

Casinos, Integrated Resort Developments and Global Tourism Hubs

The Queensland Government recently reframed the debate on whether Queensland needs anymore casinos by introducing a policy supporting 'Global Tourism Hubs'. Prior to Global Tourism Hubs being announced prior to the election, they were known widely as Integrated Resort Developments with a casino licence, and presumably this language has been changed so as to make them softer and more politically palatable to the general public.

And it's clear to see why they did it – what Queensland city wouldn't want to be known as a Global Tourism Hub?! But essentially Global Tourism Hubs will still contain an Integrated Resort Development and a casino.

Despite this change of government jargon and messaging, Clubs Queensland will dispel some common myths around casinos.

Queensland needs more Casinos – Queensland currently has a population of 4.8 million and we have four (4) casinos on the east coast of the State. Victoria with 6.2 million people has just one (1) casino, and New South Wales with 7.8 million people currently has one (1) casino with a second currently being built that will offer 'table games' only. We are already overrepresented by casino offerings – 4nomore!

MYTH BUSTED!

More Casinos are needed to drive tourism – According to official tourism visitor data released by Tourism Research Australia, the International Visitor Survey and the National Visitor Survey, there has been a long-term decline in visitation to casinos. Over the last 10 financial years, the number of overnight domestic visitors going to a casino as an activity in Australia has declined by more than 46% – almost half.

The result is even more serious with the number of overnight domestic visitors in Queensland going to a casino over this period falling 59%, with a drop in eight out of the last 10 years.

The bad news for casinos doesn't stop there with overnight domestic visitors to casinos in Queensland staying for shorter periods – falling from an average of 4.8 nights in 2008 to 2.3 nights in 2017. Over the same 10-year period, the proportion of international visitors who visited a casino during their trip to Australia dropped from 23% in 2008 to 15% in 2017.

MYTH BUSTED!

Casinos only target international high rollers – It's a common fallacy that visitors to a casino only go to play table games. Between 60-80% of an Australian casino's custom is generated from locals who play poker machines and not international visitors who prefer table games.

While there is a long-term decline in the casino business, it is also questionable as to whether a refreshed casino product in Cairns, the Sunshine Coast or another on the Gold Coast would attract higher levels of international visitation. When Queen's Wharf opens in 2022 it will be a far superior casino product so why go anywhere else?

MYTH BUSTED!

Governments need to invest public money in Casinos to create a strong economy – While the Queensland Government is looking to contribute significant public funding towards supporting IRDs / Casinos / Global Tourism Hubs, many community clubs are facing tough economic conditions.

If any new IRD development (that included a casino) was to proceed it will have a detrimental impact on the social fabric of the community where it was located. This is verified by the independent Synergies Economic Consulting report commissioned by Clubs Queensland which was released in May 2016.

The report specifically looked at Brisbane, Gold Coast and Cairns as the locations for proposed IRDs / casinos in Queensland and modelling showed that many community clubs would face significant financial risk and closure. Why spend public money to promote the building of a casino when it will hurt not-for-profit community clubs who are self-sustaining?

Community Clubs in Queensland are membership-based, not-for-profit organisations that exist to provide services to members and the local community. The surplus generated by clubs is used to deliver important and highly valued services including supporting junior sport in their surrounding communities.

MYTH BUSTED!

Increased competition by Casinos are good drivers of economic outcomes – While competition is an important driver of good economic outcomes, it should be noted that community clubs are at a significant competitive disadvantage and face a range of regulatory restrictions which do not apply to casinos, including differences in trading hours, the regulation of player returns, regulations on the conduct of play, max bet, game availability, smoking regulations, etc.

Community clubs are by their very nature not-for-profit which means any revenue they generate is invested back into the community. In contrast, casinos are accountable by way of profits to their shareholders which generally means money is extracted from the local economy. Given the high level of public investment required to create Global Tourism Hubs, is it a prudent use of public monies that will ultimately benefit the IRD / casino operator?

Casinos have vast resources at their disposal so there is little, if any, chance for neighbouring community clubs to survive this increase in competition because of the inevitable 'cut through' of aggressive casino offers in the local market. This is because any proposal for an IRD that would include high end retail shopping, hotels and conventional facilities. These facilities have broad appeal to mass customers – something that a community club, as a member-based association, cannot compete against.

MYTH BUSTED!

Integrated Resort Developments are only good for the community – The potential tourism value IRDs represent is questionable. Building massive IRDs, while prima facie a good thing in creating short-term construction and associated employment as well as tourism infrastructure, has the potential to create mammoth resorts which are essentially a one-stop shop for guests.

Everything one can imagine is available in-house which erodes any motivation for hotel guests to leave the resort to experience the local culture including food and beverage and this impacts all retail and tourism offerings.

It also discourages visitor dispersal across the region and more broadly across the State. So essentially what is created is a tourism hub whereby visitors are so comfortable they miss out on experiencing genuine and authentic tourism offerings like discovering our remarkable outback region. There has been little consideration on the impact these IRDs and additional casino licenses will have on local communities and businesses.

MYTH BUSTED!