

SUBMISSION

(Part One)

**The Argument for Gaming Machines
in the Canberra Casino.**

(Part Two)

Tourism, a significant beneficiary

(Attachment A)

Contribution to the ACT Economy
(an Ernst & Young report)

PRODUCTIVITY COMMISSION
SUBMISSION (part one)

The Argument for Gaming Machines in the
Canberra Casino.

**CASINO CANBERRA**

Executive Summary

ACT legislation discriminates among the types of gambling venues that are able to obtain gaming machines. Only registered clubs are able to obtain licences for Video gaming machines. The Casino, that is a dedicated gambling venue for locals and tourists who are mature enough and at least 18 years old, is prevented from operating gaming machines.

The main argument given for retaining the prohibition on the Casino is that there are greater social benefits from clubs providing gaming machines than commercial operators. Casino Canberra seeks the reallocation of 200 video gaming machine licences from the licensed club environment into a newly created separate casino allocation. This will enable the development of an international class entertainment venue in the ACT dedicated to providing a service to a clientele mature enough to make responsible decisions. It will also support the development of Canberra as an international tourist destination and underpin the future economic viability of a new Convention Centre for our city.

Casino Canberra already provides over four times the amount of annual licence fees that the clubs provide in total and has, since its inception, provided over \$235 million to the ACT government and provided employment to over 3000 Canberrans over this time.

Casino Canberra is prepared to pay the ACT Government a reasonable payment up front for the acquisition of this special block of licences and expects to contribute between 3 and 4 million dollars to the recurrent annual revenue income of the ACT.

Video Gaming Machines in the Casino would be a powerful attractor to tourism and Casino Canberra estimates that over half the subsequent gaming revenue will come from interstate and international tourists.

Casino Canberra believes that the reallocation of 200 underutilised gaming machines will provide to Canberra the type of economic and employment benefits

necessary to support the growth of a viable national and international tourist industry in the ACT with next to no impact on problem gambling.

INTRODUCTION

1. Casino Canberra's Submission

This submission will address the following:

- 1.1. The *Gaming Machine Act 2004* (the Act) regulates, among other things, the maximum number of gaming machines allowable in all licensed premises within the ACT.
- 1.2. Casino Canberra's submission takes no position relating to the number of gaming machines allowable within licensed clubs, taverns and hotels, and leaves it to those institutions to make their own submissions.
- 1.3. Our submission does contend that the time, environment and future development of Canberra is right for a cap separate from and parallel to the cap currently placed on gaming machines generally throughout the Territory. This would be established as a separate allocation of gaming machine licences available exclusively to the casino operator.
- 1.4. The rationale for this proposal is that it would meet the needs of the growing city's central business, commercial, tourism and residential developments in the most responsible, regulated and commercially practical manner.
- 1.5. It is a moderate, responsible solution with benefits to our tourism industry, our position as the National Capital, and the changing demographics of our city.
- 1.6. Attached is an independent report from accounting firm Ernst and Young (Attachment A) on net economic benefits that Casino Canberra has had on the ACT economy after any negative social impact has been factored in.

2. Regulatory Environment

- 2.1. The Casino is, and has been since opening prevented from operating gaming machines under the Casino Control Acts 1988 and 2006.

- 2.2. As the only designated casino in the ACT, Casino Canberra operates under the strict and exclusive regulatory Act that is closely administered by the ACT Gambling and Racing Commission.
- 2.3. Casino Canberra is the only casino in Australia prevented from operating gaming machines.
- 2.4. The entire Casino complex is designated as a licensed area for gambling and hence, no person under the age of 18 is permitted into the complex.
- 2.5. There is no other gambling provider in the ACT that operates under such strict operational conditions with such harsh penalties for non-compliance.

3. Social Regulatory Framework.

- 3.1. In the mid-nineties, when the gaming machine cap was established, the population of Canberra had just crossed 300,000.
- 3.2. In 2009 the population of Canberra is around 340,000.
- 3.3. Growth is expected to continue at an average rate of 0.9% per annum during the 2000's, reaching an expected high of 390,000 in 2019.¹
- 3.4. Therefore, taking a simple statistical analysis, the base population has grown by around 28,980.
- 3.5. It follows then, that maintaining the existing Cap equates to a reduction in machines per capita in real term.
- 3.6. Rather than further reduce the Cap, Casino Canberra contends that an analysis must be taken of where the population has increased, and to examine the growth in concert with business, commercial and tourist facilities needs.

¹ *ACT Population Projections*, Demographic Unit, Policy Group, Chief Minister's Department, 2009.

