

Submission on the Sydney Olympic Park Master Plan 2030

Response to Draft Review 2016



November 2016

Contact:
Carol Giuseppe
CEO
(02) 8218 1816

carol@tourismaccommodation.com.au

Contents

1. Introduction.....	3
1.1. Growth in the Visitor Economy.....	3
1.2. Sydney Olympic Park’s Contribution to the Visitor Economy.....	4
2. Vision and Purpose of Sydney Olympic Park.....	4-5
3. Impact of Revised Master Plan 2030 on the Visitor Economy.....	5-7
3.1. Corporate Visitation.....	6
3.2. Education	6
3.3. Conferences and Business Events.....	6-7
3.4. Residential Development.....	7
3.5. Temporary Accommodation	7
4. Challenges for the Future.....	8-9
4.1. Transport.....	8
4.2. Noise	8
4.3. Commercial-residential Accommodation	9
4.4. Preserving Space for Pedestrian Dispersal	9
5. Recommendations and Conclusion	9

1. Introduction

Tourism Accommodation Australia (TAA) welcomes the opportunity to make a submission to the NSW Government's 2016 Review of the Sydney Olympic Park Master Plan 2030. The purpose of this submission is to provide comment on how the Sydney Olympic Park Master Plan 2030 can support growth in the visitor economy from the perspective of Australia's diverse accommodation industry.

TAA represents the needs and interests of the major hotels, motels and serviced apartments in Australia's accommodation industry, providing leadership for its members through advocacy, industrial relations and legal support, intelligence, research, education, and networking. TAA is focused on, and committed to, the future development and growth of the accommodation sector within Australia's vibrant tourism industry. TAA is a division of the Australian Hotels Association.

1.1. Growth in the Visitor Economy

The tourism industry is in an unprecedented period of growth. The industry has been identified as a one of the super-growth sectors of Australia's transitioning economy. The most recent Tourism Satellite Account from Tourism Research Australia indicated that, nationwide, tourism GDP grew 5.3% in the 2014-15 financial year to \$47.5 billion. Total tourism consumption increased 4.3% to \$121.2 billion, and total industry employment grew 6.3% to 580,800.¹

In New South Wales alone, tourism accommodation accounted for 16% (\$2.3 billion) of state tourism GVA in 2014-15. In the same year, accommodation consumption equalled \$4.5 billion – 12.2% of NSW's total tourism consumption. The accommodation industry in NSW directly employs 25,600 people, and indirectly supports a further 54,000 jobs.

1.2. Sydney Olympic Park's contribution to the Visitor Economy

As an Olympic venue, Sydney Olympic Park (the Park) has a legacy of attracting premier events due to investment in world-class sporting infrastructure. Despite poor transport connectivity to the precinct outside of peak events, the Park receives fourteen million visits per year.

There are five hotels at the Park offering a cumulative total of 835 rooms: Novotel, Quest, Ibis Budget, Pullman and Ibis. While occupancy peaks mid-week on Tuesday and Wednesday nights, the average daily rate (ADR) is driven by the Park's events programme.

Performance Metric	Sep 2016 YTD % Change
Occupancy	-2.0
ADR	0.8
RevPAR	-1.2
Supply	0.3
Demand	-1.7
Revenue	-0.9

¹ Tourism Research Australia, *Tourism Satellite Account 2014-15*, April 2016

Since July 2010, occupancy has averaged in the low 70's with average increases of 1% per annum. ADR and RevPAR have shown marginal growth since 2014, despite the closure of the Sydney Convention Centre and the increase in business events attracted to the Park. These figures demonstrate that the accommodation sector is vulnerable to a reduction in major events and entertainment at the precinct and that any increase in visitor accommodation at the Park needs to be cognisant of strengthening demand drivers.

These demand drivers not only include the calendar of sporting and entertainment events but the need for the re-location of more commercial businesses and tertiary education institutions to the Park which ensures a strong mid-week market for overnight stays, business events and food and beverage.

The performance of the Park's visitor economy also has significant flow-on effects for accommodation providers in surrounding areas, including Parramatta. Increases in weekend occupancy rates in Parramatta are often attributable to entertainment, sporting and cultural events at the Park. This becomes increasingly important to sustain the addition of significant new accommodation supply in Parramatta with 90 new rooms opening in 2016, a further 362 rooms under construction and 971 rooms in planning.

