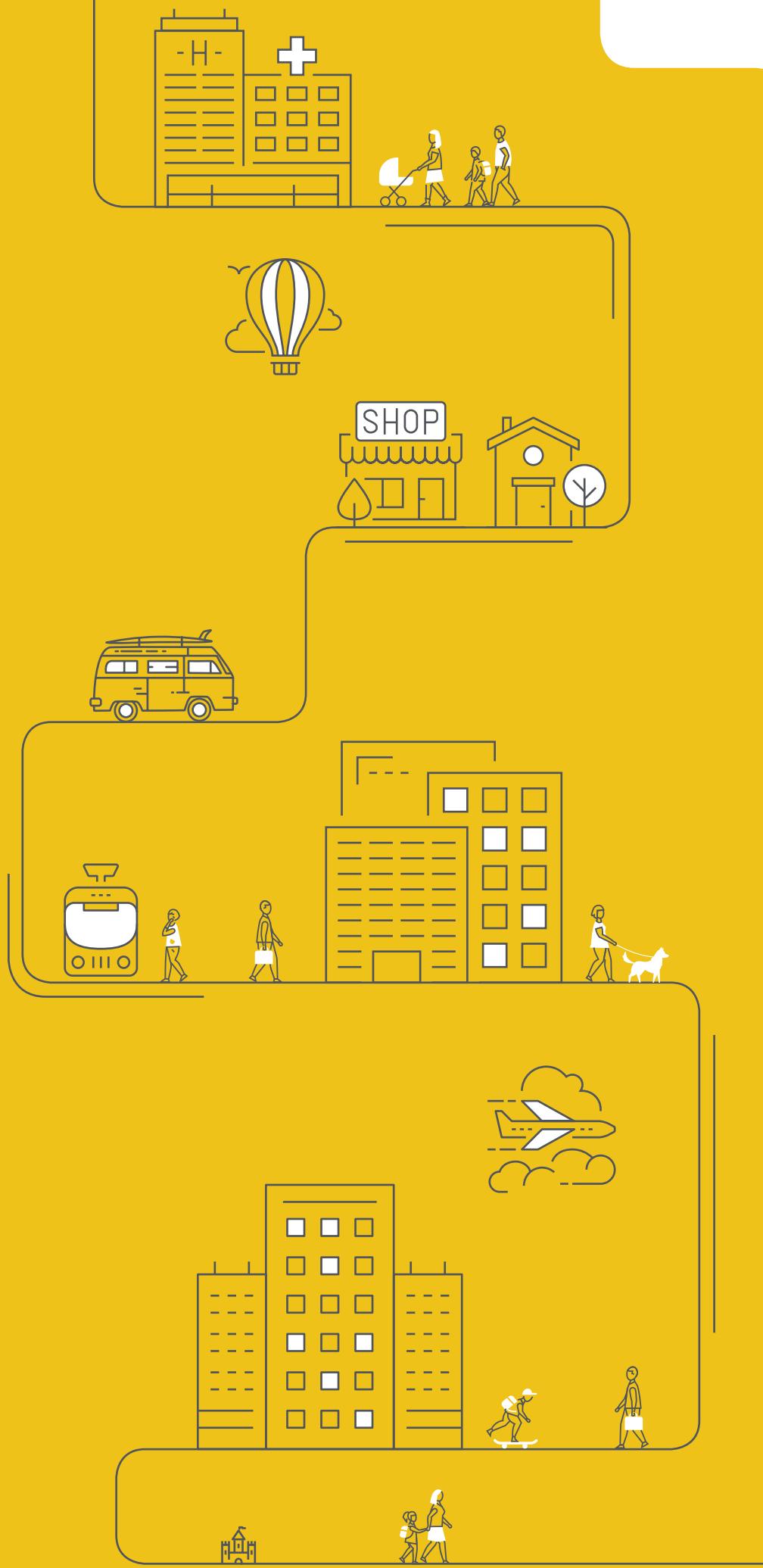


# Gold Coast Global Tourism Hub

Community and  
stakeholder consultation



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# Executive summary

On 5 March 2019, the Queensland Government approved the commencement of a market process to deliver a Global Tourism Hub (GTH) on the Gold Coast. The Minister for Innovation and Tourism Industry Development and Minister for the Commonwealth Games, Kate Jones, formed the Tourism Advisory Panel (the Panel) to support and assist the State in ensuring a balanced approach to fostering economic opportunity, tourism growth and better understanding community expectations.<sup>1</sup>

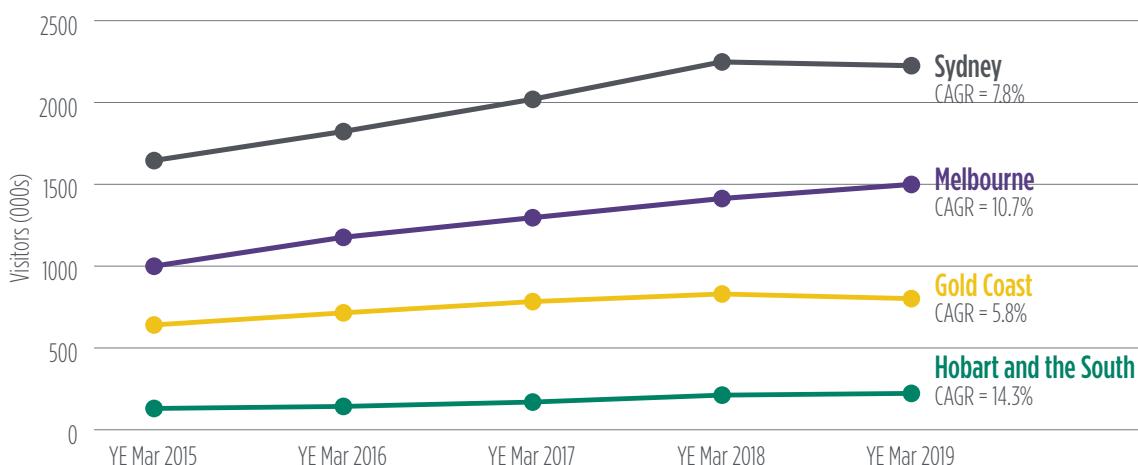
## TOURISM ON THE GOLD COAST

Tourism is a significant driver of economic and social outcomes for the Gold Coast, delivering 41,000 direct and indirect jobs and supporting more than 3,000 tourism businesses.<sup>2</sup> However, there is clear evidence the Gold Coast is not keeping up with its competitors, or meeting its potential as an international tourism destination.