4. Growth in Public Demand for Gaming in the CBD.

- 4.1. In recent years there has been a change in planning and focus within the ACT. In particular, there has seen a substantial increase in the focus on the central business district (CBD).
- 4.2. Major construction processes have generated a much larger population within the parameters of the CBD. This includes transient populations from new Federal departmental office blocks along with business and commercial premises and permanent population from substantial residential developments. The City centre's population is expected to grow by 166.5% between 2007 and 2019.
- 4.3. Suburbs surrounding the CBD such as Turner and Braddon have also experienced high population growth with additional growth up to 2019 to be 25% and 42% respectively.
- 4.4. There is now a far greater need within the CBD area for support services such as entertainment facilities.
- 4.5. Currently, the CBD is not well served with these facilities.
- 4.6. Therefore, it is reasonable to conclude that, should reallocation of gaming machines be contemplated, they be placed in the areas that are:
 - a) under-serviced now, and
 - b) able to fully utilise them in the future.

5. Parity with other Canberra Centres.

- 5.1. There can be no question that the CBD, even as it stands today, is under-serviced by entertainment and gaming facilities. There are no major licensed venues in the CBD except the Casino.
- 5.2. The Casino currently cannot offer the full range of services required.

5.3. While suburbs such as Belconnen, Woden, Tuggeranong, even Kippax, are serviced with a full array of gaming options, the CBD is conspicuously under-serviced.

5.4. It is submitted that this damages the ability for the CBD to become the vibrant centre of responsible activity expected of a modern city centre.

5.5. With regard to all the recent commercial and residential expansion in the CBD, it is reasonable to conclude that there will be growing demand for full service entertainment and gaming options within the Eastern development regions of the city.

The Casino is best placed to service those needs.

6. Parity with other States.

6.1. When Casino Canberra opened in 1992, Canberra enjoyed a brief period when it had a product advantage over other states. It had the only casino in the Canberra/Melbourne/Sydney region. Our research and door statistics from the time indicate visitor figures of over 4000 people on the most busy nights, half of whom were interstate or international visitors.

6.2. Since the opening of Crown and Star City casinos, that position has been reversed. Research conducted by the Casino consistently shows that patrons, in particular interstate and international visitors, have an expectation that a casino will offer a full range of services expected from a high quality, international establishment.

6.3. The lack of gaming machines has therefore come to reflect badly on the establishment and also the city in general, leading to many a comment that, once again, Canberra is not a 'real' city.

6.4. The casino in Canberra remains the only casino anywhere in Australia that does not offer gaming machines. If ever there were an environment in

which the presence of gaming machines is expected and accepted, it is within a dedicated gambling venue – a casino.

6.5. To go to a casino, a customer has to make a conscious decision to do so. It requires planning. Access is not easy, security enforces dress standards, intoxication is not tolerated and children are not admitted. The casino is a clearly identified place for gambling and the natural location for gaming machines.

6.6. The decision to go to a casino is therefore not an impulse action, it is a very conscious educated decision. Compare that to machine gambling in a hotel/pub/club, where someone goes principally for a drink with mates or a meal with the family, find gaming machines and gambles. This is an example of impulse gambling and impulse decision-making, which is very different from customer choice in casinos.

6.7. 'By not offering a complete gambling product and hence failing to effectively compete with other casinos, visitors may fall by 100,000 per annum. This would have a \$27 million per annum impact on the local economy.' This prediction was made in 1994 by Price Waterhouse in a proposal to the ACT Government on the subject of not allowing gaming machines in the Casino.

6.8. This prediction became reality in September 1995 directly after the opening of what is now Star City Casino. Faced with the additional competition from Star City, Casino Canberra's interstate coach tour business fell by 94% and gaming revenues halved. It has never recovered.

7. Taxation and Community Contribution.

7.1. Annual Gaming License

7.1.1. Casino Canberra, in the year ending 30 June 2008 paid the ACT Government \$757,062 in License Fees. In comparison, the total License Fee paid by all of Canberra's Clubs was just \$160,809.²

7.1.2. It should be noted that the annual license fee the Casino must pay and the annual gaming tax on gross gaming revenue is in addition to the \$19 million the Casino paid for the original gaming license.

7.2. Additional Licence Fee.

7.2.1. Should an additional cap on gaming machines be allocated for a casino licensee only, Casino Canberra would be prepared to pay an appropriate additional licence fee in line with the fees currently paid by other licensed venues with gaming machine licences.

7.3. Economic Benefit to the Community

7.3.1. An independent 2006 report prepared by accounting firm Ernst and Young established that the community and economic benefit to the Canberra community from Casino Canberra since 1992 (in today's dollars) has been:

- *contributed \$235 million to the ACT government*
- *\$23 million worth of goods and services have been purchased from ACT businesses*
- *more than 200 full time jobs each year are filled*
- *over 3000 staff in total have been employed*
- *Over \$160 million has been invested in the property*
- *Over 3 million tourists have visited*

² GRC 2008 Annual Report

- *contributed \$23 million to ACT businesses*
- *contributed \$10.6 million to the Commonwealth*
- *contributed \$166 million to employees.*
- *visitors have spent \$50 million on food and beverages and \$9.7 million on entertainment.*³

8. Club and Gaming Machine Utilisation

8.1. Casino Canberra is aware that many clubs are 'moth-balling' machines that have not been utilised to much degree. These machines have little ongoing costs to a club once they are purchased so clubs have little incentive to surrender gaming machines even if the machines earn negligible revenues. Clubs can maintain machines purely as a service for their members rather than as a significant revenue source.

