

**Submission Paper to the  
Hon. IDF Callinan AC QC**

**Independent Review of the Impact of  
Liquor Law Reforms  
NSW Liquor Act 2007  
Liquor Amendment Act 2014**

**Prepared by Solotel Hospitality Management**

**4<sup>th</sup> April 2016**

If required an audit of the figures provided below can be substantiated by Solotel's accountants.

## **About Solotel Hospitality Management**

Solotel operates 24 hospitality venues within Sydney. The venues include Hotels, Restaurants, Bars and function businesses. Solotel operates in the CBD, Surry Hills, Newtown, Double Bay and Kings Cross.

This submission focuses on the impact of the Lockout Laws on the Kings Cross Hotel, [REDACTED]. The Hotel has 7 different bars and is licensed for 1,300 people. In 2012 the venue was operating all 7 bars on a Friday and Saturday night and was at its capacity of 1,300 people on these nights. Currently the venue has 4 of these bars closed permanently and the maximum number in the venue on a Saturday night after 9pm is 400 people.

Prior to the lock out laws coming into effect, at 5am on a Saturday night there were 800 people in the venue. Now at 3am on a Saturday night there is approximately 150 people in the venue.

### **Economic Effect on the Kings Cross Hotel**

1. The purchase of the business and renovation costs were based on the assumption of 24-hour trading.
2. The following figures are a comparison of pre-lockout July-December 2013 compared to July-December 2015.
3. Over these two corresponding periods of time:
  - a. Liquor sales have dropped 46%
  - b. Door takings have dropped 84%
4. There are also added costs in relation to needing to comply with the Lockout Laws. These include:
  - a. ID scanner costs and staffing to operate the equipment costs \$3,850 per month.
  - b. Ongoing compliance costs such as RSA Marshalls, purchase of specialty drinkware and CCTV upgrades to operate 76 cameras in the venue.
5. The total profit (EBITDA) for financial year ending June 2013 compared to June 2015 has dropped 82% and continues to decline.
6. The Kings Cross Hotel is situated at the top of William Street, opposite the Coca Cola Sign. It has a small footprint and has heritage constraints that make it not appropriate for residential or other redevelopment. It is a building only suited to its current use as a pub.

### **Effect on Kings Cross Hotel Staffing**

1. In December 2012 the Hotel employed a total of 52 staff doing approx. 1,500 hours a week.
2. In December 2015 the Hotel employed a total of 33 staff doing approx. 1,000 hours a week.
3. Penalty rates in the hospitality industry are applied on Friday and Saturday nights after midnight. Thus the decrease in actual pay to individual employees has also seen a substantial drop.

### **Effect on Other Service Providers at the Kings Cross Hotel**

1. In December 2012, the Hotel employed security personnel for approx. 390 hours per week at a cost of \$13,728.
2. In December 2015, the Hotel employed security personnel for approx. 140 hours per week at a cost of \$4,930.
3. There are about 12 less security personnel employed each week at the venue.
4. Due to the venue having to close four bars, other contractors such as cleaners have also had their income significantly reduced.

### **Effect of Entertainment Industry at the Kings Cross Hotel**

1. In December 2012 the Hotel had approximately 34 DJ's playing over seven nights for over 100 hours per week.
2. In December 2015 the Hotel had approximately 11 DJ's playing over two nights for approximately 30 hours per week.
3. In 2012 the Hotel had 12 bands per week playing on different levels of the venue.
4. Currently the Hotel has no bands playing at the venue.
5. The average band consists of four musicians, a manager, and for a band to perform it also requires lighting and sound technicians, in house production managers and booking agents.
6. In the current climate there is no point in the venue providing live entertainment. Late night trade subsidised live entertainment costs. There is no economic incentive for providing live entertainment for the current numbers of patrons.
7. It has been suggested that there is a possibility of exemptions for Live Entertainment venues. If these exemptions are given without the ability to serve alcohol, then it would not be economic. The cost of running a late night entertainment venue, including penalty rates and security, can only be subsidised by the sales of alcohol. Door charges will not cover the costs of entertainment.