## Rival destinations are gaining international visitor market share at the Gold Coast's expense

International holiday visitation to the Gold Coast has not kept up with the growth experienced in key competing Australian destinations such as Sydney, Melbourne and Hobart over the past five years. In fact, between March 2015 and March 2019 international holiday visitation to the Gold Coast achieved a compound annual growth rate of only 5.8 per cent compared to the national average of 8.7 per cent.<sup>3</sup>

INTERNATIONAL HOLIDAY VISITATION (YEAR ENDING MARCH 2015 TO MARCH 2019)



SOURCE: Tourism Research Australia, National and International Visitor Surveys, March 2015 – March 2019



For the year ending March 2019, the average length of stay for international holiday visitors to the Gold Coast was 5.6 days, a slight decrease from 5.9 days in the year to March 2015.<sup>4</sup> Despite the positive effect of the Commonwealth Games, this is lower than the average length of stay in Sydney, Melbourne and Hobart (10.4, 9.2 and 5.7 days, respectively).<sup>5</sup>

### **The Gold Coast's tourism industry is built mainly on domestic, not international visitors**

While domestic tourism for the Gold Coast is up 16.8 per cent in the year to March 2019,<sup>6</sup> international tourism declined by 2.1 per cent.<sup>7</sup> This represents a decrease of 22,000 international visitors to the Gold Coast. Over the same period international visitors increased by approximately 132,000 to Melbourne, 11,000 to Sydney and 9,000 to Hobart.<sup>8</sup>

This matters because domestic visitors to the Gold Coast spend on average \$900, while international visitors spend \$1,323, or 32 per cent more.<sup>9</sup>

In the year ending March 2019, the total domestic market (daytrippers and overnight) accounted for a significant 92 per cent of the total visitor numbers, while more lucrative international visitors only contributed eight per cent of total visitation.<sup>10 11</sup> Some 80 per cent of visitors travel to the region by car.<sup>12</sup> These statistics suggest that the Gold Coast is not living up to its self-image, or its potential as an international tourism destination and requires significant investment to attract international visitors.

### **The Gold Coast has great natural attractions, but on their own they won't drive international tourism**

In a 2013 survey conducted by Tourism Research Australia, only five per cent of visitors indicated that the main reason they visited the Gold Coast was for the “variety of things to do”.<sup>13</sup> Through consultation, some stakeholders suggested the Gold Coast’s main tourism drawcards were the ‘green and gold’: the hinterland and beaches. While these natural offerings will continue to play a key role in attracting tourists, on their own they are not likely to drive significant increases in tourism, particularly international tourism.

A significant growing international tourism market is Chinese holidaymakers. Chinese tourism to Australia is predicted to increase approximately 170 per cent between 2018<sup>14</sup> and 2026–27.<sup>15</sup> However, in the year ending March 2019, the number of Chinese visitors to the Gold Coast fell by 17.1 per cent.<sup>16</sup> As well, in 2018 the number of nights Chinese holidaymakers spent in the city fell by 17.2 per cent.<sup>17</sup>

The following facts help guide what the Gold Coast may need to develop in order to capture its share of the significant increase in future Chinese visitation expected nationally:

- A 2016 McKinsey report finds that “the popularity of international travel is astounding among Chinese consumers”, but also that the Chinese favour luxury products and experiences;<sup>18</sup>



- The 2017 Hurun report into Chinese tourism indicates a strong preference by Chinese travellers for luxury hotels and fine dining experiences.<sup>19</sup> In fact, hotel quality, including brand, service and facility, is ranked as the most important factor for Chinese tourists when booking accommodation;<sup>20</sup> and
- A Tourism Research Australia report into Australia's potential to attract Chinese tourists points to their desire to "flaunt" their ability to travel and experience unique offerings.<sup>21</sup>

### **The region is falling short of its own tourism objectives**

The Gold Coast Destination Tourism Management plan 2014–2020 (DTMP) set a number of objectives for the growth of the industry. For example it has an ambition to increase overnight visitor expenditure to \$7 billion between 2014 and 2020,<sup>22</sup> which on current projections will not be met. The DTMP also sets the goal of delivering three medium-term catalyst projects following the Commonwealth Games, including an integrated resort development (IRD). A GTH is similar to an IRD, but with an additional emphasis on an urban renewal objective. While some progress has been made on delivering catalyst projects, this goal has also not been met.

### **Convention and entertainment facilities are not capable of meeting market opportunities**

In the year ending March 2019, more than 600,000 people visited the Gold Coast for primarily business reasons, injecting upwards of \$532 million into the local economy.<sup>23</sup> The majority of the large business events, and the associated visitors, are likely to have been held at the region's primary business and conference venue – the Gold Coast Convention and Exhibition Centre (GCCEC).

The GCCEC has been the subject of numerous reviews into its capacity, constraints and future capability as an international and domestic convention location. The GCCEC is struggling to meet the requirements of event organisers due to capacity constraints.<sup>24</sup>

Finding alternative convention facilities is not proving difficult for event organisers with the last seven years seeing significant upgrades and expansions to centres in Brisbane, Sydney, Melbourne and Adelaide. The GCCEC has not experienced any major redevelopment since an expansion in 2008.

With demand for convention space increasing, and newer larger facilities accessible in other locations around the country, the Gold Coast will continue to lose business traveller market share unless significant change is made.

Interviewees in the consultation process also raised the concern that there is no venue on the Gold Coast which can accommodate large-scale "Las Vegas style" shows and that the creation of an alternative entertainment venue is warranted.

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### **THE GLOBAL TOURISM HUB PROPOSITION**

Recognising the need to stimulate tourism investment, in 2013 the then LNP State Government issued a casino licence as part of an IRD.<sup>25</sup> A previous attempt to create an IRD on Wavebreak Island and then The Spit failed in part because of community opposition to those locations being used for this purpose.

The current State Government has begun a new process to attract proposals from the global market to develop a GTH. A GTH is described as a high quality, mixed use destination aimed at providing tourism, leisure and entertainment facilities for the



local, domestic and international market. It typically covers several hectares and often includes iconic architecture, five or six star hotels, convention facilities, entertainment arenas, theme parks, luxury retail, signature food and beverage outlets, public attractions and extensive public open space and recreation facilities. For the Gold Coast GTH, the casino licence created in 2013 is currently being offered as part of the process to secure the level of investment necessary for the development of new tourism infrastructure.<sup>26</sup>

## COMMUNITY CONSULTATION AND FEEDBACK

In order to inform itself of community sentiment regarding a GTH, the Panel undertook the following consultation (detailed in Appendix 1):

- One-on-one consultations with 38 stakeholders/groups from local and state government, businesses, community groups and representatives from tourism, education and industry bodies including members of clubs, hotels, pubs and the existing casino;
- Four focus groups consisting Gold Coast residents (with approximately eight residents randomly selected for each group);
- An online survey of 546 Gold Coast residents; and
- An analysis of 211 written submissions received via email and post, following a call for submissions advertised in the Gold Coast Bulletin and an email to Gold Coast business leaders requesting their position on the GTH.

Overall, 56 per cent of Gold Coast residents surveyed as part of the Panel's work, strongly or somewhat support the development of a GTH when the description in Appendix 2 is provided. They do so because they recognise it will help the local economy, attract more tourists or because it sounds appealing and unique. Eighty per cent of survey respondents also agree that a GTH will create more jobs for locals. However, there is strong desire for more information on the location and look of the proposed development.

Only 13 per cent of residents surveyed strongly or somewhat oppose a new IRD for the Gold Coast. They do so because of concerns that there is too much development on the Gold Coast, they dislike the idea of a second casino or they don't believe it is well enough differentiated from what the region already has. The remaining 31 per cent neither support nor oppose, or are unsure.

This result can be interpreted as a reasonably strong level of support as 56 per cent of respondents support a GTH once a description is read. Before a description is read, support is 28 per cent. This demonstrates both the need to effectively communicate with residents about the features of the proposition which go beyond a casino and the benefits a GTH can deliver. Without a significant effort to inform the community, support for a GTH could be easily eroded to levels below the current 28 per cent by those who strongly oppose the development.