8.2. Casino Canberra therefore believes, with a reallocation scheme, there are enough 'moth-balled' machines for some of these machines to be allocated to a specific Casino Cap while maintaining the existing Cap for the total number of machines in the ACT.

9. Problem Gambling

9.1. Problem gambling, and the management of it, is an important consideration in the examination of any change in the gaming machine cap within the ACT.

9.2. This issue should not be considered in an isolationist or simplistic fashion but in line with the policies and practices of the ACT Government: to allow gaming only when appropriate guidelines and regulations are in place to allay community concerns; to suppress illegal gambling; to ensure, through the licensing processes, the probity of persons and the integrity of the

³ Ernst & Young, *Casino Canberra's Contribution to the ACT Economy*, Economic Impact Statement , 2006

operations involved in the provision of gambling products; and to provide economic benefits to the community through government imposed regulatory fees and taxation.

- 9.3. Since the Casino began operations in its permanent facilities in 1994, the system of controls, regulations, compliance and taxation have met these policy objectives, and have offered the Canberra community a secure, regulated environment in which they may enjoy a range of gambling products with safety and security in a well established, proven system.
- 9.4. Unlike clubs, camera surveillance through out casinos is a major part of maintaining strict control on the gaming floor. Specially trained Surveillance Officers monitor all areas of the gaming floor and can pick up any change in gambling patterns of regular patrons.
- 9.5. Unlike other licensed venues, Casino Canberra has one Security Officer on duty for roughly every 143 patrons. On peak periods that means 7 Security Officers are patrolling the gaming floor.
- 9.6. Again, unlike other licensed venues, gambling in the Casino is a more personal activity. Patrons sit across the table from a Croupier and each game is overseen by a Pit Boss and an Inspector. The gambling habits of regular patrons are remembered and any consistent change in pattern can generally be picked up. This being the case, the dedicated Gambling Contact Officer (GCO) who is on duty at all times, is alerted and can have a quiet word with the patron to ensure that there isn't a problem.
- 9.7. Casino Canberra is a leader and active participant in the Responsible Gambling code of practice. Many of the features of the code have been in place in the Casino since opening however many clubs are still grappling with how to put the code into practice.

- 9.8. Casino Canberra has large signs at ATMs in the Casino's foyer and behind toilet doors which remind patrons of their responsibilities. For example, one sign reads, 'Have you paid your rent?' while another reads 'Have you bought your groceries?' Casino Canberra is a foundation supporter of Responsible Gambling Week and as such, has Responsible Gambling Week messages on display seven days a week, 24 hours a day.
- 9.9. Another policy initiated by Casino Canberra is the Voluntary Exclusion Policy. The Policy allows for a patron to self bar themselves from entering the Casino for a specified period. A minimum period is set but the self-barring will not be revoked after this period unless written notice is received by the General Manager of the Casino at least one month from the proposed visit. Only as recently as 2002 has this policy been mandatory for the clubs however the relatively few self exclusions compared to the number of gaming machine problem gamblers would indicate that this mandatory policy is not being well managed or promoted.
- 9.10. Unlike the family-oriented clubs, children are not subjected to any form of gambling in the Casino because they are simply not allowed in until they reach the age of 18. In most clubs, children, although not allowed to enter the area, are in full view of patrons gambling on gaming machines. This can send the wrong messages to an immature mind. The Casino believes children should not be subjected to gambling until they have a level of maturity to accept the responsibility of this form of entertainment. The law has determined that 18 is the age that this level of maturity is reached.
- 9.11. It can be argued that with a casino's superior security, surveillance and high staff to patron ratio, there is no better facility than the Casino to monitor for and detect potential problem gambling. According to the Lifeline,⁴ problem gamblers arising from the Casino over 2007-2008 was only 12 compared to clubs at 166 and TAB at 22. This extensive imbalance shows the difference

⁴ 2007/2008 *Lifeline* Annual Report.

in responsible operations of gambling products between other gambling providers and the Casino, and further indicates that more gambling products for the Casino should not be dismissed on problem gambling grounds.

The most appropriate, safest and most acceptable forum for gambling remains a facility specifically established, maintained and operated to do so in the most responsible and regulated manner possible; a dedicated Casino.