2. Vision and Purpose of Sydney Olympic Park

In 2001, the post-Olympic Games legacy of the Park was to be a premium destination for cultural, entertainment, recreation and sporting events. The *Master Plan 2002* provided that SOP capitalise on its Olympic facilities, road network and rail loop to cater to the entertainment and leisure activities for the people of Sydney and New South Wales. *Vision 2025* built on *Master Plan 2002* and the existing attributes of the precinct with the goal of creating a sustainable and vibrant township.

Master Plan 2030 proposed more compact development by concentrating commercial and retail uses close to Olympic Park Station. Master Plan 2030 had the goal of creating a precinct that was active 24 hours a day, seven days a week. The Park became 'Australia's Home of Major Events', and its role as a premium destination for cultural, entertainment, recreation and sporting events was preserved alongside dense commercial expansion, an education precinct and increased residential capacity (particularly in the Central and Parkview precincts).

As pointed out in 2014 by Rob Tyson, a PwC economist involved in the economic modelling of the Park in 2014 'Olympic Park's transformation has been especially good for Western Sydney. It has played a critical role in driving the economic growth of the region and providing high value-add service sector jobs to western Sydney residents.'

At that time Sydney Olympic Park Authority advised that its focus was to build 'a critical mass of jobs in the park, creating jobs closer to home for Sydney's west'. (SMH 2014). Equally the modelling at that time showed that major events and tourism make a big contribution to the state economy.

The Master Plan 2030 struck an appropriate balance that weighed the Park's legacy and capacity as a major events precinct alongside increased commercial activity and a residential community of 14,000 residents in 6000 dwellings.

The Draft Review 2016 however does not succeed in balancing the Park's role as an 'active and energised town centre' with its importance as a major entertainment and event precinct, as it allows for more residential development than can harmoniously exist within a major events precinct

TAA's concern is that increased residential development (combined with reduced commercial development) at the Park will, over time, dilute and restrict the precinct's ability to cater to the entertainment and leisure activities for the people of Sydney and NSW – first envisioned in the *Master Plan 2002*. In particular it will lead to an inevitable increase in noise complaints, issues of road congestion around events and limited mid-week activation with residents travelling outside the Park for work.

TAA submits that a high density residential community at the Park, living in 45 storey residential towers accommodating population increases in the order of 1400% by the year 2030, may be incompatible with the precinct's existing purpose as a major events destination.

	Residents	Jobs	Students	Homes	Commercial Accommodation
Town Centre Today	1,600	17,500	1,500	800	n/a
Original Master Plan 2030	14,000	>31,500	5,000	6,000	81,000m ²
Revised Master Plan 2030	23,500	34,000	5,000	10,700	192,000m ²

3. Impact of revised Master Plan 2030 on the visitor economy

The visitor economy consists of many sectors, including accommodation, food and beverage services, retail trade, education and training, tour operations, and transport services (e.g. hire car services). A sustainable visitor economy is reliant on an appropriate mix of different market segments. A strong leisure segment is more likely to support the visitor economy over the weekend, while commercial and education segments are vital to support the mid-week visitor economy.

To better capitalise on the Park's existing major event infrastructure and support growth in its mid-week visitor economy, the precinct needs to be able to attract a mix of corporate, conference, education and leisure visitation. Instead, the Draft Review sacrifices commercial and education land use in favour of supporting residential development.

The Draft Review minimises the Park's Olympic legacy as a premium destination for major events and places additional constraints on the Park's ability to capitalise on this strength with potential negative impacts on the future valued contribution of major events to the state economy.

3.1. Corporate Visitation

More commercial activity within the Park will increase international and domestic corporate visitation. In the original Master Plan, commercial office space was allocated 479,000m². The Draft Master Plan 2016 reduces this by 14% to 412,000m². This reduction in commercial office space will reduce mid-week commercial activity in the Park and the flow on effects to accommodation, retail and restaurant and café businesses.

