

ATTACHMENT B

## **ATTACHMENT B**

**A&E PHASE 1 STAKEHOLDER  
ENGAGEMENT REPORT**



# Engagement Report



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## Making Sydney a Sustainable Destination Plan (plan development phase)

August 2016



# Development phase engagement report

## Accommodation & Entertainment Sector Sustainability Plan

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# Engagement summary

**Sector sustainability plans are being developed by the City for priority sectors that have been identified as having potential to make significant environmental improvements that will benefit both the industry and contribute to the City's Sustainable 2030 targets. Our research identified the accommodation and entertainment sector as one of these priority sectors.**

We undertook a strategic approach to stakeholder engagement to ensure the draft accommodation and entertainment sector sustainability plan was informed about the challenges and opportunities facing the Sydney accommodation and entertainment sector and inform the role the City could take in helping to catalyse sustainability action within this sector.

Targeted stakeholder engagement was conducted over the period March – August 2016 to gain insights across the sector within the city. The aim was to test the City's assumptions on barriers, motivators, existing initiatives and outcomes around sustainability improvements in the sector, collaboratively create solutions and generate ideas around what options stakeholders could pursue to improve sector sustainability to build stronger relationships, gain support for action by stakeholders and foster cooperation.

The engagement was designed to ensure the City is well informed by the industry about the challenges and opportunities facing the Sydney accommodation and entertainment sector and the role the City could take in helping to address them. Engagement with the sector will continue into the public exhibition of the document.

The City engaged the sector via face to face meetings, phone meetings, a phone survey and the Sydney Your Say website. In addition a sector expert was contracted to engage with the sector to seek specific information about the ownership structures within the sector as well as the access to capital for environmental improvements. Over 40 organisations from the accommodation and entertainment (and events) industry were directly engaged, 83 responded to the phone survey and 16 to the online survey, making a total sample size analysed of 139.

The City's stakeholder engagement shows the sector is willing to adopt environmental practices and sustainability ratings particularly where financial advantage and a point of difference can be gained.

Awareness and knowledge may be inhibiting further up-take of environmental practices. There may be a need to promote ways in which the sector can improve its environmental performance and the business benefits of investing in environmental sustainability, and the incentives and support available.

# Background

## Purpose of engagement

The purpose of the engagement at the development phase of the plan was to engage sector specific stakeholders to ensure actions in the final plan reflect the sectoral context and stakeholder concerns. Further, we hoped to inform sector stakeholders of the actions available to them and motivate them to act, as well as build good will and a strong network to catalyse sector action in the future.

## Objectives of the plan development phase engagement

The objectives of the development phase engagement were to:

- Engage key sector stakeholders (decision makers and influence networks) on priority sustainability issues;
- Test the City’s assumptions on barriers, motivators, existing initiatives and outcomes;
- Co-create solutions and generate ideas around what options stakeholders could pursue to improve sector sustainability;
- Build stronger relationships and gain support for action by stakeholders and foster cooperation and partnerships.

# Engagement activities

**The development phase engagement involved in-depth and thorough consultation with over 100 organisations relevant to the accommodation and entertainment sector in the City.**

## 1. Direct stakeholder engagement

In excess of 45 organisations and/or individuals were engaged directly via face to face meetings or phone conversations. These included:

Accommodation	Entertainment	Industry Associations
Lendlease	Art Gallery NSW	Property Council of Australia
Echo/The Star	Merlin Entertainment Group	Australian Hotels Association
IHG	Fox Studios	Restaurants & Catering Association Australia
CBRE	Sydney Opera House	Accommodation Association of Australia
JLL	Sydney Cricket Ground	Exhibition & Event Association of Australia
Mirvac	Playbill Venues (Hordern Pavilion and Royal Hall of Industries)	Transport and Tourism Forum
Schwartz Family Company	Capital theatre	Backpackers Operators Association NSW



Accommodation	Entertainment	Industry Associations
TFE/TOGA	Sydney Lyric Theatre	Tourism Accommodation Australia
Accor		
Starwood Group		
Fraser Suites		
Mantra (serviced apartments)		
Oaks (serviced apartments)		
Pro-Invest Hotels Group		
Adina Serviced Apartments		
Quest Apartments		
Shang-ri-la Hotel		
Sydney Harbour Marriott		
The Langham		