10. Reallocation Scheme Options

- 10.1. The allocation of at least 200 gaming machines from a specific Casino Cap would complete the Casino's core business offering and is the only way the long-term vision of a world class casino can be realised for the ACT.
- 10.2. Casino Canberra's vision is to be the heart and soul of entertainment, no different to that offered in any big city in Australia or around the world. This would include table games, gaming machines, TAB betting (horse racing and sports) Keno, food and beverage offerings, banquet functions, meeting and conference facilities as well as theatrical and entertainment venues.
- 10.3. The proposed developments would add to a much needed entertainment hub in the city centre.
- 10.4. As an organization that is represented in 25 countries and 75 operations around the world, we are uniquely qualified to develop a destination that will unequivocally meet the requirements of the new Canberra, in a way that will also be strongly aligned with the needs of the local business community.
- 10.5. Internationally, the company has demonstrated in the past the ability to draw tourists from other locations, both nationally and throughout Asia.
- 10.6. The arguments for a complete gambling and entertainment offering, and the economic benefits flowing from such a development, are so strong,

even traditionally opposed countries such as Singapore, the UK, and China have actually lifted their bans and allowed casino developments to begin.

10.7. With the proposed development of the Canberra International Airport, and direct flights from Asia, we are uniquely positioned to draw on the needs and requirements of two of the largest emerging markets, which are India and China.

It is submitted that the lack of gaming machines in the City's only Casino places the Canberra entertainment and tourism offering at a disadvantage to all other States and Territories and Internationally.

11. In Summary

From a philosophical view it can be strongly argued that the only venue gaming machines should be placed is in the highly regulated and controlled environment of a casino. There are many good reasons why there should be a change in the ACT legislation to allow Casino Canberra a licence to operate 200 gaming machines to create a long term, sustainable casino, offering sophisticated fun and world class entertainment in the heart of Canberra's CBD.

- Separate stand alone licence – a Casino Cap; and
- Non aligned to Clubs ACT or AHA, or any other interest.

11.1. Casino Canberra Objective

Provide a world class entertainment and gambling facility that contributes to the ACT through:

- Direct net income benefit – a substantial initial licence fee for 200 machines with ongoing structural support of ACT revenue through additional annual taxes on gaming machine revenue;
- Indirect increased revenue from business and employment taxes, and increased GST from the Federal Government, and

- Creation of casino of true international standard that will create a CBD hub for entertainment which could also provide higher levels of business certainty for the development of the new convention centre and its related businesses.

11.2. Casino Canberra contribution to the local economy since opening in 1992

- paid over \$234.7 million of licence fees, gaming tax, payroll tax and land tax to the ACT Government;
- made a major long term net investment in the ACT economy of \$160.4 million;
- supplied over \$332.6 million of services to ACT residents who have visited the Casino;
- purchased over \$26.8 million of goods and services from ACT businesses;
- employed and trained over 3,000 Canberrans; and
- welcomed over 8,000,000 visitors (45% from outside the ACT).

11.3. There is no safer environment to operate gaming machines in the ACT than Casino Canberra

- We are professional and operate with world's best practice responsible gambling practices;
- We are highly regulated;
- We are an entertainment venue exclusively for people 18 years old and over;
- We are a designated, purpose-built gambling venue – gambling is our core business;
- Most Canberrans need to make a real effort to travel past their local club and come into the CBD to visit us – it is a conscious decision to visit this gambling venue;
- We have extremely high security and surveillance;

- High staff to patron ratio making the identification of problem gamblers easier;
- We are part of a global casino company; and
- Canberra should offer locals and tourists a real international standard casino experience that we can all be proud of.

11.4. Casino Canberra Goals

Location: Be a major part of, and contributor to, the healthy economic growth of the ACT.

Customers: Attract customers that will drive profitability for the Casino and Canberra tourism.

Capitalise on direct flights from Asia to Canberra International Airport through our Asia based marketing team.

Experience: Create fun and entertainment to attract mature 18+ customers locally, nationally, internationally.

Be the heart & soul of entertainment in the CBD.

People: Develop staff to offer exceptional entertainment experience. (We were the first Casino in Australia to offer internationally recognised Certificate courses I & II in Hospitality – gaming).

Resources: Use local, national and international resources to support local customer service and support the Canberra community.

Reputation: Remain Compliant in all areas of the Casino.

Promote Casinos Austria's corporate culture for responsible gambling.

11.5. Casino Machines will Benefit ACT Community - Research Support

A survey by URS Consulting and independent reports commissioned by the ACT government from Price Waterhouse, Coopers and Lybrand and Allen Consulting all concluded that the introduction of Poker machines to the Casino will provide a net incremental benefit to the ACT community.

12. Conclusion.

12.1. There is evidence that there is a need to alter the 'mix' of gaming machine availability in Canberra.

12.2. The development of the CBD mandates a re-examination of the entertainment & social product offering within that specific area. This is, of course, in line with community and government policies balancing responsible gambling with commercial and community needs.

