F I N A L   R E P O R T

Economic Survey Report

Prepared for the:

Australian Casino Association

1st June 2005

URS

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1.1 Headline Results – Executive Summary

The Australian Casino Association (ACA) 2003/04 Economic Report covers all casino operators located in Australia and has been undertaken by URS Finance & Economics (URS). The headline outcomes of the ACA survey are:

- 13 casinos located across all states and territories;
- approximately 43 million visitors, 2.4 million of which were from overseas;
- revenues to the industry of $3.28 billion;
- community support totalling $40.3 million;
- direct wages and salaries paid to employees totalling $752 million;
- employment for 19,517 in varied number of occupations; and
- output and GDP contribution to the economy valued at approximately $9.2 billion and $6.5 billion respectively.

1.2 Section by Section Executive Summary

Section 1: Introduction

The annual ACA casino industry report provides the industry with a means of highlighting and promoting the activities and the economic importance of the industry to the Australian economy. It is the only regular source of information on the industry, as the Australian Bureau of Statistics (ABS) has not produced a report on the casino industry since 1998/99.

Section 2: About Australian Casinos

The Australian casino industry offers a wide choice of gaming activities as well as a range of other recreational opportunities to visitors whether local, interstate or international including, theatre productions, sporting activities and shopping. Table ES – 1 provides profile information on the entertainment and recreational infrastructure provided by Australian casinos.

ES 1

Key Australian Casino Facilities

Casino Facility	2003/04
Gaming Tables	1,092
Gaming Machines	11,698
Restaurants	85
Bars	82
Hotel Rooms	3,515

Source: ACA Survey data

In addition to the gaming, hotel and restaurant facilities, the casinos industry provides other non gaming facilities, which include:

- 50 entertainment facilities – 29 movie theatres, 5 live theatres, 5 night clubs and 3 amusement arcades and other unspecified facilities;
- 35 sporting facilities – 11 gyms/ health clubs, 2 golf courses, 1 driving range, 10 swimming pools and 6 tennis courts and other unspecified facilities;
- 65 retail shops; and
- 62 convention/ conference facilities.

In 2003/04 the combined visitor numbers in Australian casinos was approximately 43 million. This represents an increase of 2 million or 4.4% on 2002/03 visitors. Of the 43 million visitors 82% of visitors are local, 12% are from interstate, while 6% are international. There has been a 62% increase in international visitors, according to data received, in the 2002/03 survey report. International visitors account for up to 15% of revenue received by casinos. Table ES-2 summarises the visitor data collected.

ES 2

Australian Casino Visitors in 2003/04 ('millions)

Visitor Type	2003/04	% Change
Local	35.3	0%
Interstate	5.2	20%
International	2.4	62%
Total	**42.9**	**4.4%**

Source: ACA Survey data

Section 3: Casino Industry Financials

The headline results for the casino industry financials for 2003/04 are shown in the table below. There was a steady rise in gambling revenue between 2002/03 and 2003/04, with a 4% increase. Expenses remained fairly constant over the period of review. The outcomes are summarised in ES – 3.

ES 3

Summary of Casino Industry Financials

Financial Item	2003/04 ($'b)	% Change
Revenue	3.277	4%
Wages and Salaries	0.752	6%
Other Operating Expenses	1.160	2%
Government Taxes	0.775	14%

Source: ACA Survey data

The Australian casinos make a considerable contribution to Government revenue at the local, state and federal levels. Total taxes and levies paid by the casino industry in 2003/04 amounted to $775.4 million. The major taxes paid by the casinos are gambling taxes, goods and services tax, company tax and payroll tax.

ES 4

Summary of Industry Tax Contributions

Level of Government	2003/04	% Change
State and Local	415.4	3%
Federal	360.0	30%
Total	**775.4**	**14%**

Source: ACA Survey data

Section 4: Socio Economic Contribution

The casinos industry employees 19,517 employees in a range of occupations. The employment numbers, split by employment type, for 2003/04, are shown in the table ES-5.

ES 5

Casino Industry Employment Full and Part Time

Employment Type	2003/04
Full Time Staff	11,130
Part Time Staff	3,643
Casual Staff	4,744
Total Staff	**19,517**

Source: ACA Survey data

Section 5: Economic Impact of the industry

URS has not undertaken any detailed economic impact analysis, but have simply updated the results of last years analysis with the new survey numbers. With this caveat, the economic impact of the casino industry has been estimated at $6.5 billion in GDP. Total economic impact of the casino industry is detailed in table ES – 6.

ES 6

Economic Impact Summaries

Economic Impact Indicator	2003/04
Output ($'billion)	9.2
Value Added ($'billion)	6.5
Household Income ($'billion)	2.2
Employment	46,197

Source: ACA Survey data

To put the annual GDP contribution of the casinos industry into perspective, the contribution of other industries and events, per annum is:

- Sydney Airport $13.6 billion
- Seafood Industry $8.9 billion
- Spring Racing $174 million
- Sydney Port $1.4 billion
- PNG Gas $575 million
- F1 Grand Prix $130.7 million

2.1 About the Report

The Australian Casino Association 2003/04 Economic Report covers all casino operators located in Australia and has been undertaken by URS Finance & Economics (URS). This is the second year that URS has undertaken the Economic Report for ACA, having completed the 2002/03 edition.

The annual casino industry report provides the industry with a means of promoting the activities and the economic importance of the industry to the Australian economy. It is the only regular source of information on the industry, as the Australian Bureau of Statistics (ABS) has not produced a report on the casino industry since 1998/99, although they are currently investigating a re-establishment of the casinos report.

For this edition of the report, URS has not undertaken a detailed economic impact analysis of the industry as the ACA has decided that this process is only necessary on a two yearly basis. The report contains industry survey responses from each of the casinos operating in Australia at the aggregated level.

2.2 Report Process and Survey Data Collected

To obtain the information required to bring together the economic report, a survey was designed by URS, in consultation with the ACA, and was distributed to all Australian casinos. Casinos were requested to provide the following information:

- casino facilities and visitor data
  - number of entertainment and recreational facilities;
  - number of commercial facilities; and
  - number and type of visitors.
- financial and economic data
  - revenue, operating and expenditure; and
  - government revenue and taxation.
- social and community data
  - number of employees and associated characteristics;
  - contribution to community groups; and
  - number of conventions.

When the surveys had been returned to URS, the data provided was collated and aggregated at a casino industry level. Once aggregated, data gaps and omissions were identified by URS and follow up procedures were undertaken with appropriate casinos to clarify and ensure accuracy of data allowing report finalisation. All outcomes shown in the following report are sourced from the survey material unless otherwise stated.

A copy of the survey sent to the Australian casino's can be found in Appendix A.

2.3 Outline of the Report

The report is outlined as follows:

- Section 3: About Australian Casinos;
- Section 4: Casino Industry Financials;
- Section 5: Socio Economic Contributions;
- Section 6: Benchmarked Australian Casino;
- Section 7: Broad Economic Impact Analysis; and
- Section 8: Summary of Key Findings.

