



**CROWN  
RESORTS**

**THE CROWN SYDNEY HOTEL RESORT  
BENEFITS FOR SYDNEY AND NSW**



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# INTRODUCTION: SYDNEY DESERVES ONE OF THE WORLD'S GREAT HOTELS

## I. NSW AND SYDNEY RESIDENTS WILL BENEFIT

The Crown Sydney Hotel Resort project has used world's best practice design, in order to create an iconic addition to Sydney Harbour. The design of the hotel resort will be sympathetic to the surrounding improvements at Barangaroo South and Barangaroo Central and will create a unique opportunity for tourists to experience the proposed cultural amenities and parklands that are an integral part of Barangaroo. Crown will be working with some of the world's best hotel resort and hospitality designers to ensure that the Crown Sydney Hotel Resort is an iconic addition to Barangaroo and Sydney Harbour.

Crown's record demonstrates that it can deliver a centrepiece for Sydney that will draw millions of visitors. A Crown branded resort at Barangaroo would boost the economy, create thousands of new jobs, contribute significant tax revenues to the New South Wales Government and ensure Sydney remains a first class international tourist destination. A six-star resort on the waterfront at Barangaroo will assist Sydney to compete with the best cities in the world for major international conferences and events.

Barangaroo has no comparable project in the Asia Pacific region. This is due to the scale of the project and its unique combination of urban renewal, property development, creation of cultural and entertainment areas, mixed use deployment, creation of large scale passive and active recreational areas in a harbourside CBD location. When completed, more than 23,000 people are expected to live and work at Barangaroo and another 33,000 people are expected to visit every day. Barangaroo is Sydney's last water front site of scale with connectivity to the CBD and harbour side tourism precinct.

## 2. A PLACE FOR THE PEOPLE OF SYDNEY

Great tourism destinations of the world are designed to help meet the public needs and aspirations of the communities that use them every day. Crown has learnt through its resorts in Southbank, Melbourne and Burswood, Perth the importance of public amenity and physical engagement of its resorts. Both resorts have become important centres of their local communities and are regarded as significant entertainment destinations for the residents of each city. Crown Sydney Hotel Resort will provide world-class public offering that will become part of the social fabric of the city.



FORESHORE PROMENANDE

The Crown Sydney Hotel Resort will become a vibrant destination that adds to the daily activity of the harbour foreshore and public domain. The podium design will promote pedestrian movement from Barangaroo South into the open public domain of Barangaroo Central. To ensure access between the two precincts the ground floor will be truly porous, allowing free flowing twenty four hour pedestrian access from Barangaroo South to the waterfront and complemented by different retail and dining options. The exterior of the building has also been designed to interact with the public spaces around it, with multiple restaurants and terraces breaking up the building into visual spaces of interest and activity.

Crown Sydney will be set back from a tree lined waterfront promenade allowing uninterrupted waterfront access running the length of Barangaroo. The promenade will be landscaped and include street furniture to ensure the creation of a high quality public domain at a human scale. The Promenade will allow pedestrians uninterrupted access from Barangaroo Central to the newly created Headland Park and future cultural precinct.

The Crown Sydney Social Impact Assessment noted the following:

*“The site design carefully manages its public interface – accessible facilities are provided at the building’s lower levels and the site connects with public thoroughfares along the waterfront and around the site.*

*The development will cater for guests of the hotel, patrons of the casino, residents and visitors of the residential apartments, shoppers frequenting the public retail facilities at the ground floor and visitors to the various bars and restaurants throughout the complex. Importantly, the ground floor level of the building will be publicly accessible and open to the public 24 hours a day, 7 days a week.*

*Overall it is considered that, by virtue of the building’s conscientious design, general public access to and around the site is not compromised by the CSHR proposal. A consistent (all day) public connection with the Barangaroo South and other precincts is ensured.”*

*(Source: Crown Sydney Hotel Resort, Social Impact Assessment, MacroPlan Dimasi, October 2014)*

The Crown Sydney Social Impact Assessment also noted the following potential positive benefits:

- Employment opportunities during construction and operation.
- Livelihood opportunities targeting the marginalised.
- Closing Sydney’s void of premium tourism facilities by an experienced operator.
- Addition to the city’s retail offering available to the general public & aligning to future community consumption needs.
- Extending opportunity to grow tourism across the whole of NSW (including the Hunter and Perisher) and also interstate.
- Civic pride and visitor allure resulting from an iconic structure & defining Barangaroo’ s place & context relationship with the city.
- New amenities for local residents via a comprehensive strategy to enhance the experience of Barangaroo South for residents, workers and visitors.
- 24-hour activity which ensures public access and will improve safety around the location.