12.3. The Casino is the most logical, prepared and regulated place to put them.

12.4. Placing gaming machines within the Casino will benefit the city as a tourist centre, catering for national and international visitors, as a social amenity for local residents who, under current plans would not have the same facilities as those enjoyed by suburban Canberra residents, and can do so with the greatest opportunity for effective harm minimisation.

PRODUCTIVITY COMMISSION
SUBMISSION (part two)

Tourism a significant beneficiary


CASINO CANBERRA

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Executive Summary

The ACT tourism industry with 3.1% of the international market and 2.6% of the domestic market has the potential to grow. To continue to do so, it must apply sufficient resources to effectively undertake destination marketing and selling while attempting to address the negative perceptions that still exist. It must also ensure visitors to the city have an experience that ideally exceeds their expectations thereby leading to post visit positive conversations.

Casino Canberra has an aspiration to play a role in helping the industry grow and certainly wants to be recognised as providing an exceptional night life experience. But unlike other Casinos in Australia, which play a significant role in providing an outstanding night life experience and contribute to the destination marketing and selling program of their cities, Casino Canberra, with only 0.7% of the national visitor expenditure, doesn't have the financial capacity to invest in achieving its aspiration.

If the lack of critical mass of gaming activities could be addressed, Casino Canberra would be in a position to make a significantly greater contribution to destination marketing and selling while ensuring that the negative perceptions that currently exist about its' experience, are addressed.

Numerous very credible and comprehensive reports (Ernst & Young, URS, Allen Consulting to name a few) have clearly identified the contribution that Casino Canberra has made to the ACT community. It has supported charities and not for profit organisations, conducted familiarisations and hosted Visiting Journalist Programs (VJP's) and always attempted to support the tourism industry with the limited resources it has available.

With no detrimental impact on the Clubs industry, with limited substitution affect and no significant incremental impact on the issue of problem gambling

isn't it time the tourism industry helped itself by supporting one of its attractions, that directly and indirectly will provide incremental benefits in the form of: -

- an enhanced visitor experience from an increased investment in quality entertainment, and;
- increasing visitation with the Casino running its own incentive and promotional programs targeting those who would visit for an all-inclusive gambling experience, particularly from Asia.

1.0 The Australian Casino Industry – Adding Value and Economic Contribution – Tourism and Entertainment

1.1 *Economic impact* – Allen Consulting 2007/8

According to the Australian Casino Association and based on an independent Allen Consulting analysis, the economic impact of the Australian casino industry was estimated to have: -

- paid 30 per cent of revenues in taxes in 2007-08, totalling \$1.2 billion.
- spent \$889 million in 2007-08 employing just under 20 000 staff.

1.2 *Contribution to Tourism and Entertainment*

- Over 1 million international tourists made 2.4 million visits to Australian casinos in 2007-08.
- International tourists who visited Australian casinos spent a total of \$4.9 billion, or an average of \$4940 per tourist, during their visits to Australia. This average expenditure is considerably higher than the average

expenditure among international tourists who did not visit casinos of \$2630 per tourist.

- Gaming expenditures by international VIP program players totalled \$553 million in 2007-08. It is estimated that casinos spent a further \$65 million to attract these players and their entourages, who are estimated to have spent \$121 million in Australia on non-casino goods and services.
- In 2007-08 casinos hosted 2276 conventions and conferences, attracting in excess of 358 720 attendees. In excess of 150 of these events were international conventions or conferences, attracting attendees from around the world.

International tourism represented 5.4% of the total number of visits to Casinos and while the aggregated data of domestic tourist visits is not readily available it would be reasonable to assume that it constituted at least 40% of total visitation.

Casino Canberra represents 0.7% of total Australian Casino expenditure per annum which is significantly below our relative share of domestic (2.6%) and international tourism numbers (3.1%) and population size (1.5%). Why?

2.0 Casino Canberra - Its contribution to the ACT economy and to the Tourism Industry

2.1 *Aggregated Contribution to the ACT economy* – Ernst & Young report 2006

The 2006 Ernst & Young report established that since Casino Canberra commenced its operations in 1992 it has: -

- made a major long term net investment in the ACT economy of \$160.4 million,
- supplied over \$332.6 million of services to ACT residents who have visited the Casino,
- purchased over \$26.8 million of goods and services from ACT businesses,
- paid \$165.7 million in wages and salaries from an average annual employment base of approximately 300 full and part time employees, and;
- paid over \$234.7 million in taxes and fees to the ACT government.

By any measure Casino Canberra as a private sector business has made a significant contribution to the ACT community both directly and indirectly.

Allowing for the social cost of problem casino gambling and recognising but not quantifying the additional benefits that flow from the support Casino Canberra provides to numerous charities and other not for profit organisations, Ernst & Young established that the ACT has derived net benefits of between \$291 million and \$369 million from its operations since 1992.

