

ASSIST SYDNEY TO COMPETE FOR MAJOR DOMESTIC AND INTERNATIONAL EVENTS

A six-star hotel resort on the waterfront at Barangaroo South will assist Sydney to compete with other cities in Australia and the world for major domestic and international conferences and events.



The Crown Sydney Hotel Resort will become a critical asset when New South Wales bids for these events, complementing the State's first class sporting facilities and the new convention and conference facilities being delivered by Infrastructure New South Wales.

Crown provides considerable support to Tourism Victoria, to assist them in competing for major domestic and international events. The infrastructure Crown provides supports the State convention centres and places Victoria and Western Australia in an enviable position against key international competitors.

Crown has a preferred agreement with the Melbourne Convention and Visitors Bureau to provide support to successfully bid and secure key events. The support includes financial support and the hosting of site visits, attendance at key trade shows/exhibitions, bid submissions and marketing.



Crown provides substantial support for the annual Asia Pacific Incentive and Meetings Expo (AIME) above and beyond industry standard. Crown also supplies additional room stock, access to exclusive venues for meetings and functions thereby providing a showcase experience for delegates that has proven successful in the conversion of business for both Melbourne and Perth.

Crown has representatives in key positions within tourism organisations and takes great pride in partnering with Destination Melbourne, the Melbourne Convention and Visitors Bureau, Tourism Council of Western Australia and the Australian Tourism Export Council.

ASSIST OTHER HOTELS AND THE BROADER TOURISM INDUSTRY IN NEW SOUTH WALES

There is strong evidence that iconic luxury hotels and related tourist attractions can help promote the wider tourism and hotels sector:

- New luxury hotels can attract substantial media coverage and promote the hotel's destination to the international leisure market. For example, Qualia in the Whitsundays won the Conde Nast Traveller Award for 'Best Resort in the World, 2012' therefore promoting Queensland to a substantial US audience;
- World leading hotels can influence a person's perception of a city or country. For example, Marina Bay Sands has reinvigorated Singapore's tourism industry since opening in April, 2010;
- It allows the hotel's destination to compete on a global scale with other leading luxury destinations such as Paris, London and New York;
- They become a landmark/asset to the overall tourism message. For example, the flame towers that line Crown Towers riverside are an iconic Melbourne image that is used in Tourism Australia's key photography when promoting Melbourne; and
- It sets an expectation that the traveller's experience within that destination will be luxurious, unique and world-class.

The luxury six-star experience at the Crown Sydney Hotel Resort would be so unique to Sydney that there is likely to be minimal impact on other hotel operators. In fact, Crown Sydney's luxury offering will benefit other tourism operators across New South Wales by boosting the appeal of New South Wales as a tourist destination.

The Chief Operating Officer of Accor, Australia's largest hotel group endorses this positive effect stating the following:

"There is no doubt that Sydney failed to make the most of the Sydney Olympics and let its tourism infrastructure run-down, just at a time when cities such as Singapore, Hong Kong, Shanghai and Melbourne were ramping it up.

Sydney has so many natural advantages, but without investment in infrastructure it is easy for a city to fall behind its competitors in attracting major events, high-yielding tourists and large-scale conferences. These produce tens of millions of dollars for the local economy and in the end benefit the whole Australian economy.

After a decade of inactivity, Barry O'Farrell's Government has shown that tourism is a priority for the city by providing the opportunity for major developments, and now we have a private investor in the form of James Packer, who is prepared to fund a project that will add significantly to the city's tourism resources. We certainly need to support such commitment and vision.

Anyone who has been to Singapore and Macau will have been able to see the impact of such developments on the tourism market. It is not just about gaming, it's about creating facilities that tourists want. The Marina Bay Sands development in Singapore has created a whole new dimension to the city, attracted tourists who would never have gone there, and benefited the whole economy. The Packer Barangaroo development can have the same impact in Sydney.