Government	Events	Other
NSW Department of Industry	Business Events Sydney	Green Building Council of Australia
Destination NSW	Sydney International Convention Centre	Earthcheck
NSW Office of Environment and Heritage		Trip Advisor
International Business Events – Tourism Australia		ANZ bank
NSW Department of Finance, Services and Innovation		Virgin Australia
		QANTAS

Two formal workshop sessions were convened to test key data and assumptions within the modelling undertaken to support the development of the sector sustainability plan. These sessions were held on 22<sup>nd</sup> June 2016 and were chaired by consultants from Pitt & Sherry. The first session was with hotel technical staff and engineers and was attended by representatives of the following organisations:

- Shang-ri-la Hotel
- Sheraton on the Park
- Schwartz Family Company
- Sydney Harbour Marriott
- Worthwhile Projects Pty Ltd

The second session was with relevant accommodation industry associations. The following organisations were represented:

- Accommodation Association of Australia
- Tourism Transport Forum
- Australian Hotels Association
- Backpackers Operators Association

A sector expert was contracted to interview key stakeholders within the sector to acquire specific information around the organisational, leasing and finance structures within the sector in Sydney. Staff from 13 organisations were interviewed to contribute to this component of the stakeholder engagement. Organisations interviewed were:

- Radisson Blu, Sydney
- Mantra
- Intercontinental Hotels Group (IHG)
- Accor Hotels
- Oaks Apartments
- Fraser Suites
- TFE Hotels
- Starwood Hotels & Resorts
- The Schwartz Group
- Pro-Invest Hotels Group
- Capital Theatre
- Sydney Lyric Theatre
- Playbill Venues: Hordern Pavilion & Royal Hall of Industries

## 2. Phone and online survey

An Industry phone survey was commissioned and undertaken throughout May 2016 by Woolcott Research & Engagement. Concurrently an equivalent survey was distributed by the relevant industry associations to their members and was available online via the Sydney Your Say website.

A total of 83 telephone interviews were conducted. Respondents were sourced from electronic Yellow Pages listings and City of Sydney staff identified the organisations within the entertainment sub-sector to contact (however contacts were still sourced through the electronic listing of the Yellow Pages). 55% of respondents to the phone survey were from hotels, 17% from backpackers, 16% from serviced apartments, and 11% from entertainment venues, which is proportionally relative to the City's buildings.

All respondents identified themselves as being decision makers in relation to environmental and sustainability practices/issues for their own organisation.

A total of 16 responses were obtained from the online survey. The online results were combined with the phone results to produce an overall sample size of 99. The responses from all 99 surveys were analysed by Woolcott Research.

# Engagement results

## 1. Direct stakeholder engagement

The two workshops to test modelling assumptions resulted in useful clarification and information sharing that the consultants required to refine their modelling to support the plan. The workshops discussed a number of issues including:

Workshop 1: Hotel technical/engineers



- Outputs/metrics – what info is tracked within hotels? What info is taken to CFO's for business cases on upgrades?
- Energy intensities and fuel mixes;
- Metering of rooms/common areas;
- Energy prices;
- Take up and performance of efficiency measures;
- Barriers to investment in improving performance;
- Ratings and environmental performance disclosure

#### Workshop 2: Industry Associations

- The sectors use of transport, materials waste and people;
- Outputs/Metrics- what resonates the most;
- Barriers to uptake of environmental ratings;
- Procurement policies as an opportunity;
- Barriers to investment;
- Opportunities;
- Recognition.

The interviews undertaken to specifically investigate organisational, leasing and finance structures found that the majority of hotels were operated by a management company, where the management company manages the day-to-day operations and maintenance activities and is usually responsible for staff recruitment, procurement, marketing and guest related services. With regard to serviced apartments it was found that there was a fairly even split between single majority apartment owners, (where a management company or entity retains ownership of the majority of apartments and controls property management, booking, cleaning etc. Other minority apartment owners access these property services through a fee) and Multiple apartment owners (where apartment owners lease back management control to a management company, and/or an owners corporation engages a separate strata manager to administer strata laws)

Of the 45 significant entertainment venues evaluated for the study, slightly over half (23) were determined to be owned by the City of Sydney, the NSW Government or Australian Government.

In most interviews the issue of capital was not of itself indicated as a constraint to investing in energy efficient equipment or systems. It was determined that ownership companies generally have access to capital, however some form of financial incentive would still be effective in activating new investment in energy or other environmental performance investment, if strong return on investment could be demonstrated.

