

Star Casino Redevelopment MOD 13

Submission



Date 28th August 2019

Contact: Michael Johnson

CONTENTS

1. Introduction	2
2. Background	2
3. Conclusion	3
Reference List.....	3

1. INTRODUCTION

Tourism Accommodation Australia (TAA), a division of the Australian Hotels Association, welcomes the opportunity to make a submission to the Independent Planning Commission NSW for determination.

TAA is the peak body representing the needs and interests of the major hotels, motels and serviced apartments in Australia's accommodation sector. In 2016–17, GDP from tourism increased 6.1% (or \$3.2 billion), to reach a record of \$55.3 billion in nominal terms. The accommodation sector is a dominant player in the tourism industry – employing more than 190,000 people directly and indirectly (nationally?) and contributing \$8 billion in terms of GVA.¹ This figure will continue to increase with the industry currently going through a rapid period of growth.

The Federal Government projections show that accommodation and food services employment is projected to increase by 81,400 (9.1%) over the five years to May 2023.

As TAA has been unable to attend the public hearing on Tuesday, 27 August 2019 due to interstate travel commitments we would like to take this opportunity to support The Star Entertainment Group's Ritz-Carlton development with this written submission.

This submission will be in support of this iconic project going ahead.

2. BACKGROUND

In 2011, after a decade of limited hotel room supply growth in the Sydney market, TAA commissioned a study to examine hotel supply and demand in Sydney city and identify the barriers to investment.

This study was used in the development of the actions for the **Visitor Economy Taskforce Report** commissioned by the NSW Government in 2012. One of the actions which emerged from that report was the requirement for City of Sydney to review accommodation supply and demand and create a series of actions, in conjunction with industry, to address the shortage. As part of this, JLL was commissioned to do a Sydney Hotels Supply & Demand Study in 2012. This looked at the market over the 2007-2012 period and forecast to 2020.

Another series of actions which emerged was 'increase use of planning incentives and land use controls' across NSW. This was supported in principle by Government but NSW Trade & Investment was tasked with giving further consideration to the range of issues relating to incentives and an approach to this action. We have not had visibility of the outcomes of this but in the City of Sydney plan JLL advised that 'floor space incentives are unlikely to overcome the large feasibility gap as they do not increase the end value of hotel rooms. The incentives result in a larger hotel.'

¹ Australian Bureau of Statistics, 2017, *Tourism Satellite Account 2016-17* and AEC Group, 2017, *Economic Contribution of the Tourism Accommodation Sector in Australia*

It is now six years since TAA undertook the original research and five years since City of Sydney undertook its study. In that time we have had a number of new hotels open with more than 3,000 rooms coming on line (at the same time the Menzies Hotel and Mercure Potts Point closed). We currently have 4,392 rooms in planning, 4,637 approved and 3,036 under construction.

However, these projects are at risk because the economics of hotel build means many of these projects do not stack up against commercial or residential use, which currently represents 'highest and best use'. This is why a mixed use development such as what is proposed for The Star with a combination of hotel, food and beverage, retail and residential apartments makes commercial sense.

TAA Recommends:

- That the Star Casino Redevelopment MOD 13 be given the go ahead as planned. It will add an iconic internationally-recognised hotel brand name to Sydney and is a great opportunity for jobs and growth which will benefit the entire tourism sector and wider community.

3. CONCLUSION

Sydney is currently suffering from the “ho hum” when it comes to exciting new product in the hotel sector. There is currently an opportunity to build a new iconic six star Ritz Carlton hotel which will draw new high net-worth international and interstate travellers, as well as attract return visitors looking for a new hotel and food and beverage experience in Australia’s only gateway city. Why would Sydney waste this great opportunity? Approval of this development shows Sydney is open for business.

REFERENCE LIST

- Australian Bureau of Statistics, 2017, *Tourism Satellite Account 2016-17* and AEC Group, 2017, *Economic Contribution of the Tourism Accommodation Sector in Australia*