China is a large part of the future of Australian tourism, and the Chinese market has shown an increasing appetite for quality integrated developments like this. It will definitely raise Australia's profile in China, as well as in many other important Asian source markets.

The development promises to be an outstanding architectural project with quality meeting and exhibition facilities, retail outlets and restaurants that will open up a previously neglected area of the waterfront. The six-star hotel promise will add a level of accommodation that Sydney doesn't currently have, and it will help to put the spotlight firmly on the city's attractiveness as a tourism destination.

We welcome the development and are very pleased at the bipartisan support from the Liberal and Labor parties. It signals that the Government—at long last—understands the value of tourism and is prepared to support it with actions.”

Source: Simon McGrath, ACCOR Chief Operating Officer, Accommodation Association of Australia, 'Accor Backs Packer Casino Project' (26 October 2012)

When the two new integrated resorts were proposed in Singapore there were fears that they would adversely impact other hotels and tourist attractions however the opposite has occurred.

The integrated resorts have attracted thousands of international business conferences and events, which have revitalised and boosted Singapore's entire tourism industry.

Hotel rooms in Singapore have significantly increased in number, together with hotel occupancy and the average room rate.

A report by CBRE in 2012 said that “While the integrated resorts provided significant new hotel room supply, they have, and are likely to continue to generate significant additional demand for both the tourism industry, and the economy in general”.

Like Singapore's resorts, Crown provides exceptionally attractive tourism infrastructure and a compelling opportunity for the broader tourist offering in attracting Asian tourists.

HELP ALLEVIATE THE SHORTAGE OF PREMIUM HOTEL ROOMS IN SYDNEY

Without investing in quality tourism infrastructure, including high quality hotel rooms, New South Wales will not be able to meet its State tourism objectives or capitalise on the huge opportunity out of Asia. A new six-star hotel resort will provide a strategic addition to the total stock of hotel rooms available in Sydney and play some part in helping to alleviate the current shortage.

LIMITED SUPPLY OF HOTEL ACCOMMODATION WILL CONSTRAIN TOURISM GROWTH

The 'Australia in the Asian Century White Paper' highlighted Australia's urgent need to provide additional hotel rooms if we are to meet projected demand:

“And Australia will need to expand the supply of tourism infrastructure. Australia has one of the highest room occupancy rates among OECD countries and will need another 40,000 to 70,000 hotel rooms by 2020 to meet projected demand (OECD 2010b).”

Source: Australian Government, 'Australia in the Asian Century White Paper' (October 2012)

The New South Wales Visitor Economy Taskforce Report also highlighted the need to provide new tourism infrastructure and more premium accommodation supply:

“NSW Visitor accommodation in Sydney is a critical infrastructure need. Sydney has one of the highest average annual hotel occupancy rates, at over 80 per cent, of any capital city in

Australia. This means that, frequently throughout the year, there are insufficient rooms available to meet demand.

As occupancy levels have reached this level, hotel room rates have risen, putting more pressure on the 'value-for-money' equation that is now often a strong part of the decision to visit a destination or stage an event here."

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 Visitor Economy Taskforce Report makes clear that without additional accommodation in Sydney, New South Wales' tourism targets will not be achievable:

"A doubling of the overnight visitor expenditure by 2020 will demand more visitor accommodation for Sydney's CBD and Greater Sydney.

Currently, there is limited capacity to promote additional visitation into Sydney."

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 Allen Consulting Group Report (August 2012) also highlighted the shortage of hotel accommodation, noting:

"The hotel occupancy rate in Sydney is very high by international standards. The occupancy in Sydney for the 2011 December quarter was 86.3 per cent, with average room rates up 4.5 per cent to \$201.54 (TTF 2012a).

A recent report by the Tourism Association of Australia found Sydney needs 150 to 550 new hotel rooms every year or 5,000 rooms by 2020 to meet the demands of the tourism sector (TAA NSW 2012). TTF, the Australian Hotel Association and the Accor Hotel Group have all expressed the need for more quality hotels to be built in Sydney (TTF 2012a). Since the year 2000 only one five star hotel has been built in Sydney (The Darling).

Looking ahead, this shortfall of tourist accommodation, especially in the upscale segment could cost NSW tourism and the NSW economy dearly.

The shortage of hotel rooms and undersupply of tourism infrastructure will constrain Sydney's international and domestic tourism market growth. Sydney's hotels performed above high expectations in 2011. While very strong forward outlook, very high level of occupancy and good room rate growth are predicted, high occupancy rate and minimal supply growth are expected to constrain future demand growth (Dransfield 2011)."

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

7. SOCIAL AND COMMUNITY BENEFITS

Crown has a long-standing commitment to making a positive contribution to the communities in which we operate in and the same approach would apply to Crown Sydney.

At Crown we set the standards for the tourism sector, with a focus on training our employees to deliver outstanding service and world-class customer experiences. Our learning programs help our employees develop the skills needed for a rewarding career in the tourism industry.

In 2014, the Crown Resorts Foundation, in partnership with the Packer Family Foundation, announced a \$200 million National Philanthropic Fund. Over 10 years, \$100 million is to be allocated through our Community Partnerships and Indigenous Education Fund and \$100 million will be allocated through our National Arts Fund.





7.1 EMPLOYMENT AND TRAINING FOR SYDNEY'S INDIGENOUS COMMUNITY

To date our award-winning Indigenous Employment Program has helped more than 450 Indigenous Australians find employment at Crown Melbourne and Crown Perth. Our Indigenous employment and training program will be expanded to Crown Sydney as we make progress towards our target of providing 2,000 job opportunities by 2021.

Significantly, Crown has recently signed an agreement under the Australian Government's Employment Parity Initiative to increase Crown's Indigenous workforce to 3.1% of Crown's employees.

As well, we recently launched our second Reconciliation Action Plan (RAP) with a focus on helping our Indigenous employees develop the skills required to take on future management roles. Crown is only the thirteenth company to be awarded the Elevate status by Reconciliation Australia from 600 companies who have RAPs in place.

Our Indigenous Employment program was awarded the 2015 Community Contribution Award at the Australian Business Awards for the second year running.



7.2 SUPPORTING LOCAL COMMUNITIES THROUGH PARTNERSHIPS AND FUNDING

The Crown Resorts Foundation continues to set the bar for Australian philanthropy. In partnership with the Packer Family Foundation, a \$200 million National Philanthropic Fund has been established and already, significant funding and assistance has been provided to over 80 community organisations. These programs are focussed on supporting some of the most disadvantaged in our society, and also providing young Australians with more education opportunities so they can learn, grow and be confident in themselves and their ability to succeed. The Foundation is already working closely with Sydney's Arts community and Indigenous Education organisations.

7.3 \$200 MILLION NATIONAL PHILANTHROPIC FUND

The Crown Resorts Foundation in partnership with the Packer Family Foundation have established a \$200 million National Philanthropic Fund that has already provided significant funding and assistance to over 80 community organisations. These programs are focussed on supporting some of the most disadvantaged in our society, and also providing young Australians with more education opportunities so they can learn, grow and be confident in themselves and their ability to succeed.

Within the overarching \$200 million National Philanthropic Fund sit two streams of funding, the \$100 million Arts Fund and the \$100 million Community Partnerships and Indigenous Education Fund.

\$100 MILLION NATIONAL ARTS FUND:

Aimed at improving the accessibility and availability of the arts, there are two funding pools that sit within the National Arts Fund dedicated to supporting Sydney's arts and cultural sectors - the \$30 million Sydney Arts and Cultural Institution Fund and the \$30 million Western Sydney Arts Initiative.

WESTERN SYDNEY ARTS FUND

To provide some context of the scale of Crown's commitments, the \$30 million Western Sydney Arts Initiative is a sub-fund of the \$200 million National Philanthropic Fund. The first two years of funding for programs selected through the Western Sydney Arts Initiative will reach thousands of students, engaging over 100 schools and over 65 arts and community organisations.

As well, the Sydney Arts and Cultural Institution Fund has committed 10 years of funding to major Australian arts organisations based in Sydney, these include the Art Gallery of NSW, the Museum of Contemporary Art, Sydney Theatre Company and Bangarra Dance.

\$100 MILLION COMMUNITY PARTNERSHIPS AND INDIGENOUS EDUCATION FUND:

Crown and Packer Family Foundations are partnering with organisations whose programs will strengthen communities and empower young Australians through education. These programs are focussed on promoting education opportunities, life skills and ultimately employment prospects of young Australians.

For example, the Crown Resorts Foundation is one of the Australian Indigenous Mentoring Experience's (AIME's) major partners and has provided funding to support the delivery of their Western Sydney Program which is being facilitated in partnership with the University of Western Sydney. This is a significant expansion in the delivery of AIME's programs as Western Sydney has the largest urban population of Indigenous Australians.

Another significant partnership is our support of the Take Kare Safe Space located in Sydney's CBD. The Crown Resorts Foundation is partnering with The Thomas Kelly Foundation, The Salvation Army, City of Sydney and the New South Wales Government to deliver the Safe Space. The aim of the Safe Space is to provide a safe place in Sydney's city centre where help is available for intoxicated young people vulnerable to crime, either as a victim or offender. Staffed by a trained Salvation Army team there is a specially modified vehicle providing basic first aid, free water, phone and internet access, transport information and provide assistance to get vulnerable people home safely.

For more information visit www.crownresorts.com.au/foundation



7.4 EMPOWERING PEOPLE WITH A DISABILITY - SYDNEY CROWNABILITY PROGRAM

In December 2014, Crown launched *CROWNability*, an employment program developed to help Australians with a disability find meaningful employment. This program works in partnerships with key industry organisations and provides employment pathways for people with disability. The *CROWNability* program will operate in the Crown Sydney Hotel Resort, helping local workers find real and lasting employment opportunities that are tailored to meet their ability and career aspirations.

Crown is proud of our commitment to the program that has already helped over 65 Australians find employment opportunities tailored to their skills at our Melbourne and Perth resorts as of June 30 2015. To further support the program Crown has secured the support of Kurt Fearnley, the acclaimed Para-Olympian and marathon champion, as the official *CROWNability* Ambassador. Kurt will play an important role in raising awareness of *CROWNability* and the employment opportunities available through the program.



7.5 COMMITTED TO INDUSTRY LEADING SOCIAL SAFEGUARDS

Crown Resorts has a long standing commitment to responsible gaming initiatives at its Australian resorts. Crown will provide a unique set of responsible gaming programs and services to its Crown Sydney patrons and will commit to a standard of care no less than is provided at Crown Melbourne.

Crown has a Memorandum of Understanding (MOU) with Mission Australia to cover the provision of responsible gaming support services for the Crown Sydney Hotel Resort. The MOU details a number of responsible gaming support services, which will be delivered by Crown and Mission Australia at the Crown Sydney Hotel Resort. Crown will introduce a voluntary self-exclusion program to Crown Sydney, similar to that at Crown Melbourne. Crown Sydney will also have procedures to respond to concerns raised by the family or friends of a customers in relation to the customer's gaming behaviours.

Crown's commitment to responsible gaming is present at all levels of the business. Crown's dedicated Board Committee, the Responsible Gaming Committee, currently chaired by independent Director, Professor John Horvath, AO, continues to meet regularly to review and monitor responsible gaming programs and promote awareness of responsible gaming issues. As well, Responsible Service of Gaming training is provided to employees, complementing our comprehensive responsible gaming programs.





**CROWN
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