3.2. Education

The original Master Plan set aside 105,000m² for education. It was anticipated that this allocation would allow the Park to become a 'centre for international education with a multi-university campus'. Sydney University and Western Sydney University were reportedly interested in joining the institutions already at the site (Australian College of Physical Education; NSW Institute of Sport; Charles Sturt University Sydney; S.P. Jain School of Global Management). The Park's Olympic Legacy and major event capacity would encourage specialist faculties in sports science, hospitality and sports medicine. The specialist faculties would increase education visitation to the precinct, in addition to the 5000 students anticipated to access the site daily, and support the mid-week visitor economy.

While the Draft Master Plan 2016 has increased the amount of land set aside for education by 77% to 186,000m², this land has been earmarked for primary and secondary schools to service the dramatically increased residential population. Using this education allocation for new primary and secondary schools, at the expense of a tertiary education precinct that had links to the Park's 'sporting legacy', will not have the flow on effects required to sustain the visitor economy. A tertiary education precinct would be important in encouraging a significant international and conference market.

3.2. Conferences and Business Events

The Park's visitor economy is currently over-reliant on major events. To maximise its performance and contribution to the economy, there needs to be sustainable mid-week business sources, both through the corporate and education market as outlined above and through conferences and business events. Business events have been shown to generate \$387 million of broader economic activity from \$10 million of subvention contributions². International business event delegates are high-yield visitors, spending up to 4.6 times more than the average leisure tourist. Incentive business delegates have an even higher yield, with an average daily spend per visitor averaging 6.5 times the average daily expenditure of leisure visitors. Business events and conferences increase visitor nights in commercial short-term accommodation which improves the sustainability of existing accommodation supply, drives new visitor economy investment and increases direct and indirect visitor economy employment.

The continuing infrastructure investment in Western Sydney, coupled with the implementation of significantly improved public transport accessibility would enhance the Park as a business events and conferences destination.

² BECA 2015 Report

As any of the transport solutions proposed are a number of years away it is important to build this economic opportunity into the long term vision for the Park and ensure the economic potential is not compromised.

3.3. Residential Development

The Draft Master Plan 2016 increases the residential land use allocation by 48% from 575,000m² to 855,000m². This will mean that the number of residents living in the Park will increase fourteen-fold from 1600 presently to 23,500 by 2030. The number of homes in the precinct over this period will increase from 800 to 10,700. TAA is concerned that this increase will fundamentally change the use and character of the Park and jeopardise its role and legacy as Australia's major events precinct.

While the original Master Plan aimed to create an active precinct '24 hours a day, seven days a week', the Draft Review has already compromised this vision in order to facilitate residential development. Instead of 24/7 activation, the Draft Review has been revised downwards - now only aiming to create an active precinct 18 hours a day.

3.4. Temporary Accommodation

As stated above, a sustainable visitor economy is reliant upon an appropriate mix of market segments. For increases in accommodation supply to be sustainable, accommodation demand needs to be supported by a balance of leisure, corporate and education demand.

The Draft Review has not made any changes that would increase the capacity of Sydney Olympic Park to host major events or to increase corporate and education business. Primary and secondary schools would enhance mid-week usage of the sporting facilities but would not drive incremental business into short-term accommodation.

Despite this, the Draft Review increases the amount of regulated temporary accommodation 137% from 81,000m² to 192,000m². Without investment in associated tourism demand-drivers, TAA is concerned that increases in hotel, motel and serviced apartment accommodation are unlikely to be matched with sufficient mid-week demand to ensure that any new investment in accommodation supply is sustainable.

4. Challenges for the future

4.1. Transport

While we welcome the proposal for 'a new service street' and additional 'development funded streets' within the Central Precinct, essentially all vehicles will still be funnelled into the existing perimeter streets to enter and exit the Park. This is despite increasing the projected number of residents and workers from 20,600 presently to 58,000 by 2030. Our concern is therefore the ability to manage the traffic flows particularly during event periods.

Equally, as recognised in the plan, the target of increasing car-less transport to and from Sydney Olympic Park from its present 28% to 40% will not happen without improved, direct rail connections

to Sydney and other areas of Greater Sydney, To increase the resident and working populations of the Park without improving the frequency and reliability of public transport servicing the precinct will inevitably lead to traffic congestion on the existing road network.