Despite the level of general community support, many specific interest groups and influential stakeholders are vocally opposed to the proposition. That opposition can be summarised into a number of dominant themes.



## Opposition to the use of public land

An option for the State Government is to contribute public land to the developer of a GTH. This is a legitimate way of incentivising the private sector to consider the significant investment that a GTH entails. It is also a way for the State Government to strengthen its negotiating authority and be more prescriptive about the nature of a GTH to ensure it meets the tourism objectives of the Gold Coast.

However, some individuals and community groups are opposed to the use of public land for this purpose. The opposition stems from either an ideological opposition to a State contribution to the private sector, a concern about the loss of public open space and/or a concern that it will impact where they live.

It is difficult to mitigate against the ideological opposition, however a private sector proponent can be compelled as part of the arrangement to provide an equivalent or greater amount of public open space. In fact, if the development generated the same or more public open space, 43 per cent of survey respondents are more likely to support a GTH on public land.

The ultimate mitigation to deal with this concern is to locate the GTH on a fit for purpose site which is currently privately held. Many of those consulted who cite the use of public land as their primary motivation for opposing a GTH said they would be supportive if it were located on private land.

If private land is identified, the challenge becomes maintaining sufficient leverage for the State Government in negotiating an outcome that's worthwhile for the Gold Coast. On the other hand, were the State Government to do what was necessary to be in a position to offer a private site, this could have significant implications for taxpayers and add complexity and potentially considerable time to the process.

## Location

For many, location is the dominant consideration in whether they support or oppose a GTH. In fact, 68 per cent of those surveyed agree their support for a GTH is dependent on location indicating a site must be declared before public opinion on a GTH can truly be tested.

While 62 per cent of those surveyed said the GTH will help bring to life some areas of the Gold Coast that aren't thriving, the precise location is a hotly contested subject. For example, through the consultation period it was suggested that a GTH could be used to catalyse new development as part of an urban renewal effort in Southport to create a genuine CBD for the city. Others suggest that Southport should remain (or become) the administrative centre of the Coast and that tourism development of this kind is better located elsewhere, like Surfers Paradise or Broadbeach.

In any case, it seems clear that many on the Gold Coast are waiting for a location to be announced before deciding their position on a GTH. Perhaps not surprisingly this suggests that for some, local impacts to amenity, whether perceived or real, will be more important than benefits to the Gold Coast as a whole.

## Impact on community clubs

Clubs and their representative bodies have made a compelling case that Gold Coast clubs operate within a fiercely competitive environment. They compete with each other, hotels and The Star (the existing casino on the Gold Coast) for revenue, particularly gambling revenue derived from local residents through electronic gaming machines (EGMs).

Clubs are seriously concerned about their ongoing viability in the event of a GTH being developed. They argue that any additional gambling options for local residents will logically exacerbate the competition in a saturated market. And the Panel is strongly supportive of this view.



Unlike The Star and hotels, clubs exist primarily to serve the community and the purpose for which they were created. For this reason the Panel strongly believes that clubs should have their concerns carefully considered and addressed in the event a GTH proceeds.

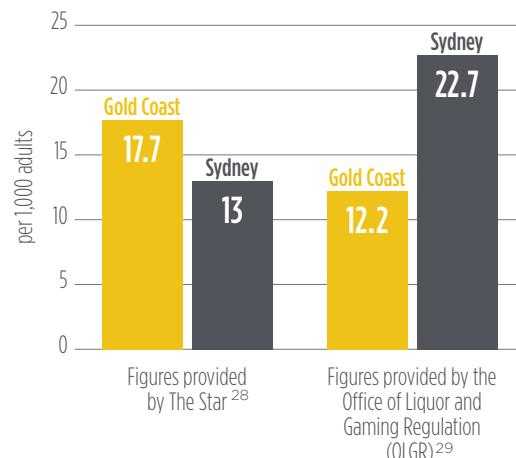
Possible mitigations, outlined further in this report, involve tax relief during the initial period of a likely decline in gambling revenue, a rebate for community contributions, other regulatory relief and an entry levy to the casino floor of a GTH for locals, as exists in some international jurisdictions. The Panel is strongly supportive of a range of mitigations, such as these, being granted to clubs operating in the Gold Coast region if the GTH proceeds. However, the introduction of an entry levy raises issues of competitive neutrality so consideration will be needed to balance the requirements of the incoming casino with those placed on the existing casino.

The State Government has made a commitment that there will be no overall increase in the number of EGMs in the region as a result of a GTH.<sup>27</sup> This suggests some kind of buy-back scheme may be adopted in order to accumulate the EGMs required for the GTH. Many stakeholders identify that EGMs generate more revenue when located in a casino than in a community club. The State Government has said that its motivation for pursuing a GTH is to achieve tourism outcomes for the Gold Coast, rather than increased revenue. With increased revenue from a GTH, the Government should be in a position to compensate clubs and underpin their efforts to remain viable through any buy-back scheme and ongoing tax measures.

## Concerns about gambling

Many individuals and community groups interviewed as part of this process expressed their concern about the impact of gambling on the community. Statistics about the number of EGMs per head of population are cited as a basis for this concern. However, figures provided by the Office of Liquor and Gaming Regulation differ from those provided by The Star:

**NUMBER OF EGMS PER HEAD OF POPULATION**



The discrepancy lies in differing catchment definitions of the Gold Coast and Sydney, and whether the total population is included or just those over 18 years of age. Regardless of these facts, the concerns about the impact of gambling on the community are no doubt genuinely held. However, the survey of Gold Coast residents suggests the general community is not as concerned about the inclusion of a casino as part of a GTH.

Sixty-seven per cent of survey respondents agreed or are neutral about including a casino as part of the GTH development on the Gold Coast. Among those that agree, the unprompted reasons are because it will attract more tourists (41 per cent), be an entertainment option for residents and tourists (14 per cent), and provide good returns for the economy and jobs (12 per cent).



The 28 per cent of survey respondents who disagreed (five per cent had no view) with including a casino as part of the development did so due to concerns about adding a second casino when the Gold Coast already has one (46 per cent) and concerns around gambling (35 per cent).

## Uniqueness

The other factor which is relevant to the impact of a GTH on the local gambling market is its size. Should a GTH be large and attractive enough to draw international tourists, it was suggested that it would unlikely compete with or adversely impact clubs, pubs and The Star.

Some saw the State Government's current description of a GTH as a mere replication of what is currently available on the Gold Coast. In fact, 43 per cent of surveyed residents believe the current description sounds too similar to what the Gold Coast already has, rather than something new.

This is likely to be a deficiency in the current description's effectiveness in conveying the vision. However, it does point to the need for the State Government to be prescriptive about what it requires from proponents in the Expressions of Interest (EOI) process. The risk in "letting the market decide" is that the GTH may not be sufficiently large, sufficiently iconic and sufficiently aligned to the Gold Coast's existing uniqueness to attract international visitors.

## SUMMARY

The case for a GTH which addresses the need to attract particularly international visitors to the Gold Coast is strong. Without development of this kind, the Gold Coast is likely to continue to lose tourism market share to its competitors. This is the Panel's primary concern as there is limited evidence to suggest that currently proposed projects

meet the need to grow international tourist visitation.