2.2 Aggregated visitor expenditure (expressed in 2005 dollars) – Ernst & Young report 2006

While visitor numbers have declined since the business commenced in 1992 but now stabilising at around 900 to 1000 per day, visitors to Casino Canberra have spent: -

- \$619.4 million on gambling, food and beverages, as well as entertainment and other services at the Casino.

- This is broken down to:
 - \$332.6 million by ACT visitors
 - \$272.1 million by interstate visitors, and;
 - \$14.7 million by international visitors.

2.3 Average annual expenditure (expressed in 2005 dollars) – extrapolated from the Ernst and Young report 2006

The average annual expenditure on gambling, food and beverages, as well as entertainment and other services at the Casino was \$44 million per year, with that now declining to circa \$26 million to \$30 million in the last 4 years.

- Taking the last four years estimate of expenditure the average annual distribution was:-
 - \$15 million by ACT residents
 - \$12 million by interstate visitors, and
 - \$1 million by international visitors

Tourists to the ACT spend on average approximately \$13 million dollars or 46% of total annual visitor expenditure at the Casino and thereby contribute to gambling taxes and charges to the ACT government as well as through GST.

2.4 – Aggregate and average annual net benefits derived from the ‘Tourism Industry’ – extrapolated from the Ernst & Young report 2006

Table 1

	Aggregate net benefit since 1992	Ave. annual net benefit last 4 years
Interstate	Circa \$140 million	Circa \$6.0million
International	Circa \$12 million	Circa \$1.0 million
Total	Circa \$152 million	Circa \$7.0 million

3.0 Casino Canberra – Patron and Tourism Industry perceptions

3.1 Patron perspective as identified in the 2006 University of Canberra Exit survey

The following were some of the relevant findings of an exit survey (with 211 completed surveys) conducted by the University of Canberra for the period December 2005 to January 2006: -

- patrons tended to visit by themselves (39.5%) or with a spouse / partner (18.6%) or with a friend (13.3%),
- the majority of patrons surveyed arrived between 12pm and 5pm to play games (48.3%) have a look (33.6%) or have a drink (17.5%),
- approximately 58% are members of clubs and 30.3% are regular poker machine users (and are more likely to be members of a club and from NSW),
- 36.9% indicated that poker machine installation would increase their visitation and this was greater amongst previous visitors to the Casino. Shows and live bands were the highest ranked incentives that would encourage visitation,
- the majority of respondents (48.6%) brought \$100 or less with them while 18.3% brought between \$201 and \$500 and 16.6% brought \$101 to \$200 to the Casino, and;
- less than 50% of respondents were either satisfied or very satisfied with the overall Casino experience.

3.2 Some tourism industry insights and comments

Comments from Industry representatives included: -

- 'The Casino provides an important entertainment facility and dimension to the overall ACT experience',

- 'The ACT is often seen as boring and sterile and without a casino, even allowing for it being tucked away, small and lacking the full range of gambling activities, the destination experience would reinforce that misguided impression if we didn't have one', and;
- 'The Casino is often included in familiarisations and VJP itineraries not as a primary motivator for attracting conferences, meetings or tour groups but as an example of the nightlife available in Canberra'.

3.3 Observations

While a casino, and Casino Canberra in particular, may not be a primary attraction in its own right, it does play an important role in providing the visitor to a destination with a night life experience. It also helps to create the impression that the City is alive and vibrant and, by its very presence, ensures that the ACT, like all other major convention cities around Australia, is not disadvantaged in a bidding process.

A successful casino in an increasingly competitive world and Australian market, must provide a comprehensive, dynamic and engaging experience that should include quality live entertainment, quality food and beverage and the complete range of gambling options.

It ideally must be placed in a location that is easily accessible, high profile and it must provide an ambience that makes the patrons experience comfortable and engaging.

The Casino's door figures in 2006 show an average of just under 300 patrons per night on the gaming floor a midnight confirming the Casino's status as a late night entertainment venue.

The fact that less than 50% of patrons surveyed were 'satisfied' or 'very satisfied' highlights the inadequacy of Casino Canberra. Some may describe

the Casino as quaint or boutique but the reality is that on a comparative competitive basis, the ACT's casino falls well short of all other casinos across Australia.

4.0 The ACT Tourism Industry – the ‘experience’ and the role of the Casino

The ACT tourism holiday experience is not a traditional ‘leisure’ based one with most non business tourists to the ACT visiting for VFR and or ‘educational’ or event related reasons eg. National Gallery, Parliament House, War Memorial, Floriade etc., refer table 2.

While the Casino ranked 25 out of 39 in terms of the top visited attractions, it continues to play an important role in the business, event and short break ‘leisure’ domestic experience as it does for international tourists - particularly South East Asian and Chinese visitors.

For example, the 3000 strong Woolworths convention resulted in a significant increase in Casino gaming revenue. This surge also occurs from conferences held at the National Convention Centre and from events such as Floriade, Summernats and other major sporting events.