3.1 ACA and Australian Casinos

The Australian Casino Association (ACA) is the industry association which represents Australia's thirteen operating casinos. The central role of the ACA is to promote the casino industry as one that is a leader in regulatory compliance and in promoting responsible gambling practices that reflect community expectations of the highest standards of probity and integrity.

The Australian members of the ACA are outlined below.

Table 1

ACA Australian Casino Members

ACA Australian Casino Members
Burswood International Resort Casino, Perth Western Australia
Canberra Casino, Canberra Australian Capital Territory
Conrad Jupiters, Gold Coast Queensland
Conrad Treasury Casino, Brisbane Queensland
Crown Casino, Melbourne Victoria
Country Club, Launceston Tasmania
Jupiters, Townsville Queensland
Lasseters, Alice Springs Northern Territory
Reef Casino, Cairns Queensland
SkyCity Adelaide, Adelaide South Australia
SkyCity Darwin, Darwin Northern Territory
Star City, Sydney New South Wales
Wrest Point Casino – Hobart, Tasmania

Source: ACA Survey data

In addition, Christchurch Casino and Dunedin Casino New Zealand are Associate members of the Association. New Zealand's SkyCity Group (Auckland, Hamilton and Queenstown) is represented through its ownership of SkyCity Adelaide and Darwin.

3.2 Casino Facilities

The Australian casino industry offers gaming and a range of other recreational activities to visitors whether local, interstate or international including, theatre productions, sporting activities and shopping. In terms of gaming activities and associated activities at casinos such as bars, restaurants and hotel facilities.

Table 2

Key Australian Casino Facilities

Casino Facility	2003/04	2002/03	% Change
Gaming Tables	1,092	1,098	-0.5%
Gaming Machines	11,698	11,560	1.2%
Restaurants	85	76	11.8%
Bars	82	80	2.5%
Hotel Rooms	3,515	3,050	15.2%

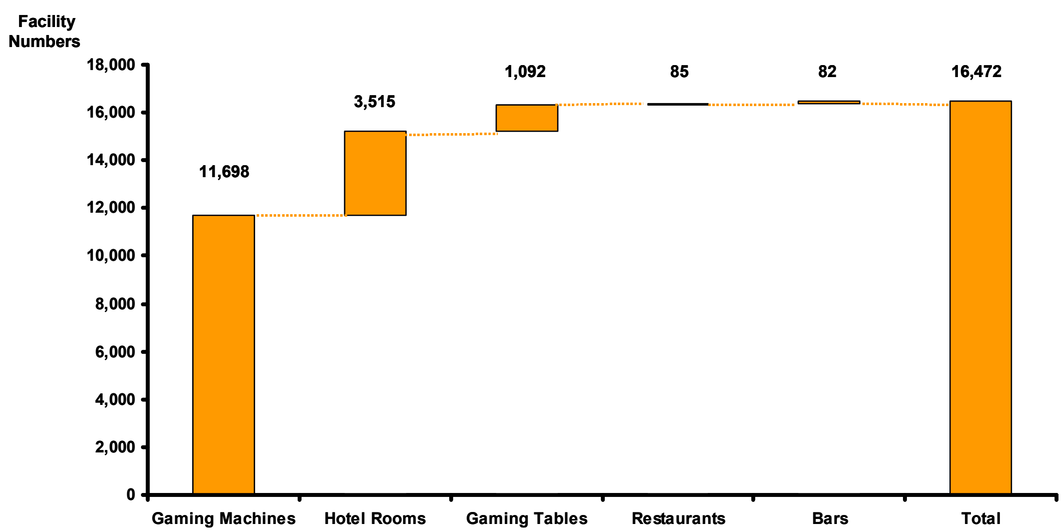
Source: ACA Survey data

There has been approximately half a percentage point fall in the number of gaming tables across the nations casinos, while all other facilities considered at this stage have risen, particularly hotel rooms which have risen 15% and restaurants which have increased in numbers by approximately 12%. This is consistent with outcomes which will be discussed in later sections about the growth of non gaming revenue. The growth in restaurants and hotel rooms, compared with gaming facility growth, shows that casinos are not just gaming locations.

Diagrammatically these facility numbers are presented in Figure 1.

Figure 1

Casino Facility Numbers



Source: ACA Survey Data

The casinos across Australia also offer a varied range of recreation and convention facilities from swimming pools, golf courses to retail shopping outlets. The table below outlines the facilities available for recreational and convention purposes.

Table 3

Recreation and Convention Facilities

Facility	2003/04	2002/03	% Change
Entertainment	50	50	0.0%
Sporting	35	32	9.4%
Retail Shops	65	62	4.8%
Conference/ Convention	62	52	19.2%

Source: ACA Survey data

While the entertainment facilities have not grown (consisting of cinemas, theatres and arcades), there has been a significant increase in both sporting facilities (swimming pools, golf course etc) and conference and convention rooms. Retail shops have experienced a 5% growth over the past 12 months.

Based on the data collected in the 2003/04 survey, the recreational facilities included:

- 50 entertainment facilities – 29 movie theatres, 5 live theatres, 5 night clubs and 3 amusement arcades and other;
- 35 sporting facilities – 11 gyms/ health clubs, 2 golf courses, 1 driving range, 10 swimming pools and 6 tennis courts and other;
- 65 retail shops; and
- 62 convention/ conference facilities.

3.3 Casino Visitors

In 2003/04 the combined visitor numbers in Australian casinos was approximately 43 million an increase of 2 million or 4.4% on 2002/03 visitors. The table below shows the origin and number of casino visitors and compares the 2003/04 to the 2002/03 outcomes.

Table 4

Australian Casino Visitors in 2003/04 (millions)

Visitor Type	2003/04	2002/03	% Change
Local	35.3	35.2	0%
Interstate	5.2	4.3	20%
International	2.4	1.5	62%
Total	**42.9**	**41.1**	**4.4%**