The survey results demonstrate that a majority of Gold Coast residents are supportive of a GTH, once the detail of the concept is explained to them. However, a GTH is also strongly opposed by a number of vocal groups and individuals, and by those with a commercial self-interest. These opponents are dominating the public debate, largely because the GTH has not been well explained and does not have vocal local supporters.

There are ways to mitigate many of the genuine concerns being expressed. However, without a willingness and concerted effort to deal with these concerns, and strong local advocacy for and effective communication about the benefits of the proposition, the opponents are likely to further erode public support over time. Prolonged speculation about the site will only exacerbate this situation and should be addressed prior to proceeding with an EOI process.

Progressing a GTH at this time is likely to require local supporters to become much more vocal. It would also require the State Government to address concerns about the site and industry impacts sufficiently to allow overall benefits for the Gold Coast to outweigh specific local opposition.

In order to enhance overall benefit and address many of the mitigation suggestions made in this report, the State Government should not leave the nature of the GTH wholly to proponents to decide. The State Government needs to be more prescriptive about what the Gold Coast needs in its procurement process: a GTH of sufficient scale and uniqueness to leverage the Gold Coast's existing advantages, such as its beaches, and that it attracts international tourists without adding considerably to the already highly competitive local gambling market.



A GTH may also be an opportunity to address the concerns expressed about the city's convention and entertainment facilities.

The Panel is also persuaded that a GTH would have a considerable impact on local community clubs. Ways should be found to compensate clubs through the increased revenue a GTH would generate for the State, to underpin their ongoing viability and their vital community work.

Tourism data indicates that the case for a GTH and the benefits it could deliver is strong and without new, significant infrastructure such as a GTH, the Gold Coast is not likely to meet its objectives to increase international tourist visitation. However, this is challenged by a lack of social licence from the Gold Coast community. In order to build a social licence for the GTH proposition, the Tourism Advisory Panel suggests the Queensland Government:

1. Address the mitigations suggested in this report, including making them conditions in the procurement process. In particular, proponents should be required to demonstrate that their proposal:
  - Is aimed at attracting primarily international tourists by ensuring:
    - a. The investment is of sufficient scale;
    - b. It takes advantage of the Gold Coast's existing advantages (its beaches and the hinterland);
    - c. Incorporates larger convention space and/or entertainment facilities to capture currently missed opportunities; and
    - d. It is unique in the world, in terms of the experience it provides;
  - Results in no overall loss of public open space;

- Incorporates effective traffic mobility solutions;
- Contributes positively to the urban renewal and public realm of the Gold Coast; and
- Does not result in an overall increase in the number of EGMs in the region.

2. Ensure that the legitimate concerns of Gold Coast community clubs are addressed through a package of measures designed to underpin Gold Coast clubs' ongoing viability. In particular:
  - No tax on gaming revenue for the 18 months immediately following the GTH's opening;
  - Tax rebate on contributions made to the community; and
  - Relaxation of noise restrictions currently imposed on the industry.
3. Identify a public site to allow the State Government to be prescriptive to proponents about what the development must include, or establish a process to identify a fit for purpose private site, noting this is likely to add cost and time to the process.
4. Seek to involve the City of Gold Coast for appropriate technical input.
5. Change the terminology from Gold Coast Global Tourism Hub to Gold Coast Integrated Resort Development (IRD) as the term GTH is confusing and does not resonate with stakeholders or the community.
6. Communicate with the Gold Coast community the case for an IRD identified in this report, particularly given the Gold Coast's international tourism performance. This would require a comprehensive education program, identifying the location and expected benefits.



# Gold Coast Tourism Advisory Panel

On 5 March 2019 the Queensland Government approved the commencement of a market process to deliver a GTH on the Gold Coast. As part of the process, the Minister for Innovation and Tourism Industry Development and Minister for the Commonwealth Games, Kate Jones, formed the Tourism Advisory Panel to gather and advise on the community sentiment surrounding the proposal, including the key issues and potential mitigation options to inform a Cabinet submission at the completion of the EOI process.

## THE ROLE OF THE TOURISM ADVISORY PANEL

The role of the Panel is to:

- Provide advice, direction and support to the Minister for Innovation and Tourism Industry Development and Minister for the Commonwealth Games on key issues for the Gold Coast GTH;
- Advise on strategies to assist relevant communities to be kept informed of the status and impacts of the Gold Coast GTH;
- Advise on how the Gold Coast GTH can best support the key objectives of growing tourism, jobs and new opportunities for Gold Coast businesses;
- Support and assist the State in ensuring a balanced approach to fostering economic opportunity and addressing community expectations; and
- Advocate to ensure the Gold Coast's interests as Australia's premier tourism destination are heard and considered in the Gold Coast GTH process.<sup>30</sup>



## MEMBERSHIP

The Panel consists of prominent Gold Coast community members to leverage the engagement with community groups, businesses and individuals. Panel members include:

- John Witheriff, Chairman, MinterEllison Gold Coast (Panel Chair);
- Tony Cochrane, Chairman, Gold Coast Suns;
- John Morris, Board Director, Destination Gold Coast;
- Dale Dickson, Chief Executive Officer, City of Gold Coast; and
- Chris Mills, Chief Executive Officer, Gold Coast Airport (until 30 June 2019).

This report advises on aspects of the Gold Coast tourism industry and outlines the results of the stakeholder and community engagement undertaken to understand the sentiment surrounding the proposed GTH on the Gold Coast and identify potential mitigations for overcoming community concerns.

A range of engagement methods were used by the Panel to achieve a broad reach and understand community sentiment. These methods included individual interviews, focus groups, an online survey, written submissions and emails to more than 200 Gold Coast business leaders calling for their position on a GTH (as outlined in Appendix 1).

## APPROACH

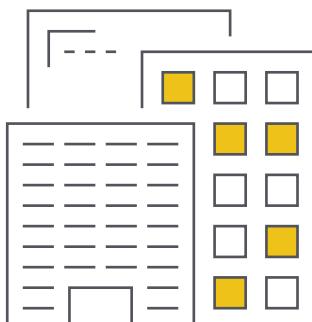
The Panel was tasked with carrying out the project in a phased approach as follows:

### **1. Registration of Interest and EOI:**

Stakeholder engagement to test community sentiment and key issues together with potential mitigation options to inform a Cabinet submission at the completion of the EOI process.

### **2. Request for Detailed Proposals:**

Provide advice on key community matters that should be taken into account in the preparation and assessment of the Request for Detailed Proposals.<sup>31</sup>



# History of casino licences to grow tourism

The State Government has long been focused on stimulating upfront investment, and ongoing renewal of, internationally acclaimed tourism infrastructure that will act as a catalyst for long-term growth in Queensland's tourism and service sector economies.

In 2013, in support of these objectives, the then LNP State Government issued three additional casino licences.<sup>32</sup> The location of these licences were Brisbane (Queen's Wharf) and two additional licences allocated to regional Queensland.<sup>33</sup>

The Gold Coast is one of the fastest growing cities in Australia with the resident population of 606,774 forecast to reach 943,686 by 2041.<sup>34</sup> The region is also one of Queensland's premier tourist destinations, hosting more than 12 million visitors and holding more than 60 major events each year.<sup>35</sup> Tourism remains a significant economic driver for the region, representing \$5 billion of the city's \$31 billion economy, delivering 41,000 direct and indirect jobs, and supporting more than 3,000 tourism businesses in 2016–17.<sup>36</sup>

To sustain this position and ensure the region maintained its market share of international tourism, the Gold Coast was awarded one of the allocated regional casino licences. This licence was intended to underpin a broader IRD to drive tourism, jobs and economic return for the region.<sup>37</sup> The other licence was awarded to Cairns.