Table 2

Year ended Dec. 2008	Domestic					International
	VFR '000	Leisure '000	Busine ss '000	Other '000	Total '000	
Number of Overnight visitors	664	550	585	135	1934	158,912
Length of Stay	3.2	2.7	2.1	2.2		Average 30 nights
Est. spend per night	\$105	\$186	\$187	\$143		\$84

5.0 Casino Canberra - constraints to providing a relative comparative experience

The following issues are significantly impacting on the ability of Casino Canberra to provide the comprehensive and engaging experience that other Casinos around Australia currently provide.

- Lack of critical mass in scope of activity (games) and therefore economies of scale.
- Visibility and secure access – the Casino is in a lane not visible by or easily accessible to the public.
- Entertainment – entertainment is irregular and of varying quality
- Ambience – while the Casino does provide a comfortable facility, 69% of visitors surveyed ‘did not believe the atmosphere had changed’.
- Lack of a complete range of normal Casino gambling options, in particular electronic gaming machines, noting that 37% of visitors surveyed indicated that poker machine installation would increase their visitation.

While Casino Canberra has invested over \$160 million in the ACT over the last 17 years, and continues to create incentive based and refreshed programs, the reality is that its’ under performance over the last 6 to 8 years in particular has meant that the required investment to address these issues cannot be justified.

Even though the Casino is managed very efficiently and effectively, the constraints detailed above could be partly addressed, if an additional revenue and associated profit stream were available, that is electronic gaming machines.

6.0 Why the Casino experience must be comprehensive, engaging and exceptional

Why is the Canberra Casino share of the Australian market so low at 0.7%?

1. In an increasingly competitive tourism and 'business events' market, particularly for a destination that has an unfounded reputation as being boring and sterile, it is essential that the ACT is not at a relative competitive disadvantage - which currently it could be argued, it is. While it would be fair to say that Casino Canberra is not a primary attraction, it must provide an experience that is positively recognised as part of the high quality Canberra destination.

2. Other 'regional' destinations around Australia that have casinos advertise the experience both to attract visitors and to demonstrate the depth and breadth of the visitor experience on offer. Casinos in Cairns, Alice Springs, Darwin, Hobart, Launceston and Townsville, that are being constantly upgraded and refreshed, play a primary role (in partnership with State or Regional Tourism organisations) in attracting both domestic and international visitors to what is a significant nightlife experience. This is only partly the case with Casino Canberra as it suffers from insufficient resources to undertake this level of marketing and promotion.

7.0 An electronic gaming machine licence – how the tourism industry could indirectly benefit

A survey by URS Consulting and independent reports commissioned by the ACT government from Price Waterhouse, Coopers & Lybrand and Allen Consulting, all concluded that the introduction of electronic gaming machines to the Casino will provide a net incremental benefit to the ACT community.

While an incremental positive impact on GDP and employment, (with up to an additional 100 direct jobs being created – *current staff numbers are around 280 but have been as high as 600*), is a strong and compelling argument for a gaming machine license, it has not been sufficient to convince some stakeholders - particularly those in influential political positions.

Why then should the Tourism Industry and its Minister support the application by Casino Canberra for a poker machine gaming license?

- The introduction of electronic gaming machines into the Casino has the potential to indirectly increase visitor numbers to the destination and ensure the overall Canberra experience is high quality, comprehensive and 'complete'. This particularly applies to those visitors who require a comparable nightlife gaming and entertainment experience to that being offered by Australian competitor destinations.
- With a license to operate EGMs, Casino Canberra has the ability to incrementally grow its revenue and profit without having any detrimental impact on other gaming facilities in the ACT. Not only does this benefit the ACT community directly through increased taxation revenue but it also provides an enabler in the form of a retained net earnings base, from which Casino Canberra can make the required investment to deliver an 80% level of patron satisfaction. This level of satisfaction will help to dispel the myth that Canberra's night life is inadequate and 'incomplete' and means the ACT is not at a relative competitive disadvantage with other competing Australian destinations.
- Note that in the University of Canberra exit survey 'quality shows and live bands were the highest ranked incentives that would encourage visitation', once again confirming the Casino's potential to be a complete entertainment venue.

- Casinos, in partnership with destination marketing organisations and industry partners, eg. Cairns, Launceston, and Alice Springs, have the capacity, once they reach a level of attraction recognition, to develop marketing campaigns that attract incremental levels of visitation to a destination. Casino Canberra would invest around 5% of net EGM revenue in broader domestic and international marketing programs both in partnerships and in our own right.
- To provide a comparison, Casino Canberra currently expends very little on external marketing where as the Cairns casino invests 5% of its revenue on external promotions and destination marketing. The average for all Australian Casinos is around 4%.
- While recognising the risk of substitution, that is, for every dollar spent at the Casino there is a risk that it would otherwise have been spent on something else, there is little evidence to suggest that those who gamble, particularly business visitors and convention delegates, will trade off dollars spent at the Casino for other attractions.
- 37% of people surveyed in the University of Canberra exit survey indicated that gaming machine installation would increase their visitation, and this was greater amongst previous visitors to the Casino. As previously indicated, Casino Canberra is not a primary attraction, however there is an indication from a patron perspective that a complete range of gaming activities would enhance the Casino experience and help to encourage repeat visitation to the venue. The tourism benefit to flow from an increased level of overall visitor satisfaction would be an enhancement of a positive post visit conversation with friends and relatives as well as potentially helping to encourage repeat visitation.