### **FBI Social at Kings Cross Hotel**

1. FBI Social was created on Level Two of the Kings Cross Hotel in 2011 and was run and managed by FBI Radio, a community radio station for emerging musicians.
2. After 3 ½ years occupying Level 2 of the Hotel, FBI Social closed down on 1<sup>st</sup> November 2014. Over this time FBI Social played host to more than 1,000 local artists with over 40,000 people attending the venue. Since the closure of FBI Social. It was a decision of FBI to close due to lack of patrons, and the inability of the Kings Cross Hotel to subsidise their costs following the introduction of the Lockout Laws and ID Scanning.
3. Since the closure of the space FBI Radio has not been able to establish a venue where it is able to host local up and coming artists.
4. We are told by our entertainment booking agents and music industry people that music culture in Sydney is in decline whereas in Melbourne, with no lockouts or early closure, music culture is booming.

## **Venue Compliance at Kings Cross Hotel**

1. Since Solotel took over the Kings Cross Hotel on January 2010, the venue has never been on the violent venue tiering list. This is despite the fact that the venue, prior to the introduction of the Lockout Laws, was frequently at its capacity of 1,300 people and had weekly visits of 7,000 people after 9pm. The venue currently has a weekly visitation of 1,200 people after 9pm.
2. The Hotel has never received an infringement for intoxication or violence related matters.

## **Displacement**

1. Since the introduction of the Lockout Laws Solotel has seen the displacement of patrons to other areas outside the Kings Cross precinct, showing that these laws are simply moving the population to other areas.
2. Solotel operates a venue in Newtown- the Bank Hotel that trades until 5am. The increase in liquor sales at this venue from December 2012 when compared to December 2015 is 90%.
3. Solotel operates a venue in Double Bay, the Golden Sheaf Hotel that trades until 2am. The increase in liquor sales at this venue from December 2012 when compared to December 2015 is 10%.

## **ID Scanners**

1. There are a number of concerns in regards to the day to day use of the ID Scanners that have been identified by the venue manager at the Kings Cross Hotel, including:
  - a. Since the time the ID Scanners have been in place, none of the managers at the venue have worked a night when a barred person has tried to gain entry to the venue.
  - b. The venue continually has customers that refuse to give over their identification for privacy reasons and so cannot enter the premises.
  - c. The venue can have up to 10% of their customers turned away on nights due to one person in a large group not having an ID on hand or having the incorrect type of ID, most of which are expired driver's licenses. Even two years on, people are still coming to the area and have no idea about the requirement for ID. The venue often turns away potential patrons who are in their 40s or above due to them not having any form of identification on them.

## **The Kings Cross Local Area**

1. Pedestrian movement has radically changed since the introduction of the Lockout Laws. The most recent studies commissioned by the City of Sydney Council show that the level of people present in the Kings Cross precinct at 2am on a Sunday morning is down to 3,500. This is a reduction from 25,000 in 2012. This decline will naturally decrease the assault rate within the precinct.
2. BOSCAR data showed that assault rates in the Kings Cross area were down 37% from April 2007 to March 2012. The most recent figures from BOSCAR show that between January 2009 and Sept 2014 the assault rates in the Kings Cross area were down 32%. This shows that prior to the lockout laws being introduced that there was a strong decline in the assault rates occurring and that this rate of decline is simply continuing. Moreover, with the large decrease in pedestrian numbers it would be expected that there would be a natural decrease regardless.

## **Illicit Drug Use**

1. Illicit drug use has increased dramatically in the past decade. The United Nation's 2014 World Drug Report confirms Australia as leading the world in the use of the party drug ecstasy, third in methamphetamines and fourth in cocaine. People who use drugs at least once a week has increased from 12.4% to 25.3%.
2. The Kings Cross area has always had a problem with illicit drugs. Drugs such as Ice and steroids can cause rage in individuals. It is "low hanging fruit" to blame alcohol for any increase in violence over the past decade within the Kings Cross area without considering the impacts of drugs on violence.

## **Current Exemptions**

1. Currently there are a two exemptions from the 1:30am lockout that have been approved in the Kings Cross precinct. Both of these have the condition that there is to be no alcohol sold from 1:30am. The purpose of these exemptions is so that the venue can continue to operate their gaming rooms without having to 'lock out' patrons.