With years of history, the motivation for these licences remains the same today as it did in 2013:

- To “spread the tourism benefits across Queensland, whilst simultaneously growing construction, creating hundreds of local jobs and boosting the economy”;<sup>38</sup>
- To “ensure Queensland can attract international tourists and businesses for generations to come”;<sup>39</sup>



- To “revitalise the tourism and construction pillars of the Queensland economy”;<sup>40</sup>
- To “be a key provider of tourism infrastructure, including hotels, restaurants and conference facilities that can support major events and raise Queensland’s profile as a tourism destination”;<sup>41</sup> and
- To “attract interstate and international tourists as both these centres (Gold Coast and Cairns) have international airports”.<sup>42</sup>

Just months after these casino licences were announced, the need to attract new investment and drive the long-term success of tourism in the city was highlighted in the Gold Coast DTMP 2014-2020.<sup>43</sup> This is outlined in more detail in the Gold Coast Market Overview section of this report.



# Global Tourism Hub overview

A suite of economic policies and strategies are in place that aim to deliver long-term growth in Queensland's tourism and service sector economies. The Queensland Government's strategy for GTHs is one of these.

The GTH strategy is designed to incentivise the private sector to support Government objectives of boosting tourism, strengthening the Queensland economy and creating more jobs across the state.<sup>44</sup>

The Government describes a GTH as a high quality, mixed use destination aimed at providing tourism, leisure and entertainment facilities for the local, domestic and international market.<sup>45</sup> As a destination in itself, a GTH covers several hectares and often includes iconic architecture, five or six star hotels, convention facilities, entertainment arenas, theme parks, luxury retail, signature food and beverage outlets, public attractions and extensive public open space and recreation facilities.<sup>46</sup> For the Gold Coast GTH, a casino licence is offered as part of the process to secure the level of investment necessary for the development of new tourism infrastructure.<sup>47</sup> Essentially the outcome being sought is the same as what will be achieved for Brisbane through the Queen's Wharf project, including attracting international visitors and urban

renewal. The description provided to those consulted throughout this process is outlined in Appendix 2.

## OBJECTIVES OF A GTH

The Queensland Government states that GTHs are designed to:

- Deliver world-class tourism infrastructure – accelerating tourism growth and supporting local infrastructure opportunities;
- Develop integrated resorts with a broad range of tourist related facilities and attractions and other tourism infrastructure;
- Support the Government's broader tourism strategy by encouraging more direct flights from Asia and increase visitors' length of stay, spend per night and repeat visitation;
- Deliver catalytic projects that support city building objectives and other complementary projects;



- Optimise broader community gains including regional jobs, investment and associated flow-on developments including enhancing public realm; and
- Provide high-quality accommodation and a range of experiences encouraging longer visitor stays and greater tourism expenditure.<sup>48</sup>

## PREDICTED BENEFITS OF A GTH

Developments of any kind can inject significant direct and indirect benefits to the local economy, the community in which it operates, and Queensland more broadly. The Government states that the Gold Coast GTH has the potential to:

- Provide the next generation of careers and employment for the Gold Coast (could create an expected 6,000 jobs and attract an extra one million visitors annually);
- Pave the future for Australia's sixth largest city, with a population forecasted to double in the next 35 years;
- Celebrate the natural beauty of the iconic Gold Coast locale;
- Reinforce the region's reputation as Queensland's tourism capital;
- Create new opportunities for existing businesses in the Gold Coast region;
- Support future infrastructure requirements on and around the project site; and
- Provide significant community benefit, including open space, entertainment, recreational and cultural facilities.<sup>49</sup>

## CRITERIA FOR NEW REGIONAL GTH PROPOSALS

The Queensland Government states that any new regional GTH proposal must:

- Be located within close proximity to a major population centre with a catchment of at least 150,000 people within a 70 kilometre radius of the regional centre;
- Be near an operational international airport or an airport that is capable of being upgraded to international standards;
- Have well-established transport networks and significant existing tourism infrastructure with identified growth potential; and
- Include significant capital investment and commence construction within 18 months of contractual close.

Being a key tourism destination, the Gold Coast was selected as a potential location for the state's newest GTH due to its alignment to the criteria. This includes:

- A resident population of 606,774 people (as at 30 June 2018), forecast to grow to 943,686 by 2041;<sup>50</sup>
- Serviced by the Gold Coast International Airport and transit connections to Brisbane International Airport;
- Established public transport network, including a heavy rail, light rail and bus network; and
- Existing accommodation supply across all star ratings and styles.

Investment and construction obligations will be progressed as part of later processes awarding a proponent.



# Gold Coast market overview

## STRATEGIC CONTEXT FOR TOURISM DEVELOPMENT

A range of policies across all levels of government outline the intention to stimulate economic development through tourism. A number of tourism strategies within Commonwealth, State and Local Governments and key local industry bodies are shown below along with their relevant tourism development objectives.

### Tourism 2020<sup>51</sup>

*Commonwealth Government*

- Encourage **high-quality tourism experiences**, including Indigenous tourism.
- Work with industry to support the development of **tourism infrastructure** that can drive demand.

### Advancing Tourism 2016–20<sup>52</sup>

*Queensland Government*

- Grow **quality products**, events and experiences.
- **Invest in infrastructure** and access.
- Seize the opportunity in Asia.
- Position Queensland as a **leading destination for tourism infrastructure investment**.
- Improve access to tourism transport and infrastructure.
- Connecting Asia to the regions.

### Shaping SEQ<sup>53</sup>

*Queensland Government*

- Build upon the region's international brand to **promote tourism opportunities** that will enhance economic, environment, social and cultural benefits.
- Facilitate tourism opportunities by **enhancing enabling infrastructure** and services, particularly airports, major roads and rail, and digital technology.



The **2019-20 Queensland budget** recently committed the following funds, for which the Gold Coast destination and businesses are eligible.

 **\$19.9 million** to the Growing Tourism Infrastructure Fund to increase visitor expenditure through investment in tourism infrastructure.

 **\$14.4 million** under the Attracting Tourism Fund to position Queensland as Australia's leading tourism destination by delivering landmark tourism products and projects.

 **\$3.8 million** under the Connecting with Asia initiative to grow tourism and make Queensland the destination of choice for visitors from South East Asian countries.

 **\$21.4 million** over two years for GTHs in Cairns and the Gold Coast to progress market approaches, as well as Queen's Wharf contractual obligations and trials programs.

 **\$807.5 million** towards infrastructure on the Gold Coast.

## Gold Coast 2022<sup>54</sup>

*City of Gold Coast*

- We have **infrastructure that supports productivity and growth**. We have connected and vibrant economic precincts.
- We are a **globally recognised** tourism destination. Our city attracts visitors from all over the world.
- Facilitate the development of **world-class tourism infrastructure** to grow the city's reputation as a premier tourism destination.
- We have a **positive global reputation**. We are an emerging world-class boutique city attracting trade and investment.