*(Source: Crown Sydney Hotel Resort, Social Impact Assessment, MacroPlan Dimase, October 2014)*

### 3. ECONOMIC BENEFITS FOR NEW SOUTH WALES

The Crown Sydney Hotel Resort will make a significant contribution to the New South Wales economy through investment, employment and tax. This contribution will occur as a result of Crown's investment in constructing the Crown Sydney Hotel Resort, the expenditure incurred in operating the hotel resort and through stimulating tourism. In order to measure these benefits, Crown engaged the Allen Consulting Group to assess the economic benefits of the project.<sup>1</sup>

The modelling approach by Allen Consulting Group was to quantify the economic benefits of the Crown Sydney project relative to a "base case scenario". The results shown immediately below are relative to a base case scenario where the Crown Sydney Hotel Resort is not built and there is no alternative project built on the land at Barangaroo South which is presently earmarked for Crown Sydney.

The economic impacts of the Crown Sydney project are measured in two phases:

- During the construction phase (modelled from financial year 2013 to financial year 2018), where the economic effect is due to the building activity, Gross State Product is estimated to increase by \$98 million in 2016/17 (the peak of the construction phase); and
- During the operations phase (modelled from financial year 2019 to financial year 2031), where the economic effect is due to the activity generated by visitor spending as a result of the operations of Crown Sydney. Once Crown Sydney is operational, Gross State Product<sup>2</sup> is estimated to increase by \$638 million in financial year 2022. This increase will be driven by the spending of visitors to Crown Sydney, especially overseas visitors, and the consequent flow-on effects to other industries in the State.

#### INCREASE IN GROSS STATE PRODUCT IN NEW SOUTH WALES

New South Wales will benefit greatly from increased economic activity both during construction and once the Crown Sydney Hotel Resort is operational.

The Allen Consulting Group found the Crown Sydney Hotel Resort project will provide a significant boost to economic activity in New South Wales, particularly once the property is fully operational:

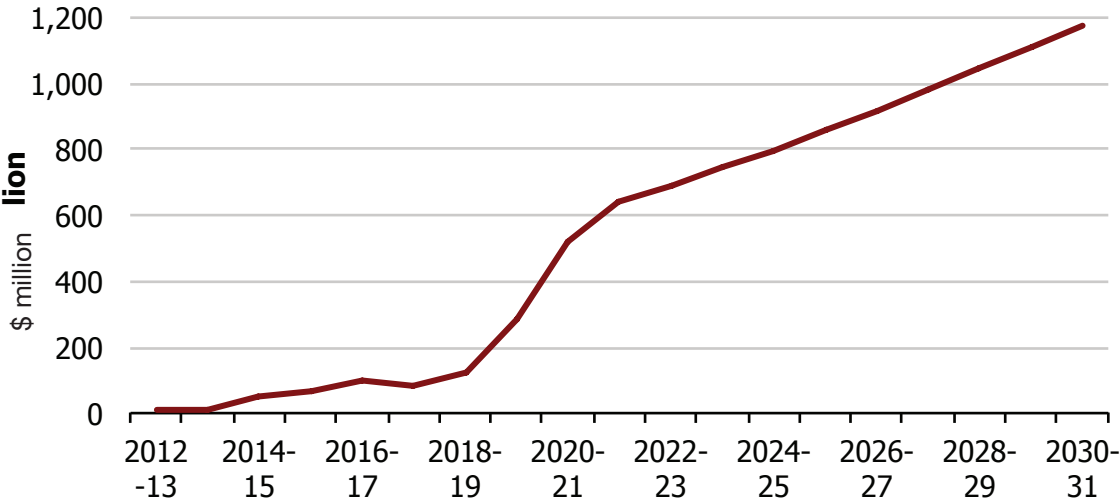
*"When the construction phase ramps up (ie. 2016/17) the increment to GSP is estimated to be \$98 million. It will be during Crown Sydney's operations that the major gains to GSP will occur, driven largely by the spending of international visitors. **In the first year of full operations (ie. 2021/22), the increment to GSP will be \$638 million.**" [Emphasis added.]*

*Source: Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment' (June 2013)*

<sup>1</sup> Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment' (June 2013).

<sup>2</sup> All data is in 2012 prices

FIGURE 1: ALLEN CONSULTING GROUP—FORECAST REAL GSP GROWTH RELATIVE TO BASE CASE VALUES (\$MILLION IN 2012 PRICES)



Source: Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment' (June 2013)

**INCREASE IN JOBS IN NEW SOUTH WALES**

Over 15,000 Australians work at Crown’s Australian resorts.<sup>3</sup> Crown Melbourne is Victoria’s largest single-site employer and Crown Perth is Western Australia’s largest single-site employer. The Crown Sydney Hotel Resort will also make a significant contribution to direct and indirect employment for the people of New South Wales.

Crown Sydney is expected to directly employ 1,250 people and The Allen Consulting Group found that in total, across New South Wales, between 2,300 and 3,300 additional jobs should be created when Crown Sydney is fully operational in financial year 2022:

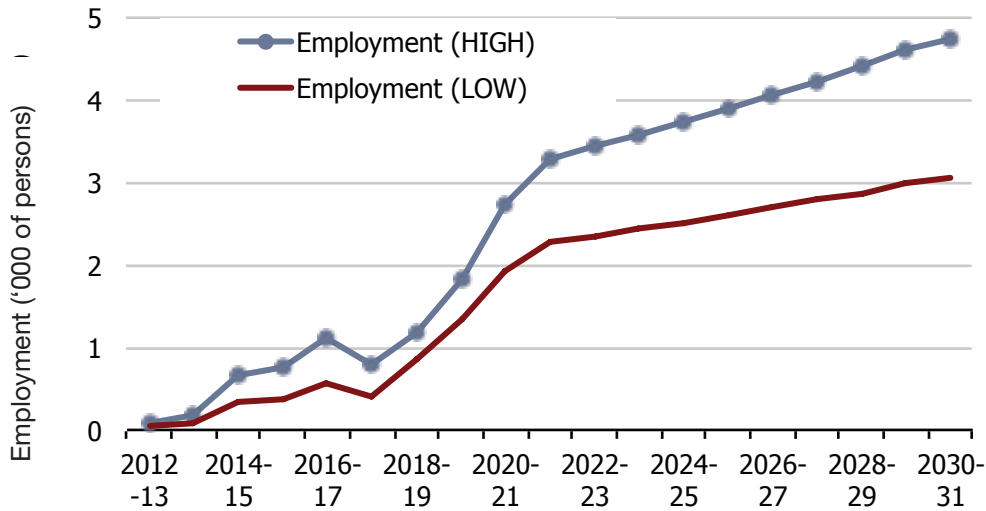
*“Figure [2] shows high and low estimates for the estimated number of additional jobs which will result from the construction and operation of Crown Sydney. Both are derived from the estimates of additional employment in terms of additional hours worked. The ‘high’ job estimates are derived by assuming that of every one per cent increase in hours worked, that increase comes from a 2/3 per cent increase in persons employed and a 1/3 per cent increase in hours worked per person. The ‘low’ job estimates are derived from the opposite assumption: 1/3 per cent increase in persons employed and a 2/3 per cent increase in hours worked per person.*

*Under both assumptions, there is a significant and growing increment of jobs directly and indirectly attributable to the Crown Sydney project. **By 2021/22, the number of additional jobs created ranges from about 2,300 to 3,300.**”*

Source: Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment (June 2013)

3 Data as at June 2015, calculated based on headcount

FIGURE 2: ALLEN CONSULTING GROUP—FORECAST INCREASE IN EMPLOYMENT RELATIVE TO BASE CASE VALUES ('000 PERSONS)



Source: Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment' (June 2013)

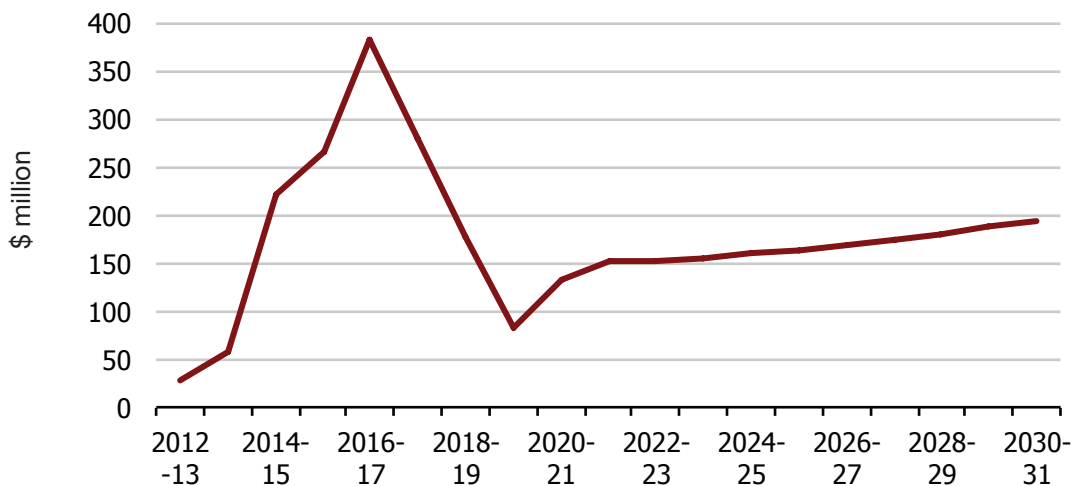
### INCREASE IN BUSINESS INVESTMENT IN NEW SOUTH WALES

The Crown Sydney Hotel Resort is expected to boost business investment significantly throughout the New South Wales economy, during both the construction phase and the operational phase.

*"The estimated impact of the Crown Sydney project on business investment in NSW (i.e. the aggregate of spending on buildings and equipment by businesses in every industry in the economy) is shown in Figure [3]. This shows a positive and growing effect, with the increment to investment growing from \$28 million in 2012/13 to \$151 million in 2021/22. While the investment increment peaks during the construction phase (2012/13 to 2017/18) the increment investment extends into the operations phase as the boost to the NSW economy generally generates additional business investment."*

Source: Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment' (June 2013)

FIGURE 3: ALLEN CONSULTING GROUP—FORECAST REAL INVESTMENT RELATIVE TO BASE CASE VALUES (\$MILLION IN 2012 PRICES)



Source: Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment' (June 2013)



Crown has also demonstrated in both Melbourne and Perth that it reinvests in its hotels and tourist attractions on a regular basis to ensure they remain world-class. As a result, Sydney is likely to continue to benefit from Crown's ongoing investment in refurbishments years after the Crown Sydney Hotel Resort is opened. This ongoing reinvestment is an important element of Crown's success in attracting high net worth tourists.

**INCREASE IN EXPORT INCOME FOR NEW SOUTH WALES**

Expenditure on domestically produced goods and services by international visitors is considered export income by economists and the Australian Bureau of Statistics.

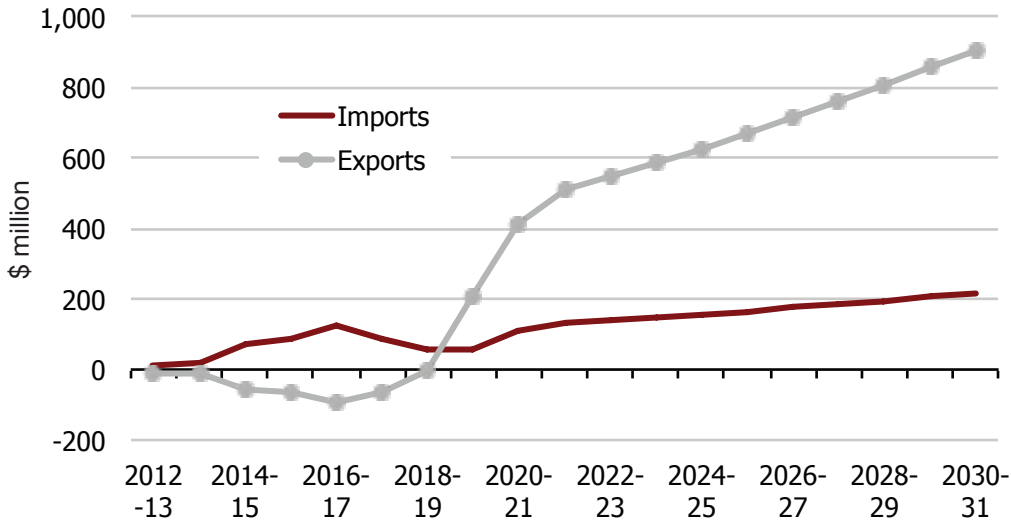
The Crown Sydney Hotel Resort is expected to significantly boost New South Wales' export income by an estimated \$513 million in financial year 2021, as a result of additional international visitors to New South Wales.

*"Figure [4] shows the increment to NSW exports and imports. During the construction phase, there is a small decrease in exports. This reflects the investment surge during that time and the national income identity which states that the difference between exports and imports is equal to the difference between saving and investment. Higher investment, for a given amount of saving, will thus be reflected in lower exports and higher imports.*

*During Crown Sydney's operations phase, the sale of gaming, accommodation and entertainment services to overseas visitors drives the increase in NSW exports."*

*Source: Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment' (June 2013)*

**FIGURE 4: ALLEN CONSULTING GROUP— FORECAST REAL EXPORTS AND IMPORTS RELATIVE TO BASE CASE (\$MILLION IN 2012 PRICES)**



*Source: Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment' (June 2013)*

*"The early surge in imports reflects the increase in investment, for the reasons discussed above. As the investment increment tails off during the construction phase, so do imports. During the operations phase, the steady increase in imports reflects the increase in GSP: as income rises, so do consumer and business spending on imported goods and services."*

*Source: Allen Consulting Group, 'Crown Sydney Proposal: An Economic Benefit Assessment' (June 2013)*

## 4. SIGNIFICANT INCREASE IN GAMING TAXES FOR NEW SOUTH WALES

Crown's track record of successfully operating VIP gaming facilities will ensure that the Crown Sydney Hotel Resort will generate substantial growth in VIP gaming in New South Wales. As a result of this growth, the New South Wales Government will receive significant additional gaming taxes. The additional gaming taxes will be paid from the commencement of VIP gaming at the Crown Sydney Hotel Resort in 2019 and will continue over the life of the Crown Sydney Hotel Resort.

The Crown Sydney Social Impact Assessment noted the following:

*"The Restricted Gaming Facility licence revenues, taxes, stamp duties, and rates collected from the operating facility will find their way back to the community in the form of medical resources, improved transport, education, law and other civic infrastructure that State and Federal governments provide to enable further growth."*

*(Source: Crown Sydney Hotel Resort, Social Impact Assessment, MacroPlan Dimasi, October 2014)*

## 5. EMPLOYMENT AND TRAINING BENEFITS FOR JOB SEEKERS

### HELPING INCREASE THE HOSPITALITY AND TOURISM WORKFORCE IN NEW SOUTH WALES

Sydney and New South Wales will benefit from Crown's experience and industry leadership in employment education and training.

As a Registered Training Organisation, Crown provides extensive learning and development opportunities for employees. In financial year 2015, Crown College provided approximately 385,000 hours of training to employees in Melbourne and Perth. Since inception Crown has graduated over 7,200 apprentices and trainees.

Testament to our commitment to all our employees, Crown continues to receive awards for employment best practice. Significantly, in September 2015, Crown Perth was awarded the WA Employer of the Year Award at the WA Training Awards, and is now in the running for the 2015 Australian Employer of the Year. Crown Melbourne won the equivalent Victorian award in 2013, and then went on to receive the 2013 Australian Employer of the Year, which was the second time in four years it was awarded this honour by the Federal Government.

### ESTABLISHMENT OF CROWN SYDNEY TRAINING COLLEGES IN PENRITH AND REDFERN

In order to meet the extremely high service requirements of a six-star facility, Crown currently trains its own employees and operates major in-house training colleges at both Crown Melbourne and Crown Perth. This model will be replicated in Sydney with training colleges to be established in Penrith, at the Penrith Panthers Group's proposed Community Centre and in Redfern, at the National Centre of Indigenous Excellence (NCIE).



Based on Crown's experience and record of training at Crown Melbourne, Crown envisages the following:

- Once operational there will be approximately 300 new employees starting at Crown Sydney annually;
- On average, each week over 100 employees would be attending induction or accredited training at the Crown Sydney training colleges;
- Crown Sydney will directly employ approximately 1,250 employees. Most of these staff will need to undergo induction training before commencement, so training numbers will be significantly higher in the lead up to the opening of the Crown Sydney Hotel Resort; and
- A school based traineeship program (special focus on Indigenous youth) from years 10 to 12 will also be established to provide a workforce pipeline.

The Crown Sydney training college in Penrith will allow Crown to provide long-term jobs and employment pathways to job seekers and students in the western suburbs and Blue Mountains. The college will work with local TAFEs and schools to provide an extensive apprenticeship and schools-based traineeship program (non-gaming) from year 10. School based traineeships and vocational training will provide on the job work experience and help fast track certifications in an industry with an acknowledged skill shortage. School based training will also provide incentives for students to stay on at school and complete their education.

The recently released Skills Barometer<sup>4</sup> drew attention to the important role tourism could play as a future industry for workers from this region of Sydney. The report found that Western Sydney was facing a potential skills deficit in tourism, hospitality and events.

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4. TAFE NSW, Western Sydney Institute & Western Sydney Business Connection, *Skills Barometer 2015, Building a Skilled Workforce for Greater Western Sydney*



It is also intended that Crown and the Penrith Panthers Group will partner with the NCIE in providing training and work experience in hospitality jobs (non-gaming) as well as cultural programs for Indigenous students and job seekers. Both parties recognise that Western Sydney has one of the highest Indigenous populations in the country and that programs are required to improve opportunities for that community.

Crown has also announced it will establish a second training college at the NCIE in Redfern. This college will primarily train Indigenous job seekers not only from the inner city, but also from throughout New South Wales.

As part of the partnership arrangement, Crown trainees, apprentices and training staff will have full access to the recreational facilities at both facilities while participating in training at the colleges.

Indigenous students will greatly benefit from individual employment pathways from school to work. Partnerships will be established by Crown and the Penrith Panthers Group in conjunction with NCIE, local high schools and TAFEs. All organisations recognise the importance of role models and mentors for their students and the importance of local Indigenous community support and involvement.

While training for the Crown Sydney Hotel Resort would not commence until the Crown Sydney Hotel Resort was closer to opening, all parties will investigate the possibility of the schools-based programs beginning sooner in 2016.

Crown will provide executive and non-executive staff to provide mentoring and career development programs for the Penrith Panthers Group and NCIE staff at times that are mutually agreeable. The parties will also establish a program for staff from both organisations to be seconded into each other's facilities to help develop the skills, business and cultural expertise of both organisations.

The Crown Sydney Social Impact Assessment noted the following:

*“The Crown Sydney Hotel Resort (CRHR) will be a significant employer within Sydney’s economy and the employment opportunities and benefits will be spread widely. Specifically, a portion of the roles in the CSHR will target locations where social disadvantage is concentrated—outer western Sydney (Penrith) and inner Sydney (Redfern).*

*Crown’s proposed distribution of employment opportunity, both geographically to western Sydney and to indigenous Australians will help ensure that those living remote from Sydney’s CBD, or who might otherwise be discouraged from accessing it, are not marginalised from the benefits of the city.*

*Further, as the facility will operate under the Crown banner, there is also the potential for employees to work in other Crown Resorts (such as Crown Melbourne and Crown Perth). The skills and experiences imparted to employees are readily transferrable to other businesses in the hospitality industry.”*

*(Source: Crown Sydney Hotel Resort, Social Impact Assessment, MacroPlan Dimasi, October 2014)*

## **INCREASE INDIGENOUS EMPLOYMENT AND TRAINING OPPORTUNITIES**

Crown has established itself as a leading company in Indigenous employment. Crown has received a number of awards for its Indigenous employment programs and the Crown Sydney Hotel Resort will make long-term jobs for Indigenous Australians a centrepiece of its employment strategy.

### **INDIGENOUS EMPLOYMENT AND TRAINING**

Crown has agreed to partner with the NCIE to help deliver training, mentoring and support for the Crown Sydney Hotel Resort’s Indigenous workforce.

Announcing the partnership, former NCIE CEO Jason Glanville stated:

*“The NCIE is dedicated to providing young Aboriginal and Torres Strait Islander Australians with the opportunity to work in the hospitality industry, building successful careers that can take them anywhere in the world. Together with Crown, we’re building career pathways for the next generation of Indigenous Australians.”*

*Source: NCIE statement (10 October 2012)*

The Executive Director of Crown Resorts and former Chairman of Crown James Packer said the following:

*“Crown has worked hard to employ Indigenous Australians across our resorts; it’s something we’re very proud of. This partnership with the NCIE will allow us to expand these programs to Sydney, helping create long term career paths for Indigenous job seekers.”*

*Source: James Packer statement (10 October 2012)*

The NCIE, based at Redfern, has a commercial kitchen, dining facilities, classrooms, dormitories and exceptional recreational facilities, which will be used by Crown to train and mentor Indigenous job seekers from across Sydney, New South Wales and Australia. In this sense, the partnership is unique.

The NCIE will primarily be the venue for pre-employment training for Crown’s Indigenous employees ensuring they have the literacy, numeracy and basic employment skills to work safely at the Crown Sydney Hotel Resort. As an accredited Enterprise Training Organisation, Crown will undertake to train all Indigenous staff at the NCIE facility to ensure they reach the high levels of service required by the company and its customers.

Crown has agreed to assist the NCIE to build its training capacity and will support and involve NCIE staff in all employment programs operated at the facility.

The NCIE will also support Crown in the establishment of its primary training facility at Penrith. This partnership and commitment allows the NCIE to continue to grow in size, capacity and expertise.

Crown and the NCIE have agreed to provide school-based traineeships to Indigenous school students in Redfern, the inner city and Penrith to provide a pathway from school to employment and to encourage these students to stay at school.

Based on successful programs operated by the Aboriginal Employment Strategy and the NRL's "Learn Earn Legend Program," the NCIE and Crown will provide pre-employment training at the NCIE Redfern facility and allow students in Years 10, 11 and 12 to complete vocational studies in the hospitality areas. Once students have completed their Year 12 studies and attained their vocational certificates, they will have the opportunity to commence employment at Crown Sydney.

The NCIE will work with Crown to provide a positive transition from school to employment and will ensure new employees are supported in the workplace through mentoring and support networks.

While the NCIE will overwhelmingly concentrate on the development of Crown's Indigenous staff, it has also been agreed that non-Indigenous staff may participate in training programs and use facilities on the site when enrolled.

The NCIE's commitment to excellence matches that of Crown and this exclusive partnership is unique in the commercial sector. The Memorandum of Understanding will need to be supplemented by a commercial agreement outlining agreed payments from Crown to the NCIE for rent and services provided at the appropriate time. A commercial agreement will support the viability of the NCIE, providing secure employment for its large Indigenous and non-Indigenous workforce.

## 6. TOURISM BENEFITS FOR SYDNEY

### THE IMPORTANCE OF TOURISM TO NEW SOUTH WALES



#### HELP MARKET SYDNEY INTERNATIONALLY WITH AN ICONIC HOTEL DEVELOPMENT AND CROWN'S ASIAN MARKETING EXPERTISE

The New South Wales Government's Visitor Economy Action Plan noted that "Investing in critical infrastructure" and "raising the global profile of Sydney and NSW" were two of five key principles,<sup>5</sup> which are critical in boosting tourism to New South Wales.

The Crown Sydney Hotel Resort proposal will help deliver on both of these important principles by building Sydney's first six-star luxury hotel and creating an iconic addition to Sydney Harbour which would act as a magnet to attract interstate and international visitors.

Crown, Lend Lease and the Barangaroo Development Authority (BDA) are working with Wilkinson Eyre, one of the world's best architects, to ensure the Crown Sydney building becomes another Sydney landmark, instantly recognisable around the world.

The New South Wales Government's 'China Tourism Strategy' highlights the importance of promoting Sydney's iconic attractions and unique experiences if New South Wales is going to compete with other domestic and international destinations at attracting Chinese visitors:

*"As demand for outbound travel grows in China so too will the appeal of competitor destinations. Status, curiosity and a desire to visit iconic places and experience different aspects of Western culture are powerful motivators for travel. It is important for Australia's position in the market that Sydney continues to be perceived as an aspirational destination across all key consumer segments."*

5 NSW Government, 'Visitor Economy Action Plan: The NSW Government Response to the Final Report of the Visitor Economy Taskforce' (December 2012)

*A priority for Destination NSW over the planning period is additional investment in building consumer awareness of Brand Sydney. **Core communication messages include Sydney's iconic attractions and unique experiences; its exciting and glamorous city environment enlivened by major events; and easily accessible nature both within the city and its surrounding regions.** Particular promotional emphasis will be targeted to the FIT segment—this market is looking for more sophisticated experiences and is influential in leading travel trends.” [Emphasis added.]*

*Source: Destination NSW, 'China Tourism Strategy 2012-20' (30 November 2012)*

The Crown Sydney Social Impact Assessment noted the following:

*“All great cities are recognised by their civic icons. In the era of globalisation, tourism has become a major industry and in the 21st Century no great city is complete without prestigious hotels to lure wealthy travellers from abroad. Hotels are beacons of urban pride in a global market place that pits world cities against each other.*

*The construction of the CSHR will undoubtedly augment the range of offerings in the tourism triangle extending from the Opera House/Circular Quay through The Rocks to Darling Harbour, back to the QVB and down Pitt St returning to the Quay.”*

*(Source: Crown Sydney Hotel Resort, Social Impact Assessment, MacroPlan Dimasi, October 2014)*

## **CROWN'S STRONG ASIAN MARKETING NETWORK**

Crown's brand, resources and relationships in China will be invaluable in helping the New South Wales Government to market Sydney and New South Wales as an aspirational destination.

Crown will promote the Crown Sydney Hotel Resort by leveraging its global brand and reputation and utilising its international sales team.

Crown's shareholding in Melco Crown Entertainment (MCE), one of Macau's major integrated resort operators, and its extensive marketing network and commitment in Asia, has facilitated the promotion of its Australian resorts. This has also helped foster Melbourne and Perth as destinations of choice for persons of high net worth.

Crown's strong brand in Asia is supported by the fact that:

- City of Dreams Macau which has been awarded the “Forbes Five Star” rating in both Lodging and Spa categories, has been branded Crown Towers since its inception;
- The Crown brand features throughout the guest rooms and other facilities within the Crown Towers hotel at City of Dreams Macau, the City of Dreams Manila; and
- The Crown Signature Club magazine features in each Crown Towers hotel room (and features Crown's Australian properties).

Crown maintains an active presence in Asian countries with an internationally based sales, marketing and support team in excess of 60 people.

Crown and MCE sales staff throughout Asia (including in Macau) collaborate to ensure that MCE VIP customers are cross-referred to Crown's Australian properties and Crown VIP customers are cross-referred to MCE's Macau casinos.

Adding the Crown Sydney Hotel Resort to the list of destinations Crown markets internationally will help New South Wales take greater advantage of the opportunities provided by the boom in Asian outbound tourism.



## CROWN'S EFFECTIVE MARKETING PARTNERSHIP WITH STATE TOURISM BODIES

Crown works very closely with State tourism bodies in Victoria and Western Australia in marketing those States interstate and globally. The Victorian Government's China Tourism Strategy actually mentions Crown Melbourne as one of the key partners it will work closely with in achieving their targets.

*"Work with industry partners to promote Melbourne and regional Victoria in China, **including the Crown Integrated Resort, Phillip Island Nature Park, Sovereign Hill and the Bendigo region.**"*  
*[Emphasis added.]*

*Source: State Government of Victoria, 'Victoria's China Tourism Strategy' (May 2012)*

The Crown Sydney Hotel Resort would allow Crown to partner with Destination New South Wales and other tourist organisations in marketing New South Wales as a must visit destination.

Crown Melbourne's and Crown Perth's support of their State tourism bodies incorporates preferred partnership agreements. This support covers accommodation and restaurant utilisation for media and trade visits, meeting space for press conferences, airline bid opportunities, marketing promotions, joint sales calls and attendance at key trade events and missions. Crown is committed to supporting the needs of the State tourism offices and ultimately sees itself as an extension of these organisations and appreciates the impact this has overall on the success of Australian and State tourism.

Crown also provides bespoke experiences to the State tourism offices and utilises its assets and connections to enhance the State's brand and tourism messages. This incorporates access to the exclusive Capital Golf Course, Infinity Super Yacht, key sponsored Crown Events and Crown Ambassadors such as international champion tennis player, Li Na.

Crown has initiated VIP tailored package experiences for the China market supported through the State tourism offices, incorporating various tourism suppliers throughout the States which facilitates regional dispersal and marketing exposure for these key operators.

The State tourism offices often request Crown in the first instance for key media and trade visits due to its brand and the superior product and services offered that will ensure hosted guests have a truly memorable visit.

The New South Wales Government through Destination New South Wales understands the importance of strategic commercial partnerships. In its 'China Tourism Strategy' it says:

*"Destination NSW is also targeting development of more commercial partnerships, both within and outside the tourism industry. These can assist NSW in meeting its strategic growth objectives by providing new promotional opportunities, extending audience reach, attracting additional investment and offering connections with development activities undertaken by other parties."*

*Source: Destination NSW, 'China Tourism Strategy 2012-20' (30 November 2012)<sup>6</sup>*

## ATTRACT HIGH NET WORTH TOURISTS AND GREATER VISITOR SPEND

The Crown Sydney Hotel Resort will help New South Wales attract high net worth tourists who typically spend significantly more than average tourists during their visit. High net worth tourists are therefore of much greater value to the local businesses and economies they visit, which explains why so many governments, both domestically and internationally are competing to attract them.

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6 A copy of the Strategy is located behind Tab 3 of Volume 1D—Attachments to the Project Submission



The New South Wales Visitor Economy Taskforce Report argued that it is critical that New South Wales look at strategies to increase visitor spend:

*“NSW requires growth not only in visitor numbers but also in visitor spend. High-spending, particularly high-yield international visitors, predominantly from China, have been identified in this Plan as a key target market and represents a significant opportunity to increase overnight visitor expenditure. Achieving the target requires growth in both international visitor numbers and nights stayed. NSW needs appropriately targeted strategies to tailor products and experiences that meet the demands of high-yield visitors.”*

*Source: New South Wales Visitor Economy Taskforce, ‘Final Report of the Visitor Economy Taskforce: A Plan to Double Overnight Visitor Expenditure to NSW by 2020’ (June 2012)*

The New South Wales Government’s target of doubling visitor spend by 2020 is much more achievable if New South Wales can attract more high net worth visitors.



## ATTRACT A GREATER SHARE OF INTERNATIONAL VIP GAMING PLAYERS

### THE BENEFITS OF VIP GAMING FOR SYDNEY

VIP gaming delivers significant revenue which will benefit the taxpayers of New South Wales and allow Crown to cross subsidise the operations of other parts of the Crown Sydney Hotel Resort such as the building design, the hotel rooms, the restaurants and leisure facilities.

The Allen Consulting Group Report (August 2012) described the benefits of VIP gaming customers:

*“The value of VIP casino gaming customers to the Australian economy can be summarised as: The VIP Casino business in Australia is estimated to be worth \$1 billion in FY 2012 and it also generates additional significant high tourism on-spend.*

*The VIP business supports Australian integrated resorts in investing in additional non-gaming infrastructure, including new and upgraded hotels, convention and conference facilities, theatres, cinemas, restaurants and retail outlets etc., which results in further tourism on-spend.*

*The Australian VIP business mainly consists of high-value players, predominantly from Asia, and more specifically from mainland China and Hong Kong. There is an estimated 30 million Chinese patrons in the VIP gambling market.*

*In 2011/12 the international VIP business in Australia is estimated to be worth \$1 billion (prior to including the value of the tourism on-spend). Proceeds generated in VIP rooms enable casinos to further invest in tourism infrastructure, including world-class hotels, convention and conference facilities, theatres, cinemas, restaurants and retail outlets, which results in further tourism on-spend. Currently the casino industry is in the process of spending over \$4.6 billion on redeveloping and building new tourism infrastructure. Of equal importance is the fact that 35 per cent of all revenue earned in Australian casinos returns to the community through taxes paid to the three levels of government.*

*Despite Australia’s geographic isolation, Australian casinos currently attract about 3 per cent of the highly competitive international VIP gaming business. Looking to replicate Singapore’s and*

*Macau's success, competition for this market is increasing with new integrated resorts opening in the Philippines and Vietnam, and possibly Japan and Taiwan.*

*When VIP customers come to Australia they visit for five to seven days (a much longer stay than for local and interstate customers) and are mostly accompanied by family or friends who participate in a range of other tourism activities beneficial to the economy, such as shopping, visiting major tourist attractions and other destinations apart from the city in which they are staying.*

*It has also been known for these influential and highly regarded business people's contribution to develop beyond tourism expenditure into investment in Australian businesses.*

*State and territory regulators recognise the importance of the high-roller business and Australia's place within a global market. For that reason State and Territory governments have responded with a different taxation scheme for the VIP business, setting rates, which are competitive with Las Vegas and the Asian markets.*

*There can be no doubt that competition is increasing in the worldwide VIP business. Singapore's casinos offer a lower tax rate on VIP gaming than Australia and the Singapore government is focused on targeting high value players for Marina Bay Sands and Resorts World Sentosa—Singapore's two integrated resorts.”*

*Source: Allen Consulting Group, 'Crown Sydney Proposal—An Economic Benefit Assessment' (August 2012)*

#### **CROWN SYDNEY WILL STRENGTHEN SYDNEY'S POSITION IN THE INTERNATIONAL VIP GAMING MARKET**

Currently, Australia has a very small share of the international VIP gaming market, which Crown estimates to be less than 3%. Crown expects that the addition of Crown Sydney will significantly increase Australia's share of the international VIP gaming market.

Sydney is currently missing out on the revenue and economic activity these visitors deliver to other resorts domestically and overseas given that, despite the many attractions of Sydney and New South Wales, New South Wales' share of the international VIP gaming market is only less than 1%. Once Crown Sydney is fully operational, Crown estimates that Sydney's share of the international VIP gaming market will be approximately three times its current level.

The six-star Crown Sydney Hotel Resort combined with the attractiveness of Australia's most naturally beautiful city would be a major drawcard for high wealth tourists and VIP gaming players across Asia, in particular China. An iconic, landmark hotel resort on Sydney's beautiful harbour would act as a magnet to many of these visitors.