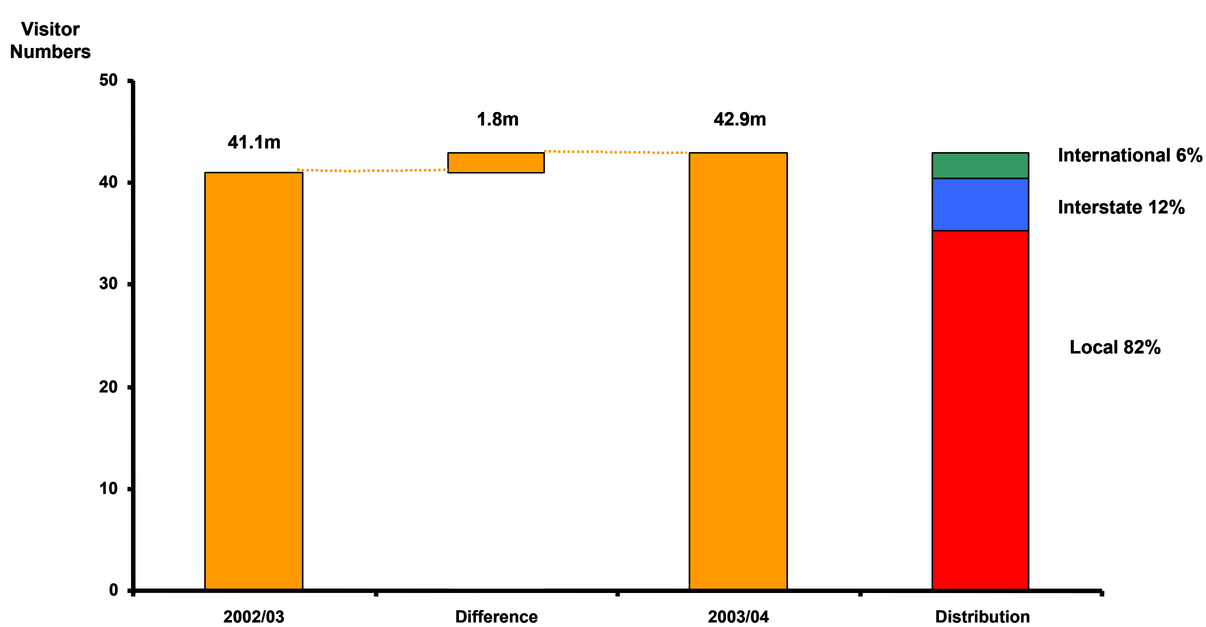
Source: ACA Survey data

Local visitors are the largest users of the casinos facilities with 35.3 million visitors in 2003/04. The was no substantial change in local users between 2002/03 and 2003/04. The interstate visitor numbers have increased 20% from 4.3 to 5.2 million from the previous year. International visitors have increased by 62%, with 2.4 million visitors to Australian casinos.

Diagrammatically the visitor numbers are represented by Figure 2.

Figure 2

Casino Visitor Numbers



4.1 Casino Revenue

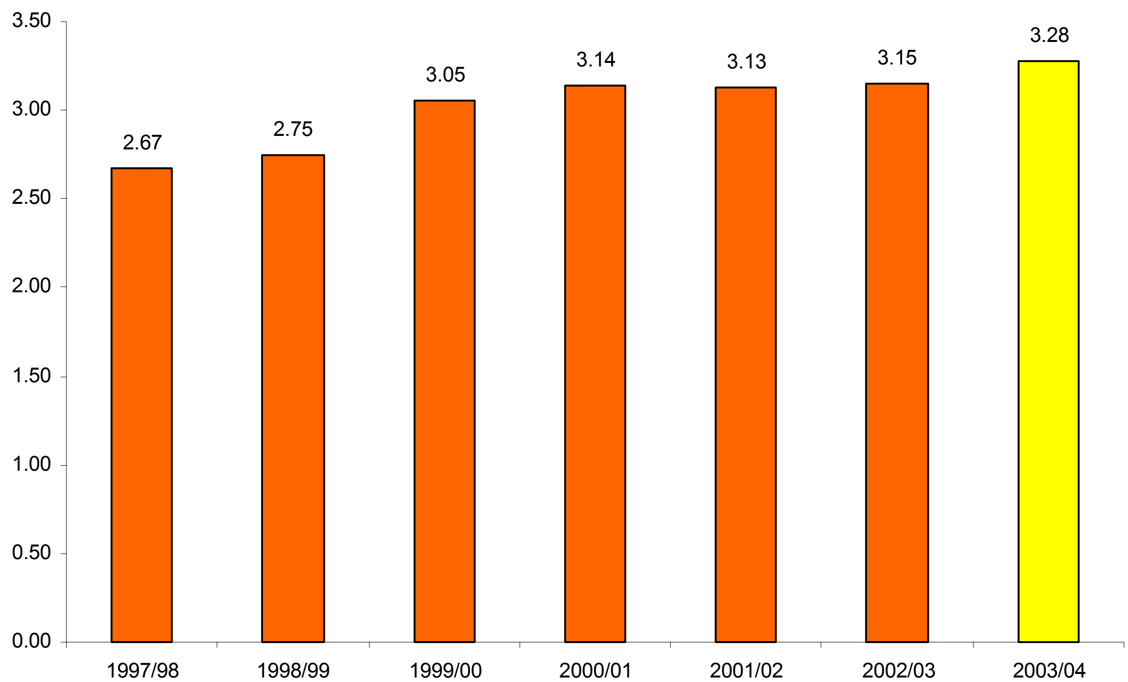
Total revenue for the industry in 2003/04 was $3.28 billion, an increase of 4.2% on the revenue gained in 2002/03 and is higher than the cumulative annual growth rate for casino revenue which is 2.98% p.a, for the period between 1997/98 and 2003/04. The historical growth in overall revenue and the contribution of various elements of the casino industry are presented in the following sections.

4.1.1 Casino Revenue Growth

From figure it can be seen that between 1997/98 and 2003/04, there has been a $0.61 billion increase in revenues received by the casino industry. This equates to an average increase in revenue of $87 million per annum.

Figure 3

Casino Revenue Growth 1997/98 to 2003/04 ($'billions)



Source: ACA Report 02/03 and survey data 03/04.

4.1.2 Revenue Sources

The major source of revenue for the casinos industry is gaming revenue, making up 80% of the $3.28 billion total casino industry revenue for 2003/04. The other significant revenue earners for the casino industry are food and beverage (11%) and accommodation (5%). The remainder of casino revenue consists of entertainment, rents and leasings. Outlined in the table below are the industry aggregated revenue items and the outcomes for 2003/04 compared to the previous years.

Table 5

Industry Revenue by Item ($'000s)

Item	2003/04	2002/03	% Change
Gaming Revenue	2,637.5	2,530.60	4%
Food and Beverage	355.2	357.2	-1%
Accommodation	161.2	131.3	23%
Rent & Leasing	22.8	29.9	-24%
Entertainment	36.9	30.9	19%
Other	63.5	65.3	-3%
Total	**3,277.0**	**3,145.2**	**4%**

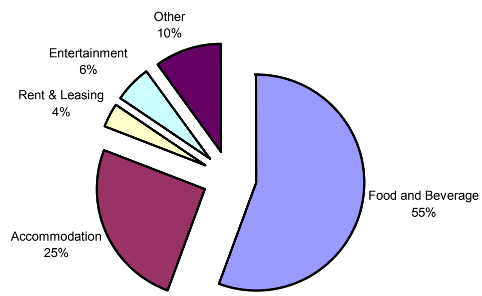
Source: ACA Survey data

There was a steady rise in gambling revenue between 2002/03 and 2003/04, with approximately a 4% increase in revenues gained, which in absolute terms was an $107 million gain. The increase in accommodation revenue, which has increased by 23% over the course of last year, is likely to be associated with the increase in hotel room facilities, which were set out in section 3.2.

A comparison has been made between survey results from 2003/04 and 2002/03. Food and beverage revenue has fallen by 1% across the Australian casino industry. This is the result of large decreases in the revenue reported for food and beverage for three casinos, around 20% each. All other casinos reported an increase in food and beverage revenue of between 5% and 10% for the year. Rent and leasing revenue has fallen 24% across the industry, but this is the result of two casinos, which have had major decreases in rent and leasing revenue. Entertainment revenue increased 19% between surveys. The magnitude of change is based on an increase in the revenue of one casino involved in the survey. The other casinos report small magnitudes of revenue change within the entertainment category. Accommodation revenue has increase by 23% across the survey periods, and is the function of three casinos, in the main, who have experienced growth in accommodation facilities.