## Economic Development Strategy 2023<sup>55</sup>

*City of Gold Coast*

- Identify and deliver projects to maximise economic outcomes and the city's reputation as a **world-class tourist destination**.
- Grow the city's reputation as a premier tourism destination through the development of **world-class tourism infrastructure**.
- Deliver a plan aimed at attracting **investment into tourism infrastructure**.

SOURCE: <https://budget.qld.gov.au/>



## Destination Tourism Management Plan 2014–2020<sup>56</sup>

*Queensland Government, City of Gold Coast, Destination Gold Coast*

- Actively engage and support **major catalyst, revitalisation and development opportunities** which complement or expand the core destination hero experiences and the evolving desires of key source markets and best prospect segments to increase visitor expenditure, length of stay and repeat visitation.
- Development of appropriate **world-class event infrastructure** and delivery capability.
- Identify and secure potential investors for **new tourism infrastructure** and attractions.
- Delivery of a **catalyst project** under each hero experiences.
- Alignment of the City's investments to building hero experiences.
- Three medium-term **catalyst projects** to follow the Gold Coast 2018 Commonwealth Games™ (GC2018).
- Introduce a destination wide **focus on quality** and service delivery.

## Destination Gold Coast Five Year Plan 2017–2021<sup>57</sup>

*Destination Gold Coast*

- Deliver an **evolved tourism brand** which is relevant and appealing for visitors, true to the destination, competitively focused and aligned with the City of Gold Coast's broader city positioning.
- **Maximise economic return** through a focused and aligned approach to best prospect source markets.
- Maximise the yield associated with all international visitor traffic, by encouraging a longer length of stay and a broader array of experience.

- Ensure the tourism industry **capitalises on the legacy opportunities** presented by the event (Commonwealth Games).
- Improve **competitiveness** of the Gold Coast in securing major new events for the city.

The DTMP sets the ambitious target of doubling overnight visitor expenditure to \$7 billion per annum by 2020.<sup>58</sup> In the year ending March 2019, the region achieved overnight visitor expenditure of \$5 billion – trailing the objective by \$2 billion. This consisted of \$3.6 billion from overnight domestic visitors<sup>59</sup> and \$1.36 billion from the overnight international market.<sup>60</sup>

The 2020 target planned to see 19 million domestic visitor nights in the Gold Coast by 2020.<sup>61</sup> However, while a significant increase was achieved in the year ending March 2019, in part achieved by a boost from the Commonwealth Games, that period still only brought 15.8 million domestic visitor nights to the Gold Coast, contributing \$3.6 billion towards the target.<sup>62</sup>

The DTMP also sets the goal of delivering a catalyst project under each hero experience, and three medium-term catalyst projects following the Commonwealth Games. Catalyst projects listed includes a purpose-built dive attraction, iconic surf museum, IRD, mountain bike and adventure trails, and staging and events infrastructure. While some progress has been made, this goal has not been met.

The Queensland Government's proposed GTH for the Gold Coast seeks to address many of the policy objectives of these tourism strategies. It is unlikely that the ambitious objectives set for the Gold Coast can be met without a significant increase in international visitors, which would require a step change investment in new tourism infrastructure and experiences, such as a GTH.



## VISITATION TRENDS

As a destination, the Gold Coast is largely favoured by the domestic market and is losing market share and its place as an international tourist destination.

While domestic tourism for the Gold Coast is up 16.8 per cent in the year to March 2019,<sup>63</sup> international tourism declined by 2.1 per cent.<sup>64</sup> This represents a decrease of 22,000 international visitors to the Gold Coast. Over the same period international visitors increased by approximately 132,000 to Melbourne, 11,000 to Sydney and 9,000 to Hobart.<sup>65</sup>

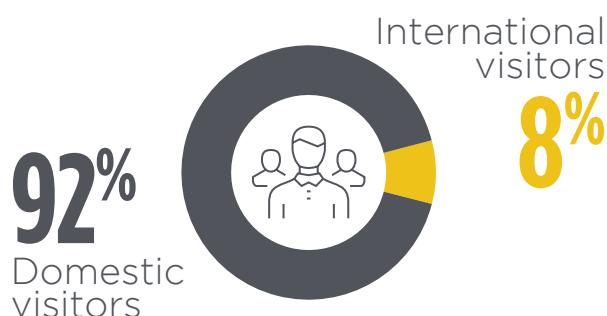
This matters because while domestic visitors to the Gold Coast spend on average \$900, international visitors spend \$1,323, or 32 per cent more.<sup>66</sup>

The Gold Coast achieved record highs for tourism in the year ending March 2019 with total visitation, including overnight and daytrips, growing to approximately 13 million, and expenditure increasing to \$5.8 billion.<sup>67 68</sup> This is highly likely to be a result of the temporary impact of travel associated with the Commonwealth Games.

In the year ending March 2019, the total domestic market (daytrippers and overnight) accounted for a significant 92 per cent of the total visitor numbers, while more lucrative international visitors only contributed eight per cent of total visitation.<sup>69 70</sup> These statistics demonstrate that the Gold Coast is not living up to its ambition to become an international destination of choice. It remains largely a short-stay holiday destination for Australians. While ever this is the case, the Gold Coast will not be able to reap the benefits of international tourism and the higher spending visitors it attracts.

However, the combination of low cost airlines and increasingly accessible and affordable international destinations has meant that even some Australians who traditionally make up the Gold Coast's market are now tempted to visit destinations like Bali, Thailand and Fiji.<sup>71</sup>

ALMOST  
**80%** of visitors  
drive

**Daytrips**  
ACCOUNT FOR  
MORE THAN  
**60%** of all  
visitation





In the year ending March 2019...



## Domestic overnight

Visitation grew by  
**16.8 per cent**  
to four million



Expenditure  
increased by  
**22.6 per cent**  
to \$3.6 billion



SOURCE: <https://cdn2-teq.queensland.com/-/media/3515de79ba7743e9b37854f6a7458fa6.ashx?vs=1&d=20190716T164718>

## International visitors

**Visitation dropped**  
by 2.1 per cent  
to one million

HOWEVER

**Expenditure increased**  
by 3.8 per cent  
to \$1.4 billion



## China

remains the Gold Coast's  
largest international source market,  
**but visitor numbers fell**  
**17.1 per cent to 251,000**

