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Taking a gamble on Queensland

Australia is emerging as new casino hotspot

Australia is emerging as the latest hotspot for casino operators as they look to attract Asia's high rollers to the gaming tables as well as its pristine beaches and popular centres like the Great Barrier Reef.

With a mining boom slowing, the prospect of thousands of new jobs and billions in tourist dollars has convinced Queensland and New South Wales to back four new casinos, despite fears over their potential environmental and social impacts.

The resorts are at various stages of planning, with Queensland, already a popular destination, the main focus of a charge spearheaded by Australian mogul James Packer and Hong Kong billionaire Tony Fung.

David Wiadrowski, head of Australian Entertainment and Media at PriceWaterhouseCoopers, says Asians culturally liked to gamble and the latest plans were a win-win for state governments.

"For governments, rightly or wrongly, these integrated resorts are an attractive proposition because they create employment opportunities and tax dollars, which they can then put back into the community," he says.

But the big question is whether there is sufficient demand.

"It is a high-risk strategy, getting the occupancy in the resorts," he says.

Australia already has more than a dozen casinos, although not on the same scale as the proposed projects.

In May, Fung won a gaming licence, conditional on environmental, planning and gambling approvals being obtained, for his huge Aus\$8.15 billion (Bt247.6 billion) Aquis resort near Cairns.

It is being touted as the largest investment in tourism infrastructure in Australia's history, with eight hotels, an exhibition centre, entertainment precincts, a championship golf course and one of the world's biggest aquariums.

Once open in 2018, it will employ 20,000 people and boost Queensland's economy by Aus\$1.4 billion a year, according to Fung.

At the same time, Chinese-Australian investment concern ASF Consortium was granted a licence for its Aus\$7.5 billion Broadwater Marine Project on the state's Gold Coast under similar conditions.

Separately, Echo Entertainment, which runs the only casino in Brisbane, Packer's Crown and a Hong Kong consortium have bid for the right to build another integrated resort in the Queensland capital.

It all comes with Packer, who runs a worldwide gambling empire, planning to open a six-star hotel and luxury casino complex in a prime location on Sydney Harbour in 2019.

Packer is clear on his target market.

"We believe that Crown Sydney will help attract Asian high net worth travellers to Sydney, in particular from China, creating economic growth, extra taxes and over 1,200 jobs for the people of New South Wales," he says.

There is plenty of competition in the lucrative market, led by the former Portuguese colony of Macau, which now generates more than six times the gambling revenue of Las Vegas thanks mainly to big-spending Chinese VIPs.

Singapore, the Philippines and Vietnam are also staking their claims to regional market share, with several mega-resorts in the pipeline.

Newly minted Chinese are also the market for Fung, a member of one of Hong Kong's best-known banking families.

His ambitious Aquis project expects to attract a million guests a year, three-quarters of them from overseas.

"Facilities of the like of Aquis Resort at The Great Barrier Reef don't only attract the Chinese mass-market middle-class, but also the big-spending, high-value, ever-expanding Chinese upper-class," he says.

However, the project has been criticised by some residents worried that it could hurt local businesses and impact the environment, including the World Heritage-listed Great Barrier Reef.

There have also been concerns about the Gold Coast proposal, which will involve dredging an estuary to create a cruise ship terminal.

Queensland's largest export is coal but with prices falling and the mining boom that has driven the economy starting to ease, the state needs new ways to attract investment.

"This is about growing the Queensland tourism industry and ensuring we maintain our international competitiveness," Queensland deputy premier Jeff Seeney says of the rationale behind the new gaming licences.

The booming Chinese market is already Australia's fastest growing and most valuable with Tourism Australia targeting 1.4 million annual visitors, up from 900,00 last year, within a decade, worth up to Aus\$8.2 billion annually.

"These visitors make an important contribution to our economy. China is Australia's fastest growing inbound tourism market and tourists from China are the largest spenders in Australia," says Tourism Research Australia chief economist Leo Jago.

Packer says the Chinese wanted more than just natural attractions while in Australia, pointing to shopping and casinos.

"The natural attractions ... are magnificent but people also want man-made attractions," he says.