor accommodation supply and demand in the Sydney Local Government Area (LGA). Backpacker and hostel accommodation plays a significant role in providing visitor beds in Sydney and meeting visitor demand, including but not limited to, the youth market. Further, a vibrant city is created by offering a range of accommodation types and this should also apply in the Sydney LGA, including in the CBD. All accommodation segments need to be taken into account in the draft Action Plan, or provisions should be made to develop a secondary Accommodation Action Plan that captures the other segments.

¹ Jones Lang LaSalle, Sydney Hotels Supply & Demand Study, Executive Summary, February 2014

2. While the draft Plan aims to support investment in new and existing visitor accommodation, the specific actions are centred on new developments, neglecting to take into account the value and barriers to redevelopments, extensions and refurbishments, as well as investor opportunities to undertake these. The Accommodation Development Guide should be extended to capture these opportunities and the Council's investment liaison procedures with the NSW government and Tourism Australia/Austrade should include these opportunities as well.
3. The City should build into its draft Plan a mechanism to continue regular engagement with accommodation properties and industry that are affected by major infrastructure projects in and near the Sydney LGA, including Darling Harbour Live, the George Street Light Rail project, redevelopment of the Bays Precinct area and Barangaroo.
4. A two-stage demand-driver investment approach should be considered by the Council in conjunction with the NSW government. Firstly, government supported demand-drivers during the development of the Western Precinct, encompassing Barangaroo, Darling Harbour Live and Pyrmont, should focus on encouraging continued visitation and engagement with this area to support accommodation and other tourism providers that are affected during the construction of this precinct. Following the development of the Western Precinct, which will benefit from strong visitor demand driven by the International Convention Centre Sydney and Barangaroo, government supported demand-drivers should focus on encouraging visitation to areas outside this Precinct, including Circular Quay and central Sydney.
5. The draft Action Plan should investigate options to mitigate the impact of the Council's requirements for serviced apartments to meet higher residential amenity standards on restricting some supply in this accommodation segment. The Council could consider liaising with other local governments, such as Melbourne City Council, to explore alternate means of dealing with the issue of serviced apartment conversion to residential units.
6. While TTF recognises that accommodation development is becoming increasingly less competitive in comparison to residential and commercial development, TTF cautions against the implementation of initiatives that artificially stimulate supply in visitor accommodation beyond a targeted, set timeframe. For this reason, TTF recommends that the Council carefully considers the outcomes of Action 2b. In a similar vein, TTF recommends that the Council carefully considers the heritage floor space investigation for 3 star accommodation outlined in Action 2e, to refrain from encouraging investment in one accommodation sector to the detriment of other sectors. The Council's perspective that mixed use development sites should be supported is commended, and these sites should be developed in response to existing, or anticipated, market demand.
7. The Council should consider reviewing its application processing and approval times and its submission requirements as part of its overall planning system, and particularly as part of the Central Sydney Planning Review. Identifying, and where possible, mitigating or completely removing planning barriers will go a long way to creating a positive environment for investment in visitor accommodation. TTF therefore supports Action 2c, as removing planning barriers to the development of accommodation near major

precincts and existing demand drivers is vitally important and will help assist in improving congestion.

8. Further, the Council should aim to expedite the development of the Central Sydney Planning Review and ensure regular and extensive engagement with industry and private operators as part of the Review process.
9. The Council should continue to investigate illegal accommodation and overcrowding as an action in the draft Action Plan. The industry also supports the Council taking steps in its own right and together with the NSW Government to deal with the issues resulting from illegal accommodation and overcrowding. TTF notes that illegal accommodation creates investment uncertainty as unknown supply easily enters and exits the market.
10. Continue to monitor supply and demand every three years and use this data to update the Accommodation Development Guide. Ensure that the supply and demand data as well as the Guide are made publicly available, and include a broad range of accommodation types, including backpacker and hostel accommodation.
11. The Council should continue its state and federal government advocacy on matters that support the growth of the visitor economy in Sydney, including aviation access, cruise ship infrastructure, use of government assets for tourism purposes, improved public transport and investment in tourism infrastructure. Further, the Council should also continue to invest in initiatives that support and grow tourism and events in the LGA, including better wayfinding signage and late night shopping.

These principles and specific actions have the capacity to assist the City of Sydney in achieving its objective of supporting existing and new visitor accommodation. Removing inefficient and ineffective regulatory and legislative barriers will help create a positive investment environment that supports demand-led supply of accommodation and encourages a more diverse and sustainable accommodation sector. Combined with continued investment in visitor demand-driving initiatives, this will provide a holistic framework for the growth of the visitor economy.

Thank you for the opportunity to provide comments on the draft Accommodation Action Plan. Should you wish to discuss this submission or have any further queries, please do not hesitate to contact Bianca Tomanovic, Manager, Tourism Policy, on 9240 2005 or at btomanovic@ttf.org.au.

TTF looks forward to reviewing the final Accommodation Action Plan and is available for any further consultation as part of this process.

Regards


Margy Osmond
Chief Executive Officer