Figure 4

Percentage Breakdown of Non Gaming Revenue



Source: ACA Survey data

4.2 Casino Expenditure

Total casino operating expenditure for the industry totalled $1.513 billion in the 2003/04 up 2% on the previous year. Both the operating and capital expenditure from the 2003/04 economic survey are shown in the following sections.

4.2.1 Operating Expenditure

The operating costs have risen by 2% in total for the 2003/04 year. The largest component of cost for the casinos industry is labour, which is made up of wages and salaries and labour on costs. In total labour accounts for 60% of the overall costs within the industry. Food and beverage costs and marketing and promotions are the next greatest cost items with a combined total of 17% of the operating cost percentage. Table 6 sets out the expenditure items and the cost comparisons between 2002/03 and 2003/04.

Table 6

Casino Industry Expenditure by Item 2003/04 ($'millions)

Expenditure Item	2003/04	2002/03	% Change
Wages and Salaries	752.2	711.7	6%
Utilities	45.1	45.2	0%
Food and Beverages & other COGS	129.3	145.2	-11%
Labour On Costs	158.2	124.3	27%
Marketing and Promotion	119.5	95.6	25%
Repairs and Maintenance	43.7	60.8	-28%
Other Costs	265.1	296.8	-11%
Total	**1,513.0**	**1,479.7**	**2%**

Source: ACA Survey data

The major changes in operating cost that have occurred between the 2003/04 and 2002/03 survey are in repairs and maintenance and in COGS. For repairs and maintenance the change in expenditure can be explained by changes within two casinos. The two casinos make up 95% of the change in repairs and maintenance expenditure. One casino alone makes up 65% of the change in expenditure in repairs and maintenance. Major differentials in COGS are associated with one casino, which makes up 95% of the change in expenditure. There are minor directional changes within the other casinos.

4.2.2 Capital Expenditure

The 2003/04 survey is only the second year that capital expenditure has been collected as part of the economic survey. Last year the casinos industry expended $179.5 million on capital investment while in 2003/04 the capital expenditure was $162.4, a 10% decrease. It is reasonable to assume that the capital expenditure figure will oscillate from year to year depending on the number and cost of capital projects undertaken by the casinos. The broad capital expenditure items are shown in the table below:

Table 7

Casino Industry Capital Investment ($'millions)

Capital Expenditure Item	2003/04	2002/03	% Change
Expansion of Facilities	72.8	88.7	-18%
Redevelopment of Facilities	29.7	54.0	-45%
Other Capital Investment (eg Equipment)	59.8	36.8	63%
Total Capital Expenditure	**162.4**	**179.5**	**-10%**

Source: ACA Survey data

The facilities expansion category provides the highest level of capital expenditure, with 45% of all casinos capital investment, but this is followed by the other category, with 37% of capital expenditure, which consists mainly of replacement of existing equipment. The percentage of revenue spent on capital expenditure items by the casino industry is approximately 5%. This compares to a 6% capital investment on revenue ratio for 2002/03.

4.2.3 Government Revenue

The Australian casinos make a considerable contribution to Government revenue at the local, state and federal levels. Total taxes and levies paid by the casino industry in 2003/04 amounted to $775.4 million. This represents an 13.7% change in taxes paid in 2002/03. The major taxes paid by the casinos are gambling taxes, goods and services tax, company tax and payroll tax.

4.2.4 State and Local Government Revenue

The state and local government tax payment made by the casino industry reached $415 million in 2003/04. This represents a 3% increase from the levels on 2002/03. The outcomes of the state and local government tax analysis shown in the table:

Table 8

Casino Contributions to Government – Local and State ($’m)

Types of Tax	2003/04	2002/03	% Change
Gambling Taxes	324.4	316.2	3%
Payroll Tax	42.5	40.8	4%
Rates and Land Tax	19.0	19.8	-4%
Community Benefit Contributions[1]	29.5	27.7	7%
Total	**415.4**	**404.5**	**3%**

Source: ACA Survey data

The increase in government revenue generated by gambling taxes, which equates to 3%, largely accounts for the overall rise in state and local government taxes for the 2003/04 year. Payroll taxes increased by 4%, while rates and land tax fell by 4%. The community benefit contributions increased by 7% for 2003/04. An increase in gambling taxes and community contribution was expected as they are linked to revenue, which in terms of gaming revenue, rose 4% over the course of 2003/04.

[1] Community Benefit Contributions are discussed further in Section 4 – Socio Economic Contribution

4.2.5 Federal Government

The casinos industry are liable for three main federal government taxes, being company tax, goods and services tax and fringe benefits tax. The total payment into the federal tax system by the casinos industry in 2003/04 was $360 million a 30% increase in the level of federal taxes paid in the last report.

The federal government taxes are levied at revenue or EBIT position of a company, given the industry performance of casinos for the last financial year it is not unexpected that the tax levels have increased. Table 9, shows the increases in federal taxes paid between 02/03 and 03/04.

Table 9

Casino Tax Payments - Federal ($'m)

Types of Tax	2003/04	2002/03	% Change
GST	233.0	215.1	8%
Company	124.6	59.7	109%
Fringe Benefits	2.4	2.8	-13%
Total	360.0	277.5	30%

Source: ACA Survey data

From the table it can be seen that company tax has increased by 109% from 2002/03. Company tax is subject to the profitability of the individual casinos and the derivation of their taxable income, the outcomes of which can be diminished for a number of reasons including interest repayment, charitable donations and depreciation. It is not possible to look at revenue increases and operating expenditures to determine which direction company tax should move. GST has increased by 8% indicating an increase in transactions within the casino industry, which is consistent with the earlier revenue and expenditure results.

4.3 Direct Contribution to Australian GDP or Value Added

Value added, or GDP, predominantly consists of wages and salaries and earnings before interest, tax, depreciation and amortisation (EBIT). In terms of total direct value added or contribution to Australian GDP, the casino industry contributed $2.1 billion in 2003/04 with wages and salaries of $0.752 billion, taxation of $0.775 billion and other value added worth $0.603 billion to GDP. These values are outlined and compared to 2002/03 in Table 10.

Table 10

Casino Industry Direct Contribution to GDP ($'billions)

Value Added or GDP Component	2003/04	2002/03	% Change
Wages and Salaries	0.752	0.712	6%
Taxation Contribution	0.775	0.682	14%
Other Value Added	0.603	0.569	6%
Total	**2.131**	**1.963**	**9%**

Source: ACA Survey data

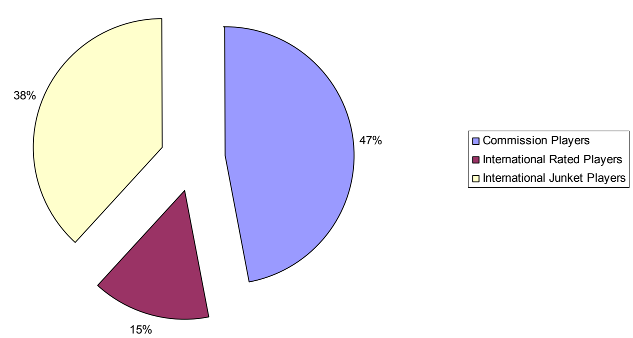
In terms of the casino industry direct contribution of GDP, $2.131 billion in 2003/04, this equates to approximately 65% per cent of total sales of the casino industry ($3.27 Billion), i.e. 65 cents out of every dollar spent at Australian casinos contributes directly to Australian GDP.