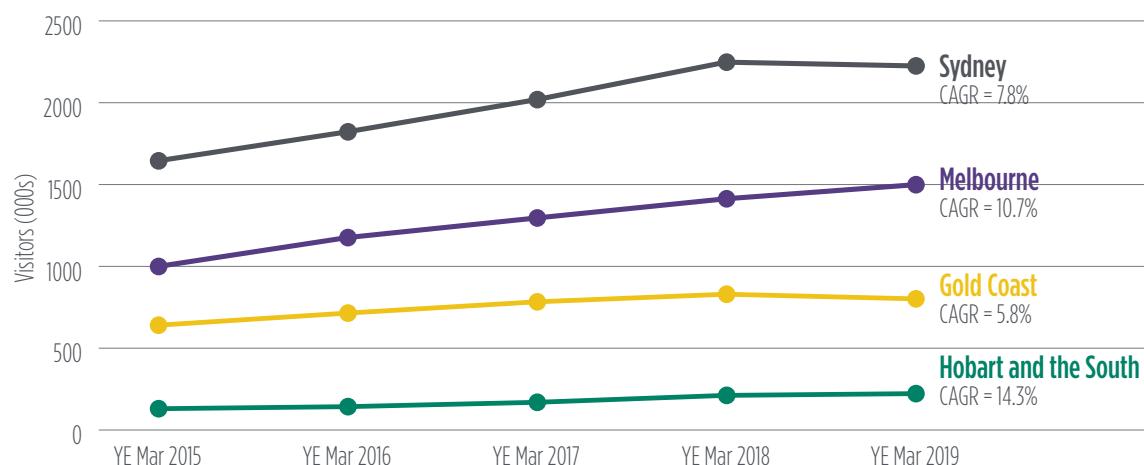
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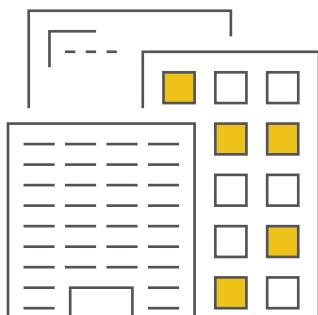
Similarly, international visitors are being attracted to competing domestic destinations. It is relevant to understand how the Gold Coast currently compares against its top national competitors which Destination Gold Coast identifies as Melbourne, Sydney and Tasmania.<sup>72</sup> In order to assess the Gold Coast's market performance in relative terms, key international tourism performance indicators have been benchmarked across all locations.

International holiday visitation to the Gold Coast has not kept up with the growth experienced in key competing Australian destinations over the past five years.<sup>73</sup> Between 2015 and 2019 (years ending March) international holiday visitation to the Gold Coast achieved a compound annual growth rate of only 5.8 per cent compared to the national average of 8.7 per cent.<sup>74</sup>

#### INTERNATIONAL HOLIDAY VISITATION (YEAR ENDING MARCH 2015 TO MARCH 2019)



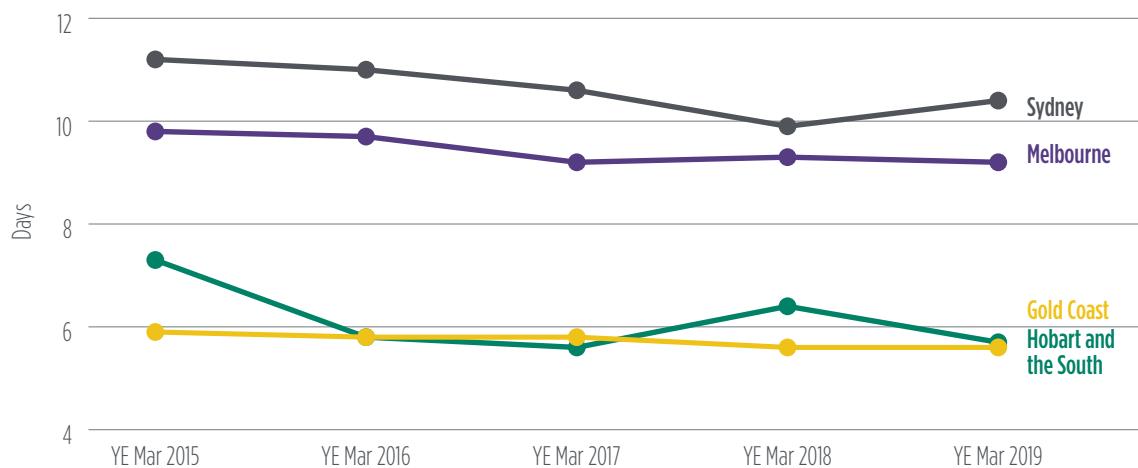
SOURCE: Tourism Research Australia, National and International Visitor Surveys, March 2015 – March 2019



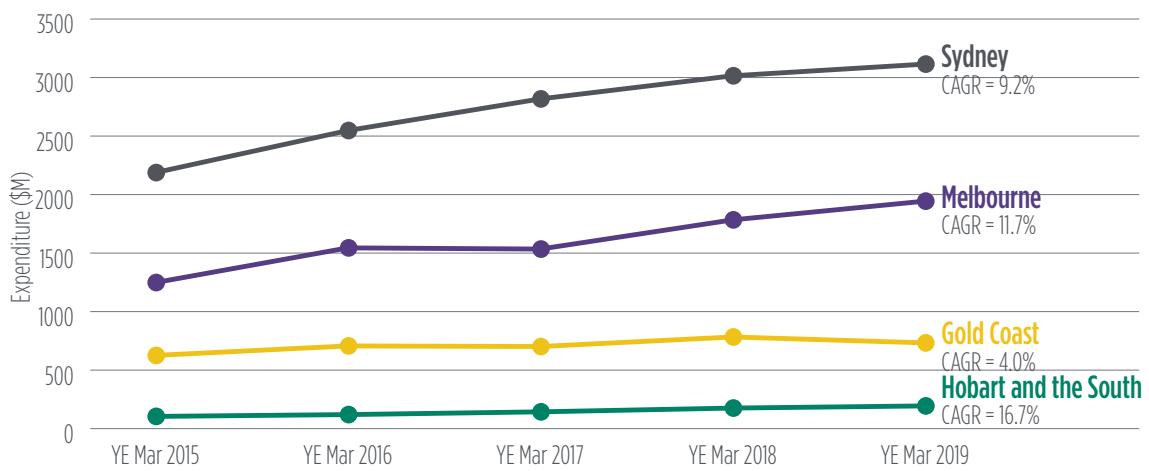
For the year ending March 2019, the average length of stay for international holiday visitors to the Gold Coast was 5.6 days, a slight decrease from 5.9 days in the year to March 2015. This is lower than the average length of stay in Sydney, Melbourne and Hobart (10.4, 9.2 and 5.7 days, respectively).<sup>75</sup>

This decline in average length of stay is particularly highlighted by a 17.2 per cent reduction in the number of nights Chinese holidaymakers spent on the Gold Coast in 2018, despite being a key source of tourism growth nationally.<sup>76</sup>

#### INTERNATIONAL HOLIDAY AVERAGE LENGTH OF STAY (YEAR ENDING MARCH 2015 TO MARCH 2019)



#### INTERNATIONAL HOLIDAY TRIP EXPENDITURE (YEAR ENDING MARCH 2015 TO MARCH 2019)



SOURCE: Tourism Research Australia, National and International Visitor Surveys, March 2015 – March 2019



Chinese tourism to Australia is predicted to increase approximately 170 per cent between 2018 and 2026–27.<sup>77 78</sup> However, in the year ending March 2019, the number of Chinese visitors to the Gold Coast fell by 17.1 per cent. The following facts help guide what the Gold Coast may need to develop in order to capture its share of the significant increase in future Chinese visitation expected nationally:

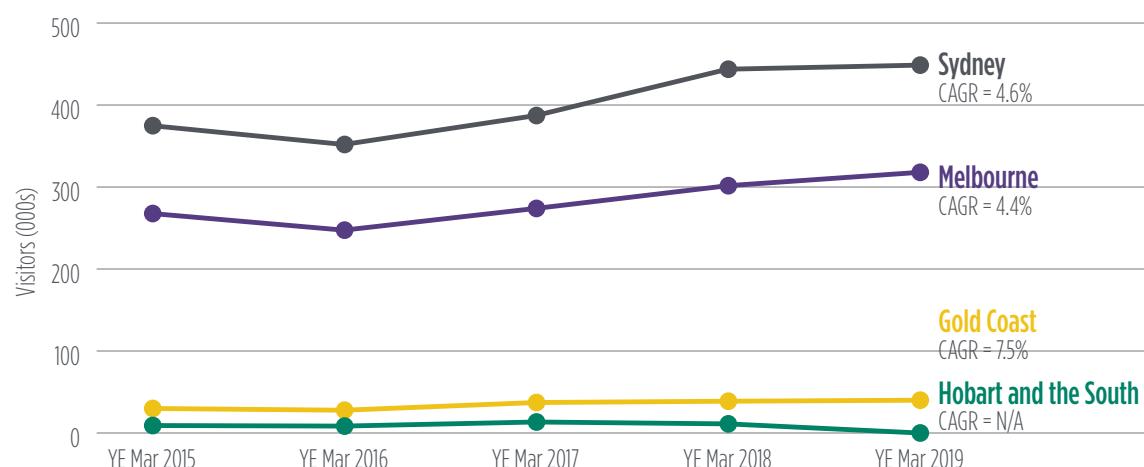
- A 2016 McKinsey report finds that “the popularity of international travel is astounding among Chinese consumers”, but also that the Chinese favour luxury products and experiences;<sup>79</sup>
- The 2017 Hurun report into Chinese tourism indicates a strong preference by Chinese travellers for luxury hotels and fine dining experiences.<sup>80</sup> In fact, hotel quality, including brand, service and facility, is ranked as the most important factor for Chinese tourists when booking accommodation;<sup>81</sup> and
- A Tourism Research Australia report into the Australia’s potential to attract Chinese tourists points to their desire to “flaunt” their ability to travel and experience unique offerings.<sup>82</sup>

This decrease in the average length of stay has also resulted in the Gold Coast losing important international trip expenditure that has been captured by the city’s competitors.<sup>83</sup>

This may be due to tourists from higher yielding markets opting for other destinations over the Gold Coast. In this context, it is evident that the Gold Coast has the ability to attract some international tourists, however is not capitalising on the opportunity to extend visitation and capture expenditure.

The Australian international business market is predominantly held by Sydney and Melbourne. The Gold Coast has experienced modest growth in this market, although it is by no means a key destination for international business visitors, achieving less than four per cent of the total Australian market. There has been good percentage growth in this market (off a very low base) for the Gold Coast over the past five years, achieving 7.5 per cent compound annual growth in visitors compared to 4.2 per cent for total Australia.<sup>84</sup>

#### INTERNATIONAL BUSINESS VISITATION (YEAR ENDING MARCH 2015 TO MARCH 2019)



SOURCE: Tourism Research Australia, National and International Visitor Surveys, March 2015 – March 2019



## ACCOMMODATION PERFORMANCE AND OFFERING

Hotel occupancy on the Gold Coast is falling well short of its competitors and there is an uncertain development pipeline for the region.

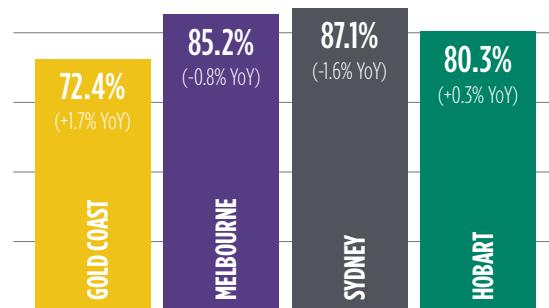
### Sector performance

Accommodation occupancy on the Gold Coast has remained fairly stable (72.4 per cent in 2018, which was the Commonwealth Games year) but far lower than key competitive destinations in Sydney, Melbourne and Hobart (87.1 per cent, 85.2 per cent and 80.3 per cent, respectively).<sup>85</sup>

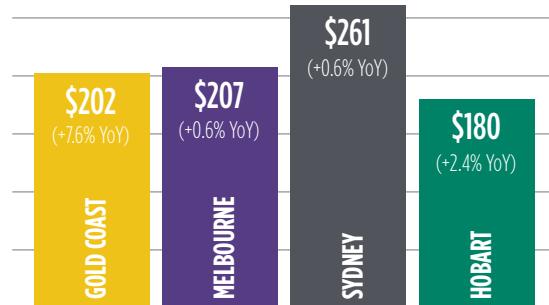
Accommodation operators on the Gold Coast increased their average room rates in 2018 by 7.6 per cent to \$202 per room.<sup>86</sup> This is likely to be a result of the Commonwealth Games due to large numbers of spectators, businesses and international support teams travelling to the region. It is therefore unlikely that these rates will be sustainable in coming years.

The Hotel Futures 2019 Report states that hotel room revenues will fall for the first time in almost a decade this financial year, with revenue per available room expected to slow following years of consecutive growth.<sup>87</sup>

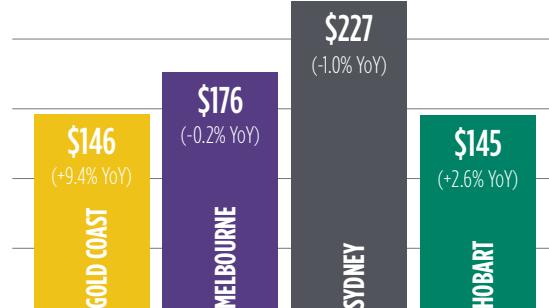
### OCCUPANCY 2018



### AVERAGE RATE PER ROOM 2018



### REVENUE PER AVAILABLE ROOM 2018



SOURCE: Cushman and Wakefield (December 2018), Australia and New Zealand Hotel Market Overview.



## New and upcoming developments

In order to remain current and support growth in market demand, particularly from the international holiday market, accommodation offerings need to be regularly updated and refurbished, and new stock delivered.

### Refurbishments and new development

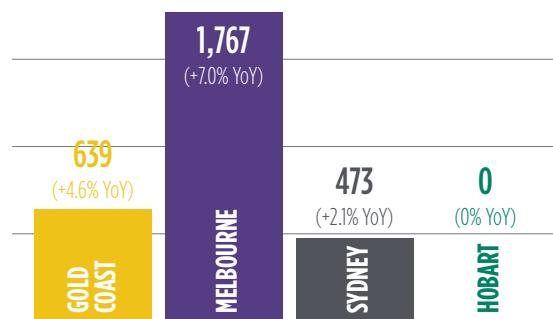
For the Gold Coast, much of its existing stock is aged and struggling to present a compelling drawcard against key competitive destinations: Sydney, Melbourne and Hobart. This, along with a lack of new tourism and experience drawcards, is evidenced through the average occupancy noted previously.

There are no major refurbishments reported over the past 12 months. However, the Gold Coast has seen the development of some new stock. In 2018, the Gold Coast region completed four new accommodation projects, including:

- The Darling at Broadbeach – 57 new luxury hotel rooms;
- AVANI Broadbeach – 219 new upper upscale hotel rooms;
- Mantra Southport – