

THE AUSTRALIAN CASINO INDUSTRY

Economic Report 2006 - 2007

This report focuses on the Australian casino industry and its impact on the Australian economy for the year 2006/07.

The Australian Casino Association
April, 2008



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THE AUSTRALIAN CASINO INDUSTRY

1 EXECUTIVE SUMMARY

The Australian Casino Association’s (ACA) Australian Casino Economic Report is a comprehensive study of all casino operators across Australia. The current report marks the twelfth year that the study has been undertaken.

The report focuses on the Australian casino industry and its impact on the Australian economy for the Financial Year 2007. Key findings include:

- the industry generated gross revenue of \$3.676 billion and value added;
- while purchased inputs reached a worth of \$2.235 billion;
- the industry also paid \$1.006 billion in taxes and managed 47.9 million visitors.

Additional findings of the Australian casino industry in FY 2007 are set out below:

| ABOUT THE AUSTRALIAN CASINO INDUSTRY | IN FY 2007 THE AUSTRALIAN CASINO INDUSTRY WAS ESTIMATED TO: |
|---|--|
| Consists of 13 casinos located across all States and Territories of Australia... | Contributes \$2.907 billion to the Gross Domestic Product of the Australian economy... |
| Supports Australian goods and services, with 85-100% of all COGS expenditure purchased from national sources... | Which means that 79 cents in every dollar spent in a casino goes back into the Australian economy... |
| Attracts 48 million Australian and international visitors who spend over \$3.6 billion per annum... | Produces Gross Domestic Product contribution that is approximately 1% of total Australian economy... |
| Attracts 2.5 million international visitors per year, which is 45% of all overseas visitors... | Provides \$1.006 billion in revenue to Federal, State and Local Governments – which amounted to 27% of total gaming revenue... |
| Provides 13,499 gaming machines and tables, 3,843 hotel rooms and a range of recreational, entertainment and sporting facilities... | Directly employs 19,917 employees of whom 81% are under the age of 45years.... |
| Contributes to a range of community funds, activities, charities, events and sponsorships to the value of over \$41 million... | Provides \$1.017 billion of salaries and wages to Australian households.... |
| And provides facilities for over 3,350 conferences with 592,567 conference delegates. | And pays above average wages and salaries to employees. |

2 INTRODUCTION

2.1 About the Report

The Australian Casino Association (ACA) 2006/07 Australian Casino Economic Report is a comprehensive study of all casino operators located in Australia. The current report marks the twelfth year that the study has been undertaken, with the last four editions providing key benchmark data that has been consolidated in this year's report where applicable.

The annual casino industry report provides the industry with a means of promoting the contribution and economic importance of the industry to the Australian economy. 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

Two key tasks were involved in the preparation of the Australia Casino Industry Economic Report:

- Industry Survey – designed to gather information on the physical, financial and socio-economic aspects of the casino industry; and
- Results Analysis – producing a summary of results for use by the industry, measuring the contribution that the casino industry makes to the wealth and prosperity of Australia.

The industry survey was distributed to all thirteen Australian casinos in order to obtain the economic data that was then analysed and reproduced in this report. Casinos were requested to provide the following information:

- casino physical factor data:
- number of entertainment and recreational facilities;
- number of accommodation facilities;
- number of commercial facilities;
- number of smoking areas; and
- number of visitors and their origin.
- financial and economic data:
- revenue, operating and expenditure; and
- government revenue and taxation.
- social and community data:

- number of employees and associated employees
- characteristics;
- contribution to community groups; and
- number of conventions.
- focus on poker:
- number of tables; and
- revenue and capital expenditure.

The data provided by each casino in the survey was collated and aggregated at a casino industry level. Once aggregated, data gaps and omissions were identified by the ACA 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.

Where comparisons have been made with current casino data to the previous four years of information, there are two growth measures used throughout the report to explain changes in the economic indicators:

- compound annual growth rate (CAGR) is a method of assessing the average growth of a value over time, and serves to describe the rate of growth if the indicator grew at a steady rate; and
- average annual growth rate (AAGR) is a method of determining the average increase in the value of an indicator over the period of a year.

Unless stated, the CAGR and the AAGR rates are calculated on 2002/03 to FY 2007 changes, using data collected for the previous four reports. The results of the industry survey and results analysis phases of the study are contained in the remainder of the report.

3 AUSTRALIAN CASINOS

3.1 ACA and Australian Casinos

The ACA is the industry association that represents Australia’s thirteen regulated 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 gaming practices that reflect community expectations of the highest standards of probity and integrity. Australian casinos operate in total compliance environments and are subject to rigorous standards of compliance. They pay a premium for the right to operate and this is borne out in the results that are outlined in the report.

The Australian members of the ACA are outlined in figure 3.1.

These thirteen casinos have all been included in the 2006/07 Australian Casino Economic Report.

| AUSTRALIAN CASINO ASSOCIATION AUSTRALIAN MEMBERS |
|---|
| Burswood Entertainment Complex, Perth WA |
| Casino Canberra, Canberra, ACT |
| Conrad Jupiters, Gold Coast, QLD |
| Conrad Treasury Casino, Brisbane, QLD |
| Crown Entertainment Complex, Melbourne, VIC |
| Country Club, Launceston, TAS |
| Jupiters, Townsville, QLD |
| Lasseters, Alice Springs, NT |
| Reef Casino, Cairns, QLD |
| SkyCity Adelaide, Adelaide, SA |
| SkyCity Darwin, Darwin, NT |
| Star City, Sydney, NSW |
| Wrest Point Casino, Hobart, |

FIG. 3.1

4 CASINO FACILITIES: GAMING FACILITIES

In FY 2007 the Australian casino industry has continued recent trends in increasing the number of all key facilities offered to visitors. Australian casinos are multi faceted entertainment complexes that offer a broad range of facilities that are not just gaming oriented but also include bars, restaurants and hotel facilities, theatres, convention centres and retail. Casinos are destination venues that attract not only local customers but also interstate and international customers.

Table 4-1 Number of Key Casino Facilities

| <i>Facility</i> | <i>2002/03</i> | <i>2003/04</i> | <i>2004/05</i> | <i>2005/06</i> | <i>2006/07</i> | <i>% Change CAGR</i> | <i>% Change AAGR</i> |
|---------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|--------------------------|
| Gaming Tables | 1098 | 1092 | 1115 | 1233 | 1265 | 3.6% | 3.7% |
| Poker Machines/EGMS | 11560 | 11698 | 12035 | 12077 | 12234 | 1.4% | 1.4% |
| Restaurants | 76 | 85 | 85 | 88 | 78 | 0.7% | 1.0% |
| Bars | 80 | 82 | 83 | 82 | 83 | 0.9% | 0.9% |
| Hotel Rooms | 3050 | 3515 | 3517 | 3808 | 3843 | 5.9% | 6.1% |

As shown in Table 4-1, there has been a steady increase in the number of gaming tables provided by the casino industry over the past five years which in part can be explained by the increase in the number of poker tables that have been provided as the game's popularity has increased over the last three years.

4.1 Conferences – Convention Focus

Conferences and conventions are an important source of casino visitation and revenue generation. The overall number of convention/conferences has grown at a CAGR and AAGR of 9.6% and 20.7% respectively since FY 2003. Further in FY 2007 there was a 25.3% increase in total conference/convention numbers from the previous year. This can be explained by the significant increase in local conference/convention numbers which experienced a 56.6% increase from the previous year.

As seen in fig 4.1 the total number of people attending conventions or conferences has remained steady from the previous year. Over the past five years, the number of people attending conventions or conferences has increased by CAGR and AAGR of 23.5% and 25.1% respectively.

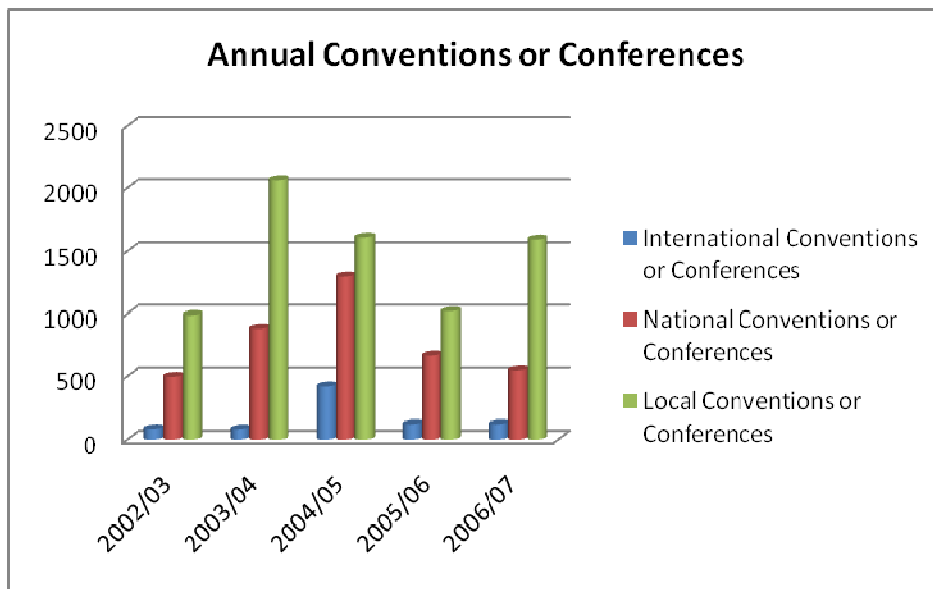


Fig 4.1

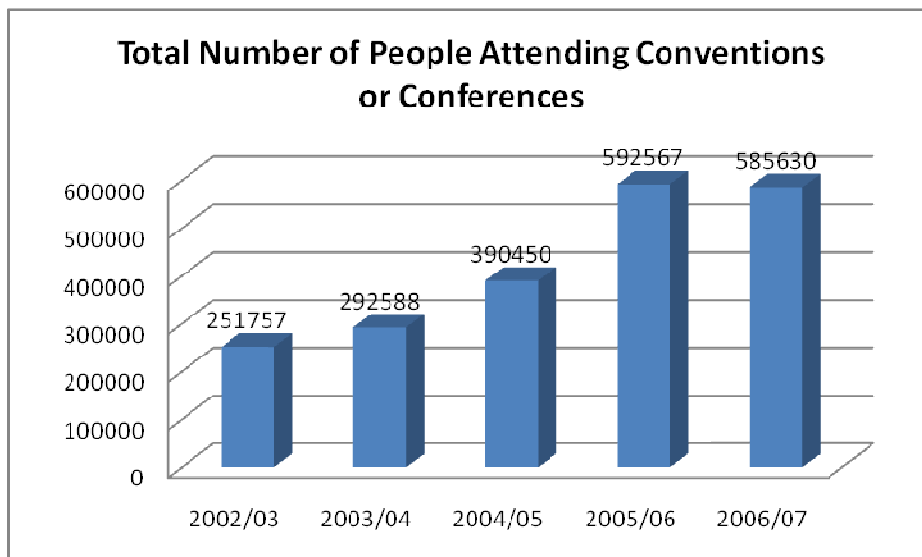


Fig 4.2

4.2 Revenue

In FY 2007, total revenue generated by Australia’s 13 operating casinos reached \$3.68 billion which was an increase of \$60 million over the previous year, representing an increase of 1.7%.

Overall, there has been a \$1.01 billion increase in revenues received by the casino industry between FY 1998 and FY 2007. This equates to an average increase in revenue of \$112 million per annum or, an average annual growth rate of 3.69% over the 10 year timeframe. The compound annual growth rate for this period was 3.63%.