4.4 Commission and International Perspectives

Commission and international players accounted for $480.7 million in revenues for the Australian casinos industry. The sources of this revenue are shown in the figure below. International Junket player accounted for 38% of the revenue, international rated players contributed 15% this revenue and commission players accounted for 47% of the commission and international player revenue.

Figure 5

Commissioned and Internationally Sourced Revenue ($'000s)



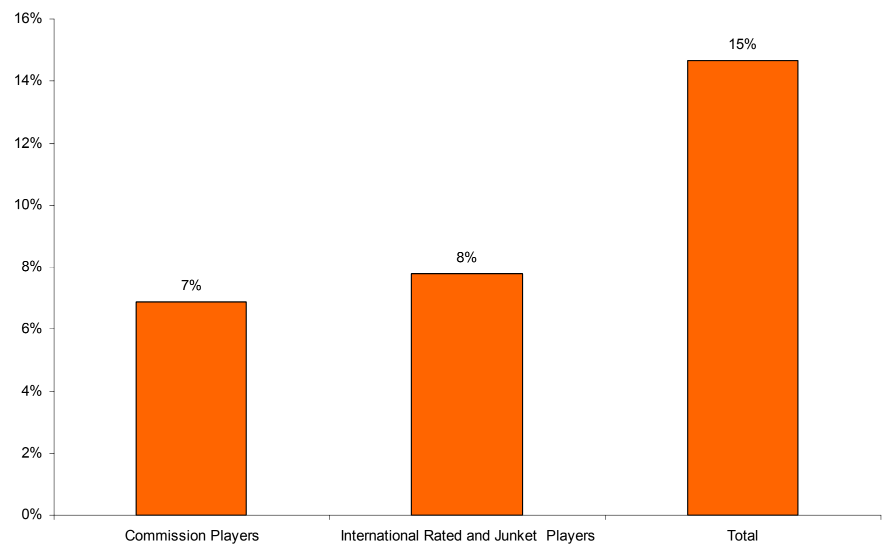
Source: ACA Survey data

In section 3.3 of this report, it was documented that 6% of the visitors to Australian Casinos were international visitors. The figure below shows that approximately 8% of the total casino revenue ($3.28 billion) is sourced from international rated and junket players. This figure does not include the non rated and non junket international visitor revenue, which suggests that the overall contribution of international visitors to revenue exceeds that category's proportion of visitation.

Figure 6, displays the ratio of commission player and international rated and junket player revenue to total casino revenue. These casino players contribute 15% of total overall revenue

Figure 6

Commission and International Player Revenue as a Percentage of Total Casino Industry Revenue



Source: ACA Survey data

The process of gathering information on the impact of international visitors on Australian casinos is a difficult one given that most of the casinos surveyed undertook market surveys for short periods within the year to determine the origin of their customers. The actual levels of international expenditure can not be determined with current information.

5.1 Socio Economic Analysis

The casino industry employs approximately 20,000 people, with a particularly young workforce. The casino industry has a high level of contribution to charity and community groups.

5.2 Employment

Total casino employment is estimated to be 19,517, which is a 0.4% increase on the 2002/03 employment numbers. The following section outlines the survey results relating to the types of occupations, average income levels and employment characteristics.

5.2.1 Occupations and Incomes

There is a large variety of occupational opportunities in the casino industry due the broad range of services offered by casinos including management, hospitality, gaming and security. The table outlines the number of employees in the casino industry by the types of jobs they perform.

Table 11

Casino Industry Employment by Occupation

Type of Occupation	Employee Number 2003/04	Employee Number 2002/03	% Change
Licensed Gaming Staff	7,172	7,701	-7%
Chefs, Bar, Attendants/Waiters, Kitchen Staff	5,678	5,652	0.5%
Managers & Administration Staff	3,742	3,185	17%
Security Staff	1,028	1,089	-6%
Housing & Cleaning Staff	1,508	1,434	5%
Other	389	378	3%
Total	**19,517**	**19,439**	**0.4%**

Source: ACA Survey data

Given the core business of casinos is gaming, the largest number of staff are employed in gaming tasks (37%), however, the growing importance of entertainment and accommodation means that a growing number of employees are involved as chefs, attendants and kitchen staff (29%). Security staff make up

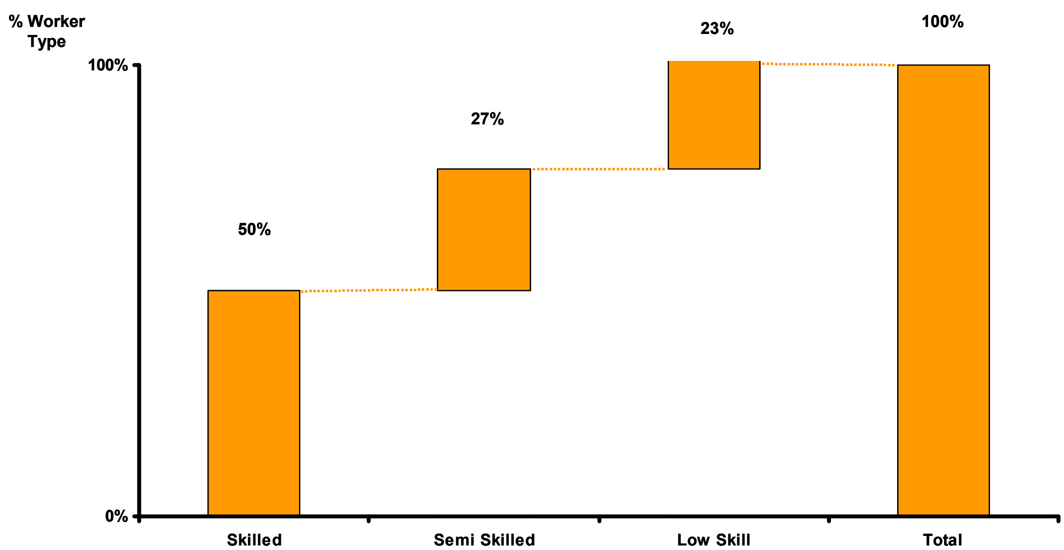
5% of employees, while the cleaning staff account for 8% of workers. Management and administration employees total 19% of all casino employees.

From the table it can be seen that there were falls in employment for gaming and security staff, while all other types of casino employment saw growth of between 0.5% and 17%, between 2002/03 and 2003/04.

In Figure 7, based on employment definitions and job numbers from Table 11, 50% of casino workers are classified as skilled workers, while 27% are classified as semi skilled. Low skilled workers make up 23% of casino industry employees.