## 2. Survey results

The majority of respondents felt that improved environmental practices were a priority for their organisation. The research suggested however that more could be done in the sector. Importantly the results showed that there is a willingness within the sector to act.

## **47% of respondents felt that improved environmental practices is a high priority for their organisation**

The majority of respondents felt that their organisation had already improved their environmental practices in recent years, 54% had made significant improvements, and 31% had made minor improvements. Respondents indicated that the current environmental practices being undertaken included:

- 54% recycle paper
- 52% installed energy efficient lighting;
- 31% installed water saving devices and fixtures;
- 17% encourage reuse of towels by guests;
- 11% recycled glass;
- 10% purchase energy efficient appliances;
- 10% are using environmentally friendly chemicals;
- 10% are managing waste.

There was recognition that more could be done with 52% of respondents saying they were likely to improve their environmental practices in the next few years.

## **43% of respondents were likely to obtain a sustainability rating in the next few years, if there was a financial advantage for doing so (33%) or if it would make a point of difference that the organisation could promote (28%)**

43% of respondents were not aware of sustainability ratings for the sector, only 24% are currently accredited or rated (NABERS accounting for 39% of those rated).

Continual improvement (38%) and cost savings (16%) were cited as the key drivers for environmental performance and also a key driver for the improvement of the design of new developments for 39% of respondents.

## Awareness of potential cost savings was identified as the key catalyst most likely to lead to environmental improvements for 33% of respondents

Awareness of potential cost savings was identified as the key catalyst most likely to lead to environmental improvements for 33% of respondents. Other catalysts identified include recognition from staff, guests or customers (29%), corporate social responsibility (16%) and corporate/head office policy (12%).

Cost outlay (identified by 28% of respondents) and access to capital (identified by 52% of respondents) were identified as key barriers to future environmental improvements, while financial incentives was the most common suggestion (identified by 36% of respondents) to assist businesses to make environmental improvements, followed by the need for more knowledge and education (33% of respondents).

## Access to capital was identified by 52% of respondents as a key barrier to future environmental improvements

### 3. What we heard

A number of common opportunities, barriers and drivers for environmental improvement in the accommodation and entertainment sector emerged from the face to face engagement and the surveys. This will inform the development of the actions in the plan.

Opportunities	Barriers	Drivers
Procurement/sustainability policies	Cost of upgrades competing with 'front of house' priorities	Cost savings
Existing networks in the sector (e.g. facilities managers, concierge forum)	Committing capital rather than access to it.	Brand recognition
Competitiveness and value of third party endorsement in the sector	Ratings are voluntary/no Government driver	Market demand
Increasing market demand for environmental performance in the sector	Housekeeping logistics	CSR/Corporate policy
Use industry commitment to WHS to include sustainability messaging	Price of gas	
Brand development – marketing a point of difference	Limited roof space in Sydney (for PV)	

Opportunities	Barriers	Drivers
Changing market demographics	Lack of knowledge in the sector	
	Planning (e.g. competing with heritage value)	

In addition, innovative and useful ideas came from stakeholders as well as clear messages about the role of the City in helping to facilitate environmental improvements.

Ideas	The role of the City
Market Sydney as a sustainable events destination	Communication and education to the Industry
Promoting active transport through accommodation and event providers	Resources for Associations to support members
Trade-offs/incentives like increased trading hours in the city and free wifi, for environmental improvements	Promotion of incentives and support available
Use housekeeping contracts to change behaviour	Provision of incentives
	Promote the business benefits of environmental performance to the industry
	Implementation of strong building standards
	General support for the City's target of Net Zero by 2050

## Next steps

The City's engagement of the accommodation and entertainment sector on the development of the sector sustainability plan was extensive and thorough. The level of willingness to speak with the City and share information to inform the plan reflects a high level of engagement. This has resulted in concise, clear and constructive messages which both clarified and confirmed a number of assumptions held by the City and demonstrated strong endorsement for the focus of the draft plan.

This feedback will inform the Draft Accommodation and Entertainment Sector Sustainability Plan which will be prepared and provided to Council for adoption. The plan will then be placed on public exhibition, when phase 2 of the stakeholder engagement process will allow the sector to provide feedback on the draft plan, prior to a final plan being submitted to Council for endorsement. A subsequent consultation report will be prepared to capture and report on this next phase of the engagement.