



Tourism Industry Council Tasmania

Submission to

the Tasmanian Parliament's Joint Select Committee on

Future Gaming Markets

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Contact:

Luke Martin
Chief Executive Officer
Tourism Industry Council Tasmania
p: 0434 307 838
e: luke.martin@tict.com.au

About TICT

Tourism Industry Council Tasmania (TICT) is the peak body that represents and acts for the Tasmanian tourism industry.

The Council is a not-for-profit organisation that promotes the value of tourism in the Tasmanian community. TICT provides a strategic direction and united voice for the sustainable development and growth of the Tasmanian tourism industry and in advocating policy on behalf of the industry.

TICT has a large, representative based board, bringing together various industry sectors. This includes representatives of accommodation and hospitality operators; visitor attractions, experiences and tour operators; transport operators, ports, and tourism-related industry associations.

TICT is a signatory and partner with the Tasmanian Government on the dual industry-government strategies guiding the growth of tourism and the visitor economy in Tasmania;

- *T21 – The Tasmanian Visitor Economy Strategy 2015-20*
- *Parks 21: Joint Action Plan for Tourism in Protected Areas in Tasmania 2015-20*

Response to Terms of Reference:

TICT welcomes the opportunity to contribute to this important Joint Select Committee on Future Gaming Markets in Tasmania.

As an organisation focussed on inbound visitation to Tasmania, TICT does not offer an opinion on the structural regulation of gaming markets. Nor do we seek to offer a perspective on harm minimisation strategies to mitigate the impact of problem gambling in the community.

There are, however, many Tasmanian tourism operators who do participate in the gaming industry and the recommendations of this Joint Select Committee are likely to have significant implications for the business activities, and as the peak industry body it is appropriate TICT offers a perspective on behalf of the tourism sector.

Gaming & Tourism

From a visitor demand perspective, there is no current market research on the association between gaming activity and visitation to Tasmania. The long-standing *Tasmanian Visitor Survey* undertaken by Tourism Tasmania used to track 'casinos' as a visitor activity but this data has not been updated for well over a decade. We are not aware of any publicly available market research of visitor attitudes towards gaming in Tasmania, or the visitor appeal of available gaming opportunities.

Tasmania's two Casinos clearly continue to appeal to a mix of visitor segments to Tasmania and obviously interstate and overseas visitors constitute a large part of their market. But in terms of gaming machines and Keno, while visitors obviously engage with these activities while in the State, there is no evidence to suggest the presence of these activities in Tasmania has any influence on our appeal as a visitor destination.

Currently twenty-five of the ninety-seven Networking Gaming venues across Tasmania are tourism-accredited and a similar number offer Keno, illustrating the significant overlap between the tourism, hospitality and gaming sectors in Tasmania. Many of the larger hotel-motel resorts in regional Tasmania and several suburban hotels with gaming operations also have significant visitor accommodation components to their business, and are major drivers of the visitor economy in their community.

A positive outcome from the strong visitor growth to Tasmania over recent years is the growing inclination by licensees and venue owners to further engage in the visitor market, by refurbishing and

upgrading their guest accommodation and becoming more active participants in the local tourism industry. This is a trend welcomed by the tourism industry and should be encouraged by all stakeholders.

There are obviously many other gaming venues particularly in regional areas of Tasmania that while not currently tourism-accredited, do fulfil a demand for entertainment and dining choice in their town. Often the only venue providing evening dining options for visitors in a regional destination is the local gaming venue. While there is no suggestion the presence or otherwise of gaming has any influence on the visitor appeal of a destination, clearly the holistic business structure of these operations, including their gaming activities, must be considered through this inquiry.

Any significant disruption to the current structure of the gaming market in Tasmania as it relates to the viability and commercial activities of regional gaming venues, could have far-reaching consequences through the local visitor economy and tourism industry. Ensuring the sustainability and growth of Tasmania's regional hotels and clubs that are currently engaged in the gaming industry must be a priority outcome in any future gaming market structure.

MONA

Tasmania's two largest private tourism operators, Federal Group and MONA, have both expressed publicly their future investment aspirations in tourism, and how they relate directly to the outcome of this review of gaming market structures in Tasmania.

Since opening its galleries in January 2011, MONA has made and continues to make an extraordinary and far-reaching contribution to the Tasmanian tourism industry. Indeed, in many ways MONA has changed the face of Tasmanian tourism, adding a genuinely world-leading contemporary cultural attraction to Tasmania's traditional reputation for exceptional natural and built heritage.

Visitor numbers to Tasmania have grown thirty percent since MONA opened in 2011, and while it would be wrong to attribute this growth purely to MONA, there is no doubt MONA has been a major catalyst for the global reputation Tasmania has developed over recent years. The much lauded 'MONA effect' has been far-reaching in stimulating growth and investment across the industry with dozens of new hospitality, accommodation and tour operators entering the industry with products seeking to leverage MONA's appeal to discerning and higher-yielding visitor markets.