Figure 7

Skill Definition Casino Industry Workers



Source: ACA Survey data

The total wages bill for the casino industry was $752.2 million for 2003/04 as set out in the financial outcomes section of this report (Section 3), with an additional $158.2 million in labour on costs . The casino industry employs 19,517 workers, which equates to an average salary per employee of $38,541. When the average salary for casino industry employees is compared to the Australian Bureau of Statistics (ABS) value for average national income for the 2003/04 year, the casino industry is found to have a higher annual salary by approximately 5.2%. The outcomes of yearly comparisons are shown in the table below.

Table 12

Casino Industry Average Income

	2003/04	2002/03	% Change
Australian Economy ($)	37,469	35,890	4.4%
Australian Casino Industry ($)	38,539	36,612	5.2%

Source: ACA Survey data/ ABS average weekly earnings 03/04

The casino industry also provides for education and training of its staff which ultimately adds to the value of these employees to the economy. The amount spent on employee training for the 2003/04 year totalled $9.8 million across the industry which when averaged over the 19,517 employees means that $502 was spent on each employee's training for the 2003/04 year.

5.2.2 Age of Employees and Employment Type

The casino industry is an employer of young people. The results of the 2003/04 economic survey show that 60% of all casino industry employees are below the age of thirty four, while 85% of the casino employees are under forty five. A break down of the age of employees within the casinos industry is shown in Table 13.

Table 13

Casino Industry Employees by Age

Age Group	Employee Number	% Share
18 to 24	4,453	23%
24 to 34	7,142	37%
34 to 45	4,895	25%
45 +	3,027	15%
Total	**19,517**	**100%**

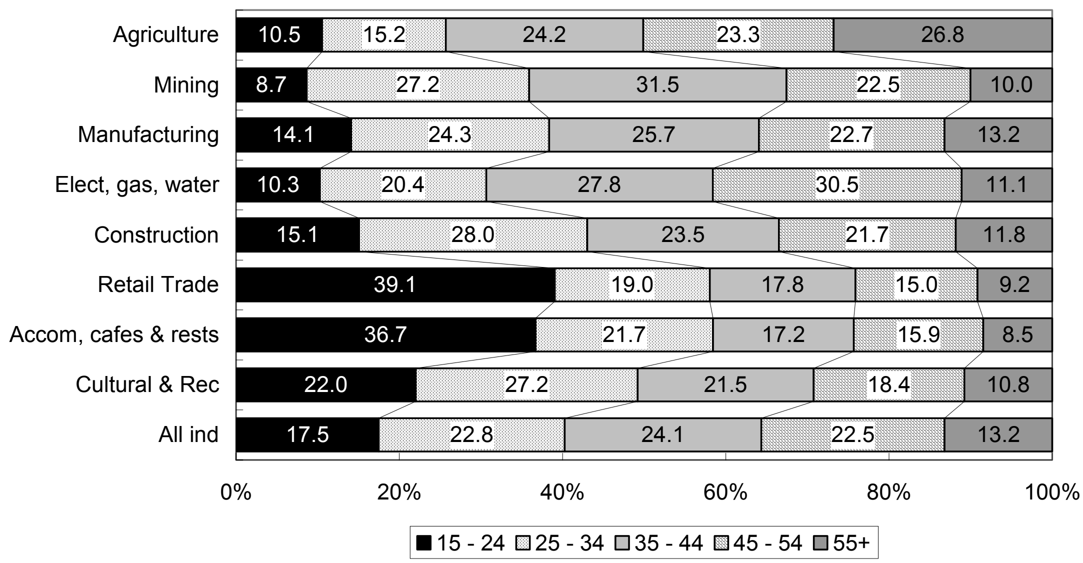
Source: ACA Survey data

Of the 19,517 employees in the casino industry, 57% are full time workers, part time workers make up 19% of the workforce, while the remainder are casual staff (24%). In comparison with the 2002/03 economic report, the number of full time employees has fallen by 1%, while part time and casual positions have increased by 5% and 2% respectively.

In Figure 8 below, it can be seen that for under 25 year old workers, the only industries with a higher percentage of employment in this area are retail trade and accommodation, cafés and restaurants. While in the 25-34 year olds age bracket, the casino industry employs a greater percentage of this group than any of the other industries represented in the figure (37% in the casino industry versus a range of 16% to 27% in the all industry outcomes).

Figure 8

Age profile of selected industries (% of industry) 2004



Source: Department of Industry, Tourism and Resources – The Impact of Ageing on Industry, 2004.

The distribution of employment type within the casino industry is displayed in Table 14:

Table 14

Casino Industry Employment Full and Part Time

Employment Type	2003/04	2002/03	% Change
Full Time Staff	11,130	11,235	-1%
Part Time Staff	3,643	3,450	6%
Casual Staff	4,744	4,641	2%
Total Staff	**19,517**	**19,326**	**1%**

Source: ACA Survey data

5.3 Contribution to the Community

The casino industry contributes financially to the community over and above the taxes that are paid to local, state and federal levels through the community.

5.3.1 Community Benefit Fund

Community benefit funds were established, and are regulated, by state governments in New South Wales, Queensland, Victoria and Western Australia. The key objective of these funds is to support local community and social projects such as gambling treatment services, hospital foundations, sporting clubs and youth organisations.

In 2002/03 the community benefits contributions of the casino industry were $27.6 million. In 2003/04 the contribution of casinos to the various state benefit funds was $29.5 million, an increase of approximately 7% for the year.

5.3.2 Other Community Contributions

The Australian casino industry makes additional community contributions above and beyond what is contributed via the state based community contribution schemes. These contributions include donations to charities, specific community groups, sports clubs and special events.

Table 15

Casino Industry Contributions ($'millions)

Contribution Type	2003/04	2002/03	% Change
Community Groups	5.9	6.4	-7%
Sponsorship of Cultural Events	2.7	2.9	-8%
Problem Gambling	1.5	1.5	0%
Charity	0.6	0.9	-32%
Special Events	0.1	0.05	80%
Total	**10.8**	**11.7**	**-8%**

Source: ACA Survey data

Community groups received $5.9 million in 2003/04 (7% reduction from last survey), sponsorships of cultural events received $2.7 million (8% reduction), problem gambling $1.5 million (no change), charity donations received $0.6 million (32% reduction), and special events received $0.1 million (80%) increase from casinos. Overall, the industry community contribution for 2003/04 is $29.5 million, in community contributions, and $10.8 million in other community spending, for a total of $40.3, an increase of 2.5% on last years community spending.

5.4 Social and Economic Issues Confronting Casinos in 2004/05

The ACA casino industry survey developed by URS had a section dedicated to identifying approaching issues within the casinos industry to determine what the qualitative effect of these events would be. Broadly, the issues identified and discussed can be divided between social and economic issues. This particular part of the survey was optional and responses were limited, however a number of issues can be captured and bought out for discussion, although can not be thought of as definitive, given the response rates.

5.4.1 Economy

Generally, the responses to the state of the economy for the coming year, by the Australian casinos, was positive with predictions of a stable or positive outcome for the economy. According to responses, the economic improvements are to come from:

- overseas economic upturns;
- improvements in domestic travel levels; and
- decreasing security concerns.

5.4.2 Smoking Bans

The smoking bans legislation, which are to effect most states in Australia and hence most of the Australian casino industry, is being enacted over the coming year in most jurisdictions. The casinos were asked what affect this would have on profitability, patronage and worker satisfaction.

The response rate was small, but of the responses received the general outcomes discussed were:

- an even response on the direction of profitability;
- a small positive on the rate of patronage; and
- an improvement in worker satisfaction.

In this Section, a representation of the average casino has been developed on the basis of its physical, financial and employment attributes. These numbers were produced using information gained in the ACA survey.

6.1 Physical Attributes

The average physical make up of an Australian Casino is shown in Table 16. The average casino has 84 gaming tables, 900 poker machines and 259 hotel rooms. The average casino also has sporting and entertainment facilities, including live theatres, cinemas and swimming pools.

Table 16

Average Casino – Physical Attributes

Facility/ Attribute	Number
Gaming Tables	84
Poker Machines	900
Restaurants	7
Bars	7
Hotel Rooms	259
Conference Facilities	5
Live Theatres	1
Movie Theatres	3
Amusement Arcades	1
Nightclub	1
Gymnasiums	1
Swimming Pools	1
Tennis Court	1
Retail Shops	5

Source: ACA Survey Data

The average visitor number to an Australian casino on a yearly basis is 3.3 million people. This consists of 2.71 million local visitors, 400,000 interstate visitors and 190,000 international visitors.

Table 17

Average Casino – Visitors Attributes

Visitor Type	Millions
Local	2.71
Interstate	0.40
International	0.19
Total	3.30

Source: ACA Survey Data

Based on the average visitor numbers, an average spend per visitor has been developed for the Australian casino industry. The results are shown in Section 6.2.

6.2 Financial Attributes

The average Australian casino receives $252 million in revenue per annum and faces expenses of $153 million. The expenditure within the average casino includes $60 million in taxes to all levels of government and wages equal to $58 million per annum.

Table 18

Average Casino – Financial Attributes

Financial Attribute	$'m
Revenue	252
Expenditure*	153
Taxation	60
Wages	58

Source: ACA Survey Data

* Expenditure includes wages and taxes.

The gaming revenue in the average scenario is $202 million. Using the gambling table and machine numbers from Section 6.1 (984), the average revenue per piece of gambling equipment is $206,179 per annum.

The average casino financial attributes allow other benchmarking to be undertaken against revenue:

- expenditure as a proportion of revenue – 61%;
- taxation as a proportion of revenue – 24%;

- wages as a proportion of revenue – 23%;
- average spend per visit on gaming - $62; and
- average total spend per visit - $76.

6.3 Employment

The average Australian casino employs 1,499 people in a range of positions. The employees at the average casino would include 289 Administrative and management staff, 552 gaming staff, 555 hospitality staff and 103 other (security, maintenance and others).

Table 19

Average Casino – Employment Attributes

Employment Type	Number
Full Time Staff	854
Part Time Staff	280
Casual Staff	365
Total Staff	**1,499**

Source: ACA Survey Data

Using the average revenue and the number of employees, the revenue per employee is $168,164.

7.1 Economic Impact Analysis

In the 2002/03 study, URS undertook detailed economic impact analysis of the casino industry on the Australian economy, using input output analysis techniques and the data collected from the casino industry survey. For the 2003/04 study, URS is not tasked with developing a detailed economic impact study, but has undertaken a brief analysis using the same parameters used in the 2002/03 study.

Economic impact analysis measures the total economic contribution of a project, business operation or industry, such as the casino industry, on a regional, state or national economy. The economic impact analysis completed as part of the 2002/03 study was done on a national basis, the update undertaken as part of this study is also done on a national basis.

7.1.1 Types of Economic Impacts and Indicators

There are two basic components of economic impact analysis – a direct component and a flow on component. The direct employment and economic activity impacts of a casino and the casino industry are, typically, obvious, eg the number of staff employed by the casino. Flow on impacts generated by the casino industry are not so obvious, they are the subject of the “multiplier effect” of direct activity.

URS normally provides four key economic indicators when undertaking an economic impact analysis. These include:

- output: the total value of sales;
- value added: an approximation of the contribution to Gross Domestic Product (GDP), consisting of gross operating surplus and wages/ salaries of employees;
- household income: the wages/ salaries before tax of employees; and
- employment: the total number of employees.

7.1.2 Economic Impact Results

As stated at the beginning of this section, URS have not undertaken any detailed analysis, but have simply updated last years economic impact analysis with the new survey numbers. The total economic impact of the casino industry was estimated to:

- generate $9.2 billion in output;
- contribute $6.5 billion to Australia’s GDP;
- provide $2.2 billion in household income; and
- employ 46,197 people (full and part time).

A comparison with the economic impact results from 2002/03 is made in Table 20, showing the increasing economic impact of the casino industry on the Australian economy.

Table 20

Economic Impact Summaries

Economic Impact Indicator	2003/04	2002/03	% Change
Output ($'billion)	9.2	8.6	7%
Value Added ($'billion)	6.5	5.9	10%
Household Income ($'billion)	2.2	2.1	6%
Employment	46,197	46,012	0.4%

Source: ACA Survey data

Caution should be used when using the economic impact numbers for 2003/04, given the limited analysis that has been undertaken on the calculations and the formulating of the economic impacts.

To put the annual GDP contribution of the casinos industry into perspective, the contribution of other industries and events, per annum, is:

- Sydney Airport $13.6 billion
- Seafood Industry $8.9 billion
- Spring Racing $174 million
- Sydney Port $1.4 billion
- PNG Gas $575 million
- F1 Grand Prix $130.7 million

More than Gaming

The casino industry provides more services than just gaming. There has been continued development of non gaming facilities at all of the Australian casinos, with assets ranging from hotels to sports and entertainment facilities. There is a greater level of growth in the provision of non gaming facilities in comparison to gaming facilities within the casino industry. Casino revenue is still dominated by gaming, which makes up 80% of casino revenue.

Large Tax Contribution

The casino industry contributes a large amount of revenue to government agencies through taxation. The casino industry contributes 24% of revenue in taxation to various levels of government.

Export Component

A proportion of the visitors to Australian casinos are from overseas (6%) which means the economic impact on the Australian economy of casinos is likely to be greater relative to other forms of gaming/gambling in Australia. International rate and junket players contribute 8% of total casino revenue in Australia.

Employment Component

Casinos are a large employer across many age groups. Of the 19,517 employees, 50% are considered skilled workers. There are a wide range of job opportunities, with a range of skill levels, offered within the casino industry. Compared to industry averages, the casino industry employees are large proportion of young workers.

Australian Casino Association

Economic Conditions Survey

SECTION 1: YOUR CONTACT DETAILS

Please insert your contact details in the event we need to contact you regarding the data provided.

Name: ______________________________

Position: ______________________________

Casino: ______________________________

Business Address: ______________________________

Phone: ______________________________

Email: ______________________________

SECTION 2: ABOUT YOUR CASINO

The information requested in this section seeks to determine the scale and diversity of casino operations along with the identification of the types of casino visitors.

(i) Please insert the number of entertainment and accommodation facilities in the Table below along with the amount of floor space allocated to each of the facilities:

Entertainment / Accommodation Facility	Number	Floor Space (sqm)
Gaming Tables		
Poker Machines / EGMS		
Restaurants Operated by the Casino		
Restaurants Operated by Tenants		
Bars		
Hotel Rooms 4 star rooms 5 star rooms 6 star rooms Serviced Apartments		

Total		
Other (please specify)		

(ii) Please insert the number of commercial or recreational facilities in the Table below along with the amount of floor space allocated to each of the facilities:

Commercial and Recreational Facility	Number	Floor Space (sqm)
Conference Facilities		
Entertainment Facilities Live Theatres Movie Theatres Amusement Arcades Other (please specify) Total		
Sporting and Recreational Facilities Gymnasiums Swimming Pools Other (please specify) Total		
Retail Shops		
Other (please specify)		

(iii) Please insert the number of visitors by category in the Table below:

Type of Visitors	Number
Number of Local / State Visitors	
Number of Interstate Visitors	
Number of International Visitors	
Total Number of Visitors	

SECTION 3: ECONOMIC IMPACT DATA

The information requested in this section seeks to determine the types of revenue and cost (including capital expenditure) generated by casinos allowing URS to measure the industries direct impact on the economy. This information also enables URS to identify and measure economic flow on impacts based on expenditure items purchased by the industry to ascertain the total economic impact of the industry on the economy.

(i) Please provide your total revenue for the last financial year along with a break down of typical revenue sources in the Table below:

Revenue Item	$
Total Gaming Revenue	
Accommodation	
Food and Beverage	
Rent, Leasing and Hiring	
Entertainment	
Other (please specify)	
Other (please specify)	
Other (please specify)	
Total Revenue	

(ii) In terms of internationally sourced gaming revenue, please provide an estimate according to the categories outlined in the Table below:

Type of International Players	International Gaming Revenue
Commission Players	
International Rated Players	
International Junket Players	
Total	

Note: only commission players and international rated players.

(iii) Please provide your total operating expenditure along with a break down of major operating expenditure items excluding depreciation, interest and taxation in the Table below:

Expenditure Item	$
Wages and Salaries	
Utilities	
Repairs and Maintenance	
Marketing and Promotion	
Other (please specify)	
COGS – Food and Beverage	
Other COGS (please specify)	
Other COGS (please specify	
Total Expenditure	

(iv) In terms of capital expenditure, please provide amounts incurred during the year for the expansion of facilities, redevelopments or other purposes:

Capital Expenditure Item	$
Expansion of Facilities	
Redevelopments or Refurbishments	
Other (please specify)	
Total Capital Expenditure	

(v) Please estimate by percentage the sources of your expenditure items, i.e. please provide a management estimate of the value of purchases based on geographical source:

Expenditure Item	% Locally Sourced	% State Sourced	% Australian Sourced	% Overseas Sourced
COGS				
Other Operating Expenditure				
Capital Expenditure				

Note: The purpose of the above data request is to ascertain the source of expenditure items (business inputs) to assist in the economic impact analysis. For example, if business inputs such as food and beverages were purchased from overseas the economic impact would be minimal, as all factors of production utilised to produce these goods would have been employed from outside of Australia, resulting in little economic activity being generated in the Australian economy. Obviously, it may be difficult to judge the exact source of business inputs, however, your estimate is likely to be better than a non-casino industry view.

SECTION 4: GOVERNMENT REVENUE DATA

The information requested in this section is seeking to determine the amount and types of taxes paid to various levels of Government including the Community Benefit Levy. This information is critical in calculating GDP and along with assisting URS in the economic impact modelling.

(i) Please provide the total amount of tax paid and charges to all levels of government in the Table below:

Type of Tax and Level of Government	$ Tax Revenue
Commonwealth	
Company Tax	
GST	
Fringe Benefits Tax	
Other (please specify)	
State	
Gaming Tax	
Payroll Tax	
Land Tax	
Other (please specify)	
Local	
Government Rates	
Other Charges	
Casino Community Benefit Levy (if applicable)	

(ii) In terms of total gaming tax revenue, please provide an estimate according to the categories outlined in the Table below:

Type of Gaming Tax	$ Tax Revenue
Individual Commission Taxes	
Group Commission Taxes	
Rated Player Taxes	
Other Taxes	
Total	

SECTION 5: SOCIAL AND COMMUNITY DATA

The information requested in this section is seeking to determine socio- economic characteristics in terms of people employed, their skills, training and casino involvement in the community. This type of information will allow URS to outline the skills of staff involved in the industry compared to the whole of Australia, the investment in people and the financial contribution to the community.

(i) Please provide the total amount of salaries / wages paid to staff along with an estimate of the number and value of training supplied to staff over the year in the Table below:

Type of Employees	Staff Numbers	($) Salaries
Full Time Staff		
Part Time Staff		
Casual Staff		
Total Staff		
Investment in Staff Training*		

*Note: Please insert staff numbers involved in training and the value of training *(ii) Please provide a break down of the total number of staff by the categories outlined below:*

Category	Staff Numbers
Managers and Administrators	
Other Clerical and Administrative Staff	
Licensed Gaming Staff	
Chefs	
Bar Managers and Attendants	
Waiters and Waitresses	
Kitchen Hands	
Security Officers and Surveillance Staff	
Maintenance Staff	
Cleaning Staff	
Housekeeping Staff	
Total	

(iii) Please provide a break down of the total number of staff by the following age categories outlined in the Table below:

Age Group	Staff Number
18 to 24	
25 to 34	
35 to 45	
45 +	
Total	

(iv) Please provide amounts of funding provided to community and sporting groups ***excluding the Community Benefit Levy*** *in the Table below:*

Community Groups	$	Please Specify Groups Funded (e.g. G-Line)
Charity		
Community or Cultural Events*		
Marketing / Branding via Sporting and Event Sponsorships*		
Special Events or Causes		
Problem Gambling Services		
Other (please specify)		
Total		

*Note: We wish to make the distinction between funds provided purely for marketing / branding purposes and those made as a part of the contribution to the community, eg assisting in hosting or facilitating community or cultural activities for the benefit of the community.

(v) Please provide information on conventions or conferences held at the casino during 2003/04 by the categories outlined in the Table below:

Item	Number
Number of International Conventions or Conferences	
Number of National Conventions or Conferences	
Number of Local Conventions or Conferences	
Total Number of Conventions or Conferences	
Total Number of People Attending Conventions or Conferences	

SECTION 6: INDUSTRY VIEWS AND EXPECTATIONS

Please note: Any information provided in this section is not for public release without the prior approval of all National Council members. In any event, you are under no obligation to answer this section. This section will not form part of the Economic Impact Study.

(i) Please outline and comment on the factors you think have had a positive impact on your casino's financial performance over the last year? (Mark with "X")

General Economic Conditions

Consumer/Business Confidence ☐ GDP/Household Income ☐

Interest Rates ☐ Exchange Rates ☐

Other Comments/Explanations ____________________

____

____

Tourism Numbers

O/S Economic Upturns ☐ Domestic Travel Upswing ☐

No Medical Epidemics ☐ Terrorism/War ☐

Other Comments/Explanations ____________________

____

____

Government Regulations

Smoking Regulations ☐

Advertising ☐ Other ☐

Other Comments/Explanations ____________________

____

____

Other Factors (please specify) ____

____

____