In particular, growth in the Park's visitor economy depends on facilitating fast, efficient and reliable movement to and from the precinct outside major events. Transport connections are desperately needed to service visitors to and from the Sydney and Parramatta CBDs and ultimately Western Sydney airport. The major deterrent to 'increasing diversity of uses' at the Park to date has been the poor transport connections.

4.2. Noise

Noise is part-and-parcel of major events, and a significant reason why major events precincts are often incompatible with residential communities. Activation of a varied, vibrant day and night economy through retail, cafes, restaurants and bars in the Park will likely increase noise independent of major events. An increase in size of the residential community at the Park means that more residents are likely to be impacted by noise emitting from the precinct, particularly during major events. In order to ensure that the Park's ability to host major events is not jeopardised by increased residential uses, its function as a major events precinct needs to retain its primacy. Rather than just 'recognising that events continue to be a fundamental feature of regular operations', it needs to be stressed that hosting events must remain the primary purpose of the precinct.

While Noise Management Guidelines may implement strategies to mitigate acoustic impacts associated with hosting major events (such as entertainment, crowd noise, pedestrian and traffic dispersal afterwards), such strategies do not guarantee that noise complaints will not arise from an increased residential population, and that over time these complaints will substantially change the nature of the Park.

4.3. Commercial-residential accommodation

TAA is concerned that increases in residential dwellings in the Park will lead to increases in unregulated 'commercial-residential' accommodation and quasi-hotels in the precinct. While TAA has no concerns with shared or hosted accommodation, it has serious concerns about professional temporary-accommodation landlords offering short-term accommodation in residential buildings without adhering to the regulations applicable to traditional accommodation providers. Because of this un-level playing field, the prevalence of unregulated accommodation would seriously threatens the sustainability of new and existing accommodation investment. A major events precinct without investment in regulated, transparent accommodation product will fail to continue to attract world-class events.

Additionally, the Master Plan's aim of creating a vibrant, active and energised town centre will not be realised if a significant proportion of the planned 10,700 resident dwellings are left vacant through the week only to become party-houses at the weekend and during events.

Furthermore, without adequate public transport connectivity, parking and noise mitigation strategies, it will be difficult to attract genuine residents into the Park. This will cause a surplus of empty

residential units, which will hastily be converted into unregulated ‘commercial-residential’ accommodation.

4.4. Preserving Space for Pedestrian Dispersal

While expanding the ANZ Stadium site to allow infill development (consisting of entertainment and food/beverage consumption) up to Olympic Boulevard, Dawn Fraser and Edwin Flack Avenue frontages is necessary for activation of the visitor economy, sufficient space needs to be retained for easy pedestrian access to and from the Stadium and Olympic Park Station.

5. Recommendations and Conclusion

In conclusion, TAA has significant concerns that the Draft Review 2016 has not struck an appropriate balance between the Park’s legacy and capacity as a major entertainment and events precinct and the creation of an ‘active and energised town centre’.

TAA’s concern is that increased residential development (combined with reduced commercial development) at the Park will, over time, dilute and restrict the precinct’s ability to cater to the event, entertainment and leisure activities for the domestic and international market – first envisioned in the Master Plan 2002 and reinforced in the original Master Plan 2030. In particular it will lead to an inevitable increase in noise complaints, issues of road congestion around events and limited mid-week activation with residents travelling outside the Park for work.

At the same time we note that there is expected to be a more than doubling in the amount of square metres allocated to ‘temporary accommodation’, despite the fact that the plan does little to address the mix of corporate, conference, education and leisure visitation required to sustain growth in the visitor economy, particularly mid-week.

The Draft Review 2016 effectively ignores the current uniqueness and contribution of the Park to the Western Sydney economy and its importance and contribution to the visitor economy of the State.

In the Draft Review 2016 the major challenge of transport remains. In fact the Review creates two additional challenges – noise mitigation and adequate parking.

We therefore recommend that:

1. The primary purpose of the Park as a ‘major entertainment and events precinct’ remains.
2. The importance of the visitor economy to the ongoing development of the Park is supported by maximising the diversity of uses – entertainment, event, commercial and tertiary educational facilities – that can activate the Park visitor economy mid-week.
3. The amount of residential planned in the Central Precinct in particular, is balanced by consideration of the need to maintain a vibrant entertainment and events precinct.