MONA's events have quickly established themselves as intrinsic to the destination and the remarkable success of DARK MOFO especially has pushed the boundary for cultural events across Australia, while demonstrating the potential for quality, unique events to stimulate visitor demand to Tasmania over the traditionally quieter times of the year.

MONA has established itself as a highly valued and active partner in the industry, playing an active leadership role in relevant industry bodies, partnering with local operators in cooperative marketing and actively encouraging other operators to associate with their brand and markets.

MONA's unique business model is publicly well known, particularly its dependence upon the ongoing personal contributions of owner David Walsh to sustain its operations. For MONA to achieve a sustainable long-term commercial model for its activities is in the interests of the Tasmanian tourism industry and the State.

In 2015 MONA announced a major further development of its Berriedale site incorporating a hotel and hospitality operation, further galleries, caravan park and conference facilities. The plans include a high-roller casino.

The Tasmanian Government has indicated through its *'Hodgman Government post-2023 Gaming Structural Framework'* its intent to grant MONA a limited 'high roller, non-residential' casino license.

TICT strongly supports MONA's aspirations for its Berriedale site. We believe it has the potential to stimulate further visitor interest in Tasmania and establish a world-leading cultural and tourism precinct in Tasmania. We accept MONA's view a high roller casino could support the financial sustainability of MONA in the medium to long term, and see no practical reason why MONA should not be afforded a license. In restricting access to the casino to non-Tasmanians and all commercial risk being carried by the operator, there is negligible economic or social risk to the State from granting the license, yet there is significant economic upside for the State from the casino investment and in the long-term securing MONA's operating future.

The attraction of high net-worth individuals to Tasmania to gamble at MONA's casino could have significant direct benefits to other operators and the industry generally, in terms of reputation and awareness, and obvious the opportunity for other operators to leverage this lucrative visitor market.

Federal Group

Federal Group have been the preeminent investor, innovator and leader in the Tasmanian tourism industry for over half a century. From the establishment of Australia's first legal casino, Wrest Point, in 1973, through to the development of Tasmania's first super-luxury resort, Saffire Freycinet, in 2010, Federal Group has led Tasmanian tourism into new visitor markets.

Along the way, Federals have trained, employed and engaged literally generations of Tasmanians in meaningful and sustainable tourism and hospitality careers. Today, Federal Group is the largest private employer in the Tasmanian tourism and hospitality industries, with around 2,000 employees across its two casino resorts and network of hotels.

Following significant structural changes in its tourism operations over recent years with the sale of its regional properties at Strahan, Cradle Mountain and Freycinet, Federal Group continues to evolve and invest in new exciting and world-class tourism activities of state and industry-wide significance. The MACq01 Hotel development on Hobart's waterfront due to open mid-2017, is set to be Australia's first 'story-telling' hotel with a highly innovative and exciting approach to engaging visitors in Tasmania's history and heritage, while the eagerly anticipated sister product for Saffire Freycinet planned for alongside Port Arthur Historic Site, promises to establish another luxury lodge in Tasmania of international significance.

While the company is currently embarking upon a refurbishment of accommodation at the Wrest Point site, there is no doubt both Wrest Point and Country Club Casinos require significant upgrading to remain competitive, particularly with the international visitor market, and in the context of significant hotel investment underway in Tasmania.

TICT endorses Federal Group's proposal to significantly invest in both its casino properties, including a major redevelopment of the gaming and hospitality venues at Wrest Point, and the establishment of a high-quality spa-style retreat at the Country Club. Both these investments will have flow-on benefit to the whole destination in attracting new and return visitor markets to Tasmania, and represents significant stimulus in the local economy.

We believe an upgraded Wrest Point and Country Club will stimulate visitor demand to the State, particularly from the Asian market that are attracted to the general qualities of Tasmania but expect a quality casino-entertainment experience. TICT notes that every major casino development across Australia since Wrest Point was established has incorporated an element of certainty to the operator from the State around gaming licenses

The '*Hodgman Government post-2023 Gaming Structural Framework*' proposes no change to the current arrangements regarding the Federal Group's license to conduct gaming through its two casinos. Over forty-three years as the sole casino licensee in Tasmania, Federal Group has shown itself

to be a highly responsible corporate citizen with a strong commitment to reinvest back into the State. We support the Government's position.

TICT believes a mutually-satisfactory outcome should be reached on a license extension to the Federal Group to operate its two casinos, that provides the company with financial and licensing certainty to facilitate the redevelopments of its two properties as soon as possible.

We believe a license extension to Federals to operate its two casinos, along with the granting of a license to MONA, achieves the best outcomes for both these major operators and is in the best interests of the Tasmanian tourism industry and the State.

Luke Martin
Chief Executive Officer
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