8.0 Our Vision - International Perspective

- Casino Canberra's vision to create sophisticated fun and world class entertainment is at the heart of every experience Casino Canberra offers. This is paramount at all Casino Austria International properties throughout the world.
- Our vision is to be the heart and soul of entertainment, no different to that offered in any big city in Australia or around the world. This would include table games, gaming machines, TAB betting (horse racing and sports) Keno, food and beverage offerings, banquet functions, meeting and conference facilities as well as theatrical and entertainment venues.
- The proposed developments that will flow from an additional revenue stream will add to a much needed entertainment hub in the city centre.
- As part of a casino group that is represented in 18 countries and 75 operations around the world, we are uniquely qualified to develop a destination that will unequivocally meet the requirements of the new Canberra, in a way that will also be strongly aligned with the needs of the local business community.
- Internationally, the company has demonstrated in the past the ability to draw tourists from other locations, both nationally and throughout Asia.
- The arguments for a complete gaming and entertainment offering, and the economic benefits flowing from such a development, are so strong, even traditionally opposed countries such as Singapore, the UK, and China have actually lifted their bans and allowed casino developments to begin.
- With the proposed development of the International Airport, and direct flights from Asia, we are uniquely positioned to draw on the needs and requirements of two of the largest emerging markets, which are India and China.

9.0 The final word

9.1 Objective:

Casino Canberra's objective is to provide a world class entertainment and gambling facility that contributes to the ACT through:

- Direct net income benefit – a substantial initial licence fee for 200 machines with ongoing structural support of ACT revenue through additional annual taxes on gaming machine revenue;
- Indirect increased revenue from business and employment taxes, and increased GST from the Federal Government, and
- Creation of casino of true international standard (difficult to reach without the additional revenue stream from EGMs) that will create a CBD hub for entertainment which could also provide higher levels of business certainty for the development of the new convention centre and its related businesses.

9.2 Casino Canberra Goals

- Be a major part of, and contributor to, the healthy economic growth of the ACT.
- Attract customers that will drive profitability for the Casino and Canberra tourism.
- Capitalise on direct flights from Asia to Canberra International Airport through our Asia based marketing team.
- Create fun and entertainment to attract only mature customers locally, nationally, internationally.
- Be the heart & soul of entertainment in the CBD.
- Develop staff to offer exceptional entertainment experience. (We were the first Casino in Australia to offer internationally recognised Certificate courses I & II in Hospitality – gaming).

- Use local, national and international resources to support local customer service and support the Canberra community.
- Remain Compliant in all areas of the Casino.
- Promote Casinos Austria's corporate culture for responsible gaming.

9.3 *Casino Canberra contribution to the local economy since opening in 1992:*

- paid over \$234.7 million of licence fees, gaming tax, payroll tax and land tax to the ACT Government;
- made a major long term net investment in the ACT economy of \$160.4 million;
- supplied over \$332.6 million of services to ACT residents who have visited the Casino;
- purchased over \$26.8 million of goods and services from ACT businesses;
- employed and trained over 3,000 Canberrans; and
- welcomed over 8,000,000 visitors (45% from outside the ACT).

9.4 *There is no safer environment to operate gaming machines in the ACT than Casino Canberra:*

- We are professional and operate with world's best practice responsible gaming practices;
- We are highly regulated;
- We are an entertainment venue that attracts only mature customers;
- We are a designated, purpose-built gambling venue – gambling is our core business;
- Most Canberrans need to make a real effort to travel past their local club and come into the CBD to visit us – it is a conscious decision to visit a gambling venue;
- We have extremely high security and surveillance;

- High staff to patron ratio making the identification of problem gamblers easier;
- We are part of a global casino company; and
- Canberra should offer locals and tourists a real international standard casino experience that we can all be proud of.

9.5 Casino Machines will Benefit ACT Community - Research Support

A survey by URS Consulting and independent reports commissioned by the ACT government from Price Waterhouse, Coopers and Lybrand and Allen Consulting all concluded that the introduction of Electronic gaming machines to the Casino will provide a net incremental benefit to the ACT community.

PRODUCTIVITY COMMISSION
SUBMISSION (Attachment A)

Casino Canberra's
Contribution to the ACT Economy
(an Ernst & Young report)

SEE ELECTRONIC ATTACHMENT


CASINO CANBERRA