## **Social Issues**

1. Most people out at night in Kings Cross are aged between 18 and 30. The Lockout Laws are the older generation telling the younger generation what to do. Just because older people don't go out late at night why should young people be stopped.
2. You cannot outlaw crime. Wherever there are large groups there will always be the 'idiot factor' and accompanying antisocial behaviour. Human nature is such that there will always be some people that cause problems in our society. 99.5% of people can have a good night out and cause no problem. Why should the rights and enjoyment of the vast majority be restricted by a heavy handed, one size fits all approach to stop the antisocial behaviour by 0.5% of people.
3. Why is it that Melbourne can trade 24 hours without lockouts or closures but Sydney cannot? Are the citizens of Victoria more trustworthy or less prone to antisocial behaviour

than Sydney? Does a comparison of state-wide crime statistics justify the adverse impacts of lockout and closure?

## Recommendations for Current Conditions

### 1. No take-away alcohol after 10pm

By limiting alcohol sales after 10pm this restricts everyday people from buying a bottle of wine to take home after dinner, stops hospitality and other shift workers from being able to buy a drink after they have finished work and also has a strong negative economic effect on these businesses. Solotel runs a number of Bottle shops throughout inner city areas such as Surry Hills, Darlinghurst, Rozelle and the CBD and there was an immediate downturn of 15% when this law was introduced.

We recommend that this condition be withdrawn.

### 2. Alcohol Sales Data

We do not believe that there is a need to provide Alcohol sales data to OLGR on a quarterly basis. The production of this data is another cost to the business. It is unknown what OLGR is doing with this data, especially as the Kings Cross area is the only precinct where this data is being captured.

We recommend that this condition be withdrawn.

### 3. Certain Drinks and other types of liquor sales prohibited during late trading period

Under the restrictions Kings Cross Hotel cannot sell bottles of champagne or wine or premium spirits on ice after midnight. At the Rooftop cocktail bar at the Kings Cross Hotel, customers consuming cocktails, bottles of wine or premium spirits were of no trouble and had a high disposable income. Less of these customers now come to the venue.

We recommend that these restrictions be reviewed to allow for certain drinks to be served during restricted trading hours in cocktail bar situations.

#### **4. Glasses prohibited during late night trading period on any day**

Customers in a premium cocktail bar require quality, expensive drinks to be served in quality glassware and for bottles of wine and champagne to be available.

We recommend that these restrictions be reviewed to allow for certain drinks to be served in glassware during restricted trading hours in cocktail bar situations.

#### **5. ID Scanners**

Many customers at the Kings Cross Hotel are still being refused entry because of inadequate ID or no ID being carried by them. Why is there a requirement for ID scanning on a Monday night at 9pm, when someone is coming in for dinner? Previous Police correspondence has shown that there have only been 2-3 cases, out of scanning over a million people, where the ID scanning midweek has resulted in a barred person attempting entry. Foot traffic has reduced to its current state and ID scanning is not a requirement anywhere else within Sydney, and is therefore not justified.

We recommend that the ID scanner requirement be withdrawn.

#### **6. Three Strikes Scheme**

According to the Office of Liquor, Gaming and Racing, licensed venues that repeatedly commit serious offences can lose their liquor license under NSW's Three Strikes scheme. Not all offences will result in a strike - strikes only apply to serious breaches. A business that incurs three strikes may have their license revoked.

Any breach relating to the Kings Cross special conditions is an offence that incurs strike. This includes failing to remove litter from the front of the premises or failing to have hours of operation signage displayed.

We recommend that the Three Strikes Scheme be used as intended, for serious breaches and not for these special conditions. This brings it into line with all other areas around the state.

**7. 'Lock Out' of new patrons at 1:30am and last drinks at 3am**

Due to the issues raised in this submission and confirmation of the falling assault rates throughout the state from 2008, this restriction should be modified.

This "one size fits all" is a simplistic approach that does not put the responsibility on the individual venues but instead tarnishes all with the same brush.

We recommend that any lock out and early closures are directed at venues that have a bad record of compliance and alcohol related violence. If there is to be a blanket 'lock out' of new patrons, then we recommend that this occur at 3am only on Friday and Saturday nights and all venues close at 4am.