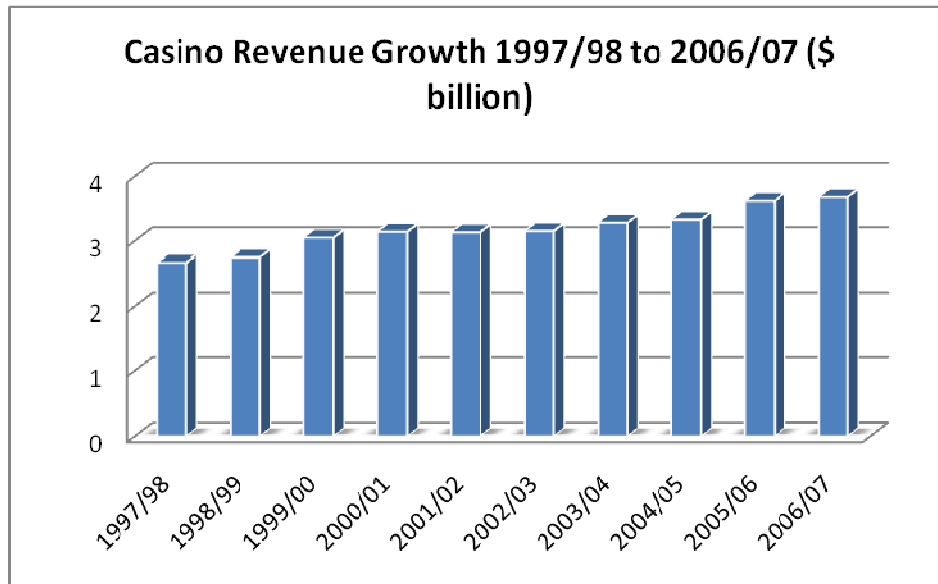


Fig 4.3

4.2.1 Revenue Sources

Gaming revenue was the major source of revenue for the casino industry, which represented 78% of the total casino industry revenue in FY 2007. The other significant earners for the casino industry were food and beverage (12%) and accommodation (5.6%).

Although gaming revenue accounts for most of the revenues generated by the casino industry, it grew by just 0.7% from the previous year to \$2.88 billion, following strong growth of 8.7% in the previous year.

In FY 2007, non-gaming revenue was the major driver for the growth in revenue generated from the casino industry – which reflects the total entertainment experience offered by Australian casinos. While non-gaming revenues accounted for 22% of the total casino revenues in FY 2007, it accounted for 66% of the increase in revenue from FY 2006 to FY 2007. In particular, there was an 86.2% increase in revenues generated from entertainment from the previous year and it accounted for 34.1% increase in total casino revenues, despite only constituting 1.2% of total casino revenue. This can be attributed to the gains from the significant increase in capital investment during FY 2006 to expand, redevelop and refurbish facilities.

On the whole, total non-gaming revenue has shown a compound and average annual growth rate of 6.7% and 6.8% respectively, from FY 2003 to FY 2007.

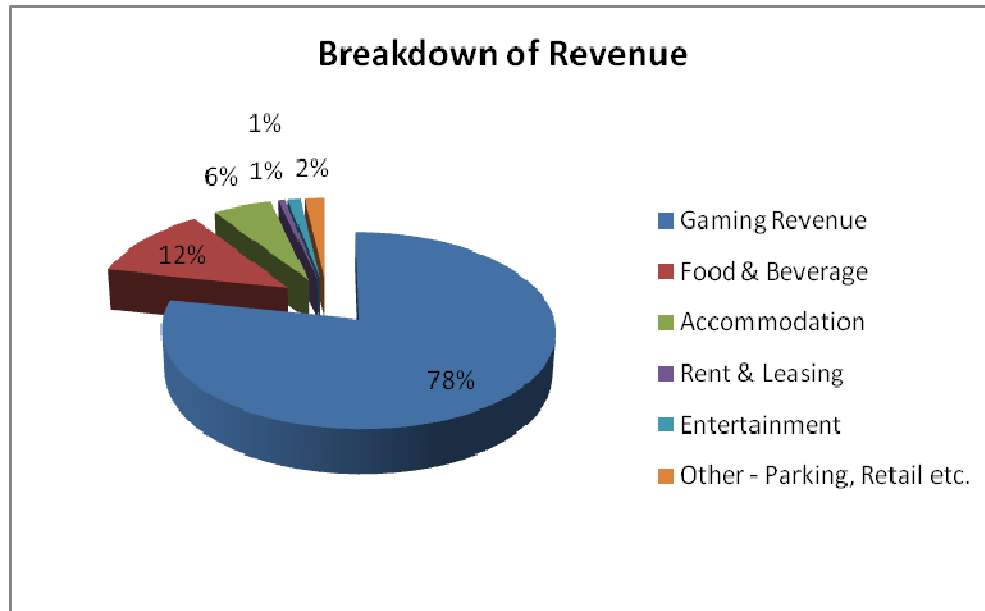


Fig 4.4

Table 4-2 Casino Revenue Growth (\$'million)

| <i>Revenue Item</i> | <i>2002/03</i> | <i>2003/04</i> | <i>2004/05</i> | <i>2005/06</i> | <i>2006/07</i> | <i>% Change CAGR</i> | <i>% Change AAGR</i> |
|------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|--------------------------|
| Gaming Revenue | 2530.6 | 2637.5 | 2631 | 2858.6 | 2878.5 | 3.3% | 3.3% |
| Food & Beverage | 357.2 | 355.2 | 399.9 | 427.8 | 451.6 | 6.0% | 6.1% |
| Accommodation | 131.3 | 161.2 | 181.7 | 202 | 206.6 | 12.0% | 12.2% |
| Rent & Leasing | 29.9 | 22.8 | 22.9 | 28.1 | 24.6 | -4.8% | -3.3% |
| Entertainment | 30.9 | 36.9 | 23.7 | 23.2 | 43.2 | 8.7% | 16.9% |
| Other – Parking, Retail etc. | 65.3 | 63.5 | 68.4 | 77.9 | 71.7 | 2.4% | 2.7% |
| Total | 3145.2 | 3277.1 | 3327.6 | 3617.6 | 3676.2 | 4.0% | 4.0% |

4.2.2 Commission and International Revenue

Commission and international rated or junket players accounted for \$475.8 million in revenues for the Australian casino industry in FY 2007. This equates to a significant 13% of total industry revenue for the year, up from 10.5% in FY 2006. Table 4-3 illustrates the trend for commission and international player revenue over five surveyed years, showing a CAGR and AAGR of 0.7% and 3.6% respectively. In FY 2007 commission, rated and junket player revenue increased by 24.4% from the previous year.

While analysing the outputs presented, it needs to be recognised that this revenue source will oscillate on an annual basis because of the win ratios adopted by the various casinos and the number of players visiting Australian casinos.

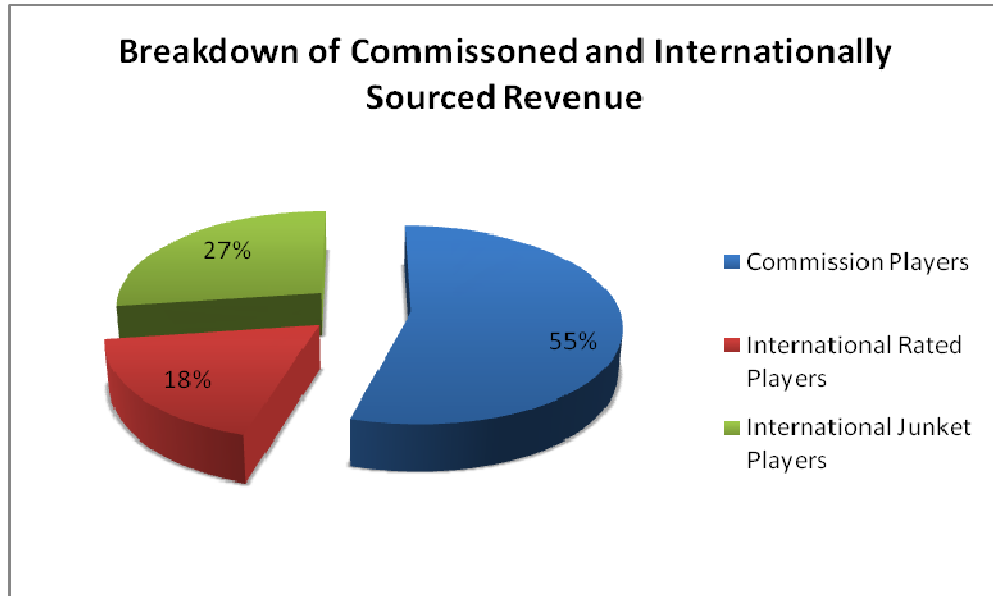


Fig 4.5

| Table 4-3 Commissioned and Internationally Sourced Revenue (\$'millions) | | | | | | | |
|--|---------|---------|---------|---------|---------|---------------|---------------|
| Type of International Player | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | % Change CAGR | % Change AAGR |
| Commission Players | 225.5 | 218.8 | 150.5 | 150 | 260.1 | 3.6% | 9.7% |
| International Rated Players | 49.1 | 68 | 55.6 | 56.6 | 85.9 | 15.0% | 18.5% |
| International Junket Players | 187.5 | 174.7 | 106.5 | 175.9 | 129.8 | -8.8% | -1.7% |
| Total | 462.1 | 461.4 | 312.6 | 382.5 | 475.8 | 0.7% | 3.6% |

5 CASINO EXPENDITURE

Casino industry expenditure has been examined in terms of both operating expenditure and capital expenditure.

5.1 Operating Expenditure

Casino operating costs have risen by 13.8% from FY 2006 to FY 2007. This equates to a CAGR and AAGR of 7.1% and 7.2% respectively, over the past five surveyed years. The largest component of the operating expenditure is wages and salaries, which accounts for 52.2%, followed by other costs which accounted for 17.7% of total operating expenditure.

Table 5-1 Casino Industry Operating Expenditure by item (\$'millions)

| <i>Expenditure Item</i> | <i>2002/03</i> | <i>2003/04</i> | <i>2004/05</i> | <i>2005/06</i> | <i>2006/07</i> | <i>% Change CAGR</i> | <i>% Change AAGR</i> |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------------|----------------------|
| Wages & Salaries | 711.7 | 752.2 | 766.9 | 830.4 | 1017 | 9.3% | 9.6% |
| Labour on Costs | 124.3 | 158.2 | 156.3 | 158.7 | 169.2 | 8.0% | 8.6% |
| Utilities | 45.2 | 45.1 | 46.1 | 53.6 | 52.5 | 3.8% | 4.1% |
| Repairs & Maintenance | 60.8 | 43.7 | 54.1 | 57.5 | 61.6 | 0.3% | 2.3% |
| Marketing & Promotion | 95.6 | 119.5 | 131.4 | 134.9 | 134.9 | 9.0% | 9.4% |
| COGS - Food & Beverage | 111 | 129.3 | 134.3 | 152.5 | 167.3 | 10.8% | 10.9% |
| Other Costs | 331 | 265.1 | 317.5 | 323.2 | 344.5 | 1.0% | 2.1% |
| Total | 1479.6 | 1513.1 | 1606.6 | 1710.8 | 1947 | 7.1% | 7.2% |

5.2 Capital Expenditure

Capital expenditure can tend to fluctuate from year to year depending on the number and cost of capital projects undertaken by casinos. Therefore, it is less indicative of the annual change in performance of casino industry in comparison to operating expenditure and instead is more indicative of capital investments made in specific time periods.

In FY 2007 total industry capital expenditure reached \$290.8 million, which was an increase of 36.8% over the previous year. The broad capital expenditure items are shown in Table 5-2. Approximately 7.9% of total industry revenue was spent on capital expenditure in FY 2007 which was higher in comparison to a 5.9% capital investment ratio for FY 2006 and 5.7% in FY 2005.

**Table 5-2 Casino Industry
Capital Investment (\$'millions)**

| <i>Capital Expenditure Item</i> | <i>2002/03</i> | <i>2003/04</i> | <i>2004/05</i> | <i>2005/06</i> | <i>2006/07</i> | <i>% Change CAGR</i> | <i>% Change AAGR</i> |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|--------------------------|--------------------------|
| Expansion of Facilities | 88.7 | 72.8 | 32.8 | 98.7 | 71.4 | -5.3% | 25.1% |
| Redevelopments or Refurbishments | 54 | 29.7 | 32.8 | 67.2 | 96.7 | 15.7% | 28.6% |
| Other Capital Expenditure | 36.8 | 59.8 | 80.6 | 46.7 | 122.7 | 35.1% | 54.5% |
| Total Capital Expenditure | 179.5 | 162.3 | 146.2 | 212.6 | 290.8 | 12.8% | 15.7% |

6.1 INDUSTRY CONTRIBUTION TO GOVERNMENT

Each year, the casino industry makes a considerable contribution to Government revenue at the local, state and federal level. In FY 2007, the total taxes paid by casino industry reached \$1.006 billion which represents 27.4% of the total revenue generated by the casino industry. This equates to a CAGR and AAGR of 10.2% over the past five years.

6.1.1 State and Local Government Revenue

The state and local government tax payment made by the casino industry reached \$482.1 million in FY2007. This represents a CAGR and AAGR of 4.5% increase from the levels paid in FY 2003 as shown in Table 6-1. Gaming taxes have experienced the greatest increase in government revenue generated, rising by 6.2% CAGR and 6.3% AAGR over the five years to reach \$402.6 million in FY 2007, an increase of 3.3% from the previous year.

Table 6-1 Casino Contributions to Government - Local & State (\$'millions)

| <i>Type of Tax</i> | <i>2002/03</i> | <i>2003/04</i> | <i>2004/05</i> | <i>2005/06</i> | <i>2006/07</i> | <i>% Change CAGR</i> | <i>% Change AAGR</i> |
|-----------------------|----------------|----------------|----------------|----------------|----------------|----------------------|----------------------|
| Gaming Taxes | 316.2 | 324.4 | 359.7 | 389.6 | 402.6 | 6.2% | 6.3% |
| Payroll Tax | 40.8 | 42.5 | 42.9 | 45.1 | 47.1 | 3.7% | 3.7% |
| Rates & Land Tax | 19.8 | 19 | 21.2 | 19.9 | 19.2 | -0.8% | -0.5% |
| Other Taxes & Charges | 27.7 | 29.5 | 9.3 | 12.8 | 13.2 | -16.9% | -5.3% |
| Total | 404.5 | 415.4 | 433.1 | 467.4 | 482.1 | 4.5% | 4.5% |

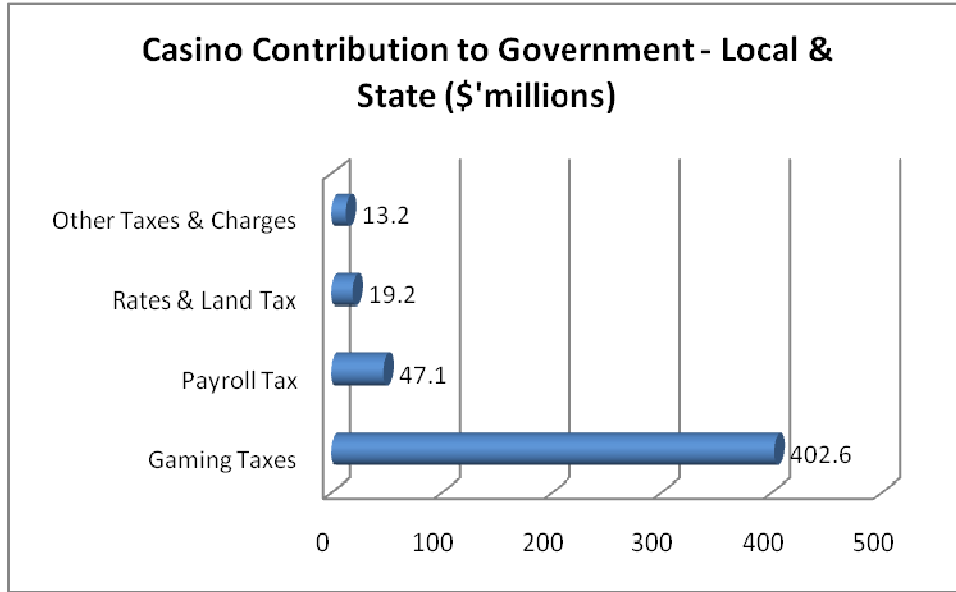


Fig 6.1

6.1.2 Commonwealth Government

The casino industry contributed \$524 million in Commonwealth taxes in FY 2007, an increase of 7.1% from the previous year. The total payment into the Commonwealth tax system by the casino industry has increased by a 17.2% CAGR and 17.5% AAGR. From Table 6-2 it can be seen that company tax was the largest portion of federal taxes paid and increased by a significant 46.3% CAGR and 50.2% AAGR from FY 2003 to FY 2007.

It should be noted that year to year comparisons of tax is difficult as it depends on a number of factors such as accounting procedures for each casino and the profitability of the casinos which can be subject to significant fluctuation.

Table 6-2 Casino Contributions to Government-Commonwealth ('\$millions)

| Type of Tax | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | % Change CAGR | % Change AAGR |
|--------------------|---------|---------|---------|---------|---------|---------------|---------------|
| GST | 215.1 | 233 | 259.4 | 244.4 | 246.9 | 3.5% | 3.7% |
| Company Tax | 59.7 | 124.6 | 167.5 | 242.1 | 273.7 | 46.3% | 50.2% |
| Fringe Benefit Tax | 2.8 | 2.4 | 2.7 | 3 | 3.4 | 5.0% | 5.7% |
| Total | 277.6 | 360 | 429.6 | 489.4 | 524 | 17.2% | 17.5% |

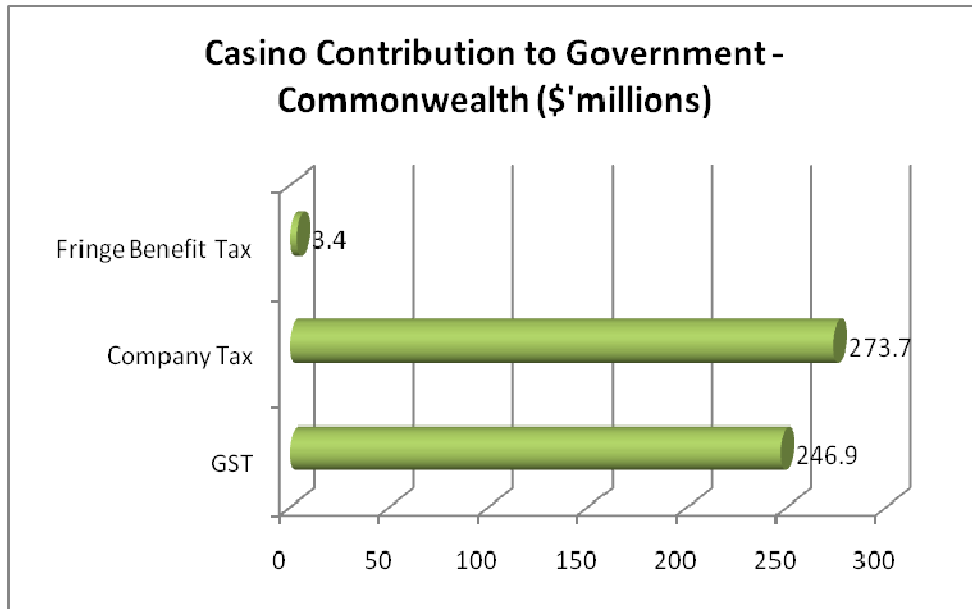


Fig 6.2

6.2 VALUE ADDED TO GDP

Value added is the contribution made by the casino industry to the Australian economy after deducting the cost of purchasing inputs outside Australia to generate revenue. In terms of total direct value added to the Australian GDP, the casino industry contributed \$2.907 billion in FY 2007. This was based on a contribution to wages and salaries of \$1.017 billion, taxation of \$1.006 billion and other value added worth \$0.884 billion to GDP. This equates to a significant proportion of 79% of total sales of the casino industry (\$3.68 billion). This indicates that 79 cents out of every dollar spent at Australian casinos contributed directly to Australian GDP.

Table 6-3 Casino Industry Direct Contribution to GDP ('\$ billions)

| <i>Value added to GDP</i> | <i>2002/03</i> | <i>2003/04</i> | <i>2004/05</i> | <i>2005/06</i> | <i>2006/07</i> | <i>% Change CAGR</i> | <i>% Change AAGR</i> |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------------|----------------------|
| Wages and Salaries | 0.712 | 0.752 | 0.767 | 0.83 | 1.017 | 9.3% | 9.6% |
| Taxation Contribution | 0.682 | 0.775 | 0.863 | 0.957 | 1.006 | 10.2% | 10.3% |
| Other Value Added | 0.569 | 0.603 | 0.639 | 0.678 | 0.884 | 11.6% | 12.1% |
| Total | 1.963 | 2.13 | 2.269 | 2.465 | 2.907 | 10.3% | 10.4% |

7.1 SOCIO ECONOMIC CONTRIBUTION

The casino industry makes socio economic contributions by providing employment and income and through providing financial contributions to charities and community organisations. The industry directly provided 19,917 jobs and financed \$1.017 billion in wages and salaries.

7.1.1 Employment

In FY 2007 Australian casinos employed 19,917 people. As demonstrated in Table 7-1 casino industry employment has been relatively stable for the past five years, indicating CAGR and AAGR of 0.6% since FY 2003.

The two major employment categories continue to be gaming and food and beverage, which represent 36.8% and 28.1% respectively of the total casino industry employment in FY 2007, as shown in Figure 7.1. Staff numbers in gaming increased by 4.1% while the number of staff in food and beverage fell by 1.4% from the previous year. Also, despite a fall in the number of managers and administration staff from the previous year, over the past five years it has experienced the strongest growth compared to all other occupations, with a CAGR and AAGR of 5.6% and 5.9% respectively, far outpacing the total casino industry employment growth levels.

The total wages bill for the casino industry was \$1.017 billion for FY 2007, with an additional \$169.2 million on labour on costs. As the casino industry hired 19,917 in FY 2007, this equates to an average annual salary per employee of \$51,062 per annum. This represents a significant increase in average annual salary from the previous year, up by \$8,972 or an increase of 21.3%. The large increase in average annual salary was primarily due to a significant 22.5% increase in the total wage bill in proportion to the relatively small increase in the number of casino employees, which was up by only 1% in FY 2007.

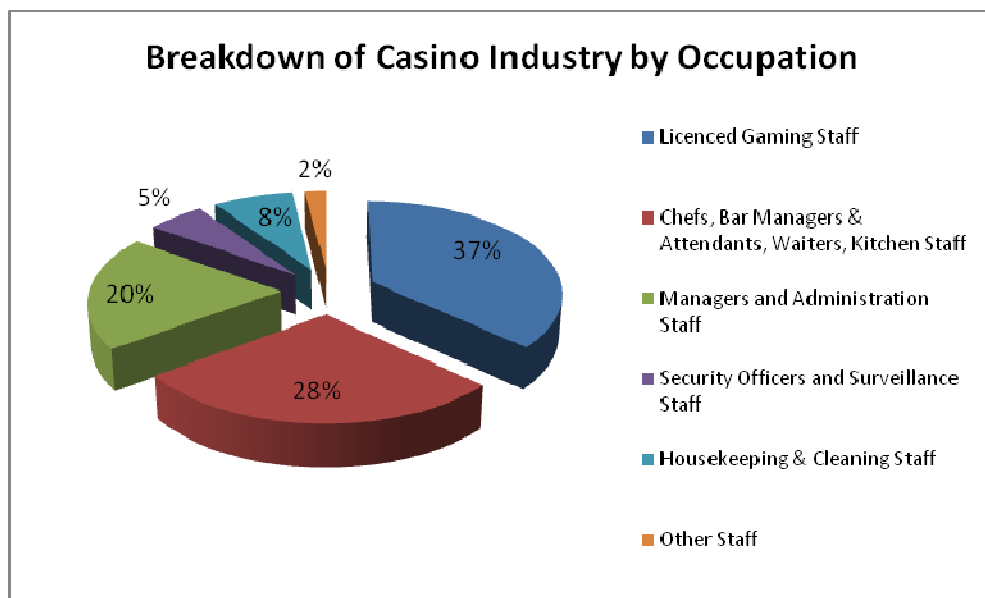


Fig 7.1

Table 7-1 Casino Industry Employment by Occupation

| <i>Type of Occupation</i> | <i>2002/03</i> | <i>2003/04</i> | <i>2004/05</i> | <i>2005/06</i> | <i>2006/07</i> | <i>% Change CAGR</i> | <i>% Change AAGR</i> |
|---|----------------|----------------|----------------|----------------|----------------|--------------------------|--------------------------|
| Licensed Gaming Staff | 7701 | 7172 | 6845 | 7051 | 7337 | -1.2% | -1.1% |
| Chefs, Bar Managers & Attendants, Waiters, Kitchen Staff | 5652 | 5678 | 5360 | 5677 | 5598 | -0.2% | -0.2% |
| Managers and Administration Staff | 3185 | 3742 | 3811 | 4123 | 3960 | 5.6% | 5.9% |
| Security Officers and Surveillance Staff | 1089 | 1028 | 1057 | 1055 | 1097 | 0.2% | 0.3% |
| Housekeeping & Cleaning Staff | 1434 | 1508 | 1469 | 1390 | 1528 | 1.6% | 1.8% |
| Other Staff | 378 | 389 | 588 | 433 | 397 | 1.2% | 4.8% |
| Total | 19439 | 19517 | 19130 | 19729 | 19917 | 0.6% | 0.6% |

7.1.2 Age of Employees and Employment Type

The casino industry appears to employ young people. The results from the FY 2007 survey show that over 55% of all casino industry employees are below the age of thirty-four, while over 81% of the casino employees are under forty-five as shown in the fig 7.2.

Table 7-2 illustrates reveals that for FY 2007 the number of 18-24 and 35-45 staff has increased by 1.1% and 5.3% respectively from the previous year, while the 25-34 and 45+ staff have decreased in numbers by 0.3% and 3% respectively from the previous year.

Table 7-2 - Trend of Casino Industry Employee Age (Number of Staff)

| <i>Age Group</i> | <i>2003/04</i> | <i>2004/05</i> | <i>2005/06</i> | <i>2006/07</i> |
|------------------|----------------|----------------|----------------|----------------|
| 18-24 | 4453 | 4212 | 4359 | 4406 |
| 25-34 | 7142 | 6572 | 6479 | 6458 |
| 35-45 | 4895 | 5011 | 5109 | 5382 |
| 45+ | 3027 | 3336 | 3782 | 3671 |
| Total | 19517 | 19131 | 19729 | 19917 |

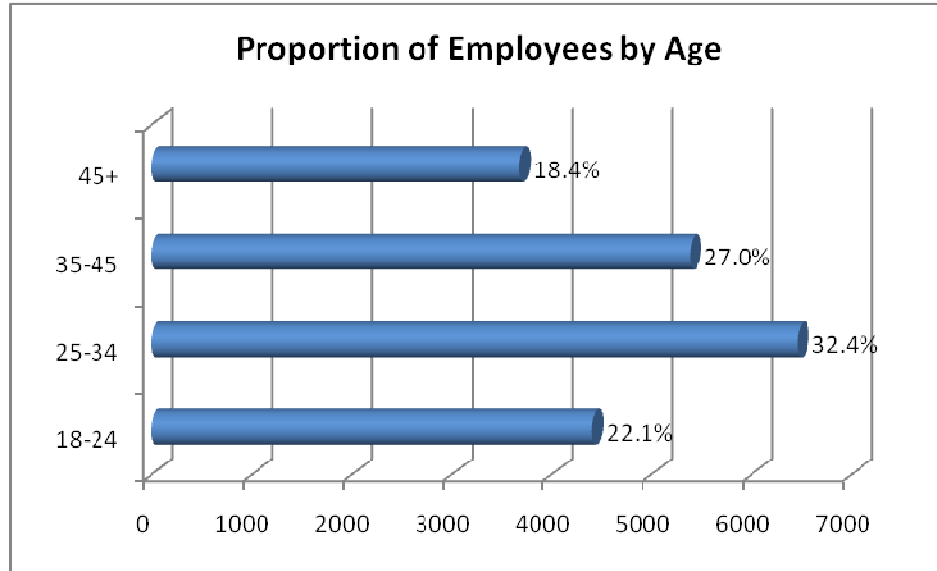


Fig 7.2

Of the 19,917 employees in the casino industry in FY 2007, 53% were full time workers, 23% were part-time workers and the remainders (24%) were casual staff as exemplified in Table 7-3. These results are somewhat different to the findings of the FY 2006 report where there was a higher proportion of full time workers (57%) and smaller proportion of part-time workers (19%). In addition, over the past five years there has been a general trend of replacing full time staff with part-time staff, with full time staff numbers showing a CAGR and AAGR reduction of 1.9%, whereas part-time staff numbers have increased at CAGR and AAGR of 7.5% and 7.6% respectively.

Table 7-3 - Casino Industry Employment Full & Part Time

| Employment Type | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | % Change CAGR | % Change AAGR |
|--------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|
| Full Time Staff | 11235 | 11130 | 11007 | 10732 | 10397 | -1.9% | -1.9% |
| Part Time Staff | 3450 | 3643 | 3809 | 4448 | 4610 | 7.5% | 7.6% |
| Casual Staff | 4641 | 4744 | 4314 | 4549 | 4910 | 1.4% | 1.6% |
| Total Staff | 19326 | 19517 | 19130 | 19729 | 19917 | 0.8% | 0.8% |

8.1 CONTRIBUTION TO THE COMMUNITY

The casino industry contributes financially to the community not just in terms of taxes paid, but also through programs and organisations which the industry funds and supports.

8.1.1 Community Benefit Levies

In FY 2007 community benefit contributions by the casino industry were \$32.64 million. This corresponds to an increase of \$1.18 million from FY 2006 at a growth rate of 3.8%. The CAGR and AAGR between FY 2003 and FY 2007 has been 4.2% and 4.3% respectively as shown in Table 8-1 which is slightly higher than the growth rate of total revenue.

| Table 8-1 - Community Benefit Fund (\$'millions) | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | % Change CAGR | % Change AAGR |
|---|----------------|----------------|----------------|----------------|----------------|----------------------|----------------------|
| | 27.668 | 29.546 | 29.548 | 31.462 | 32.643 | 4.2% | 4.3% |

8.1.2 Other Community Contributions

The casino industry supports makes additional community contributions over and above what it contributes to the community benefit fund. In FY 2007, these contributions totalled \$8.8 million, giving the total community contribution of \$41.44 million. Community support is quite varied ranging from charities, community groups, sporting events and special events.

Table 8-2 - Casino Industry Community Other Contributions (\$'millions)

| Contribution Type | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | % Change CAGR | % Change AAGR |
|---|----------------|----------------|----------------|----------------|----------------|----------------------|----------------------|
| Community Groups | 6.4 | 5.9 | 0.6 | 0.7 | 0.8 | -40.5% | -16.7% |
| Sponsorship of Cultural & Sporting Events | 2.9 | 2.7 | 3.4 | 5 | 3.9 | 7.7% | 11.0% |
| Problem Gaming | 1.5 | 1.5 | 1.7 | 1.6 | 1.5 | 0.0% | 0.3% |
| Charity | 0.9 | 0.6 | 0.8 | 0.8 | 0.8 | -2.9% | 0.0% |
| Special Events | 0.1 | 0.1 | 0.4 | 0.4 | 1.8 | 106.0% | 162.5% |
| Total | 11.8 | 10.8 | 6.9 | 8.5 | 8.8 | -7.1% | -4.5% |

9.1 CASINO VISITORS

In FY 2007 there were an estimated 47.9 million visitors to Australian casinos, which was one million more than the previous year. Visitor origin has remained relatively steady for the past five years with residents of the local region dominating visitor numbers in all casinos.

Of particular importance was the number of international visitors to Australian casinos as they generate additional sources of revenue and inject international funds into the Australian economy. Although, the number of international visitors has increased since FY 2003 as illustrated in Table 9-1, showing a CAGR and AAGR of 8.8% and 12% respectively, in FY 2007 there has been a decrease in international visitors by 16% from the previous year. The interstate visitor numbers also fell significantly by 26.3% from the previous year.

On the other hand, local visitor numbers showed solid growth of 7.5% from the previous year and continued to remain as the largest users of the casino facilities with 41.6 million visitors in FY 2007.

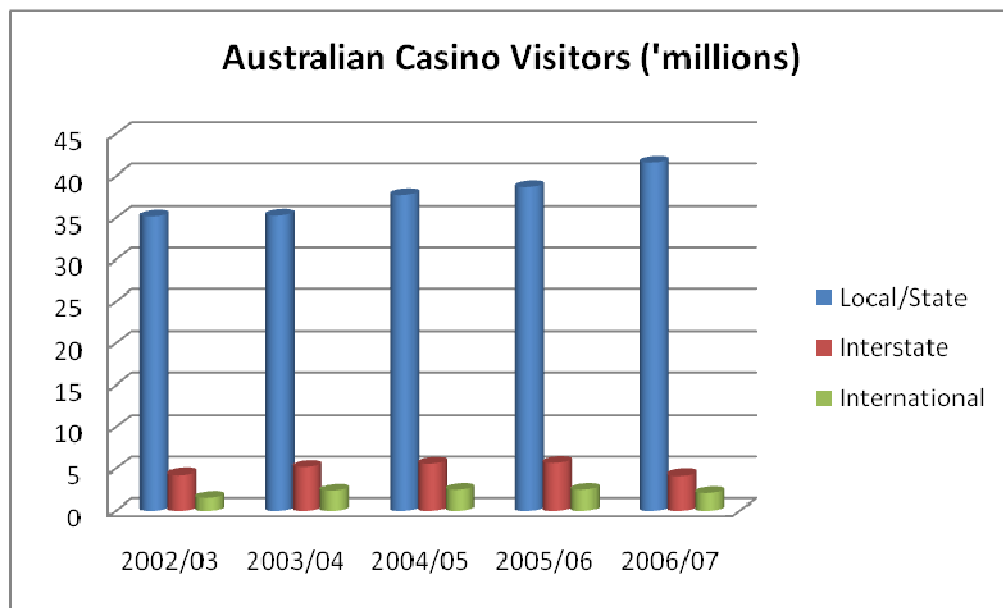


Fig 9.1

Table 9-1 Australian Casino Visitors ('millions)

| Type of Visitors | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | % Change CAGR | % Change AAGR |
|------------------|---------|---------|---------|---------|---------|---------------|---------------|
| Local/State | 35.2 | 35.3 | 37.7 | 38.7 | 41.6 | 4.3% | 4.3% |
| Interstate | 4.3 | 5.2 | 5.6 | 5.7 | 4.2 | -0.6% | 1.0% |
| International | 1.5 | 2.4 | 2.5 | 2.5 | 2.1 | 8.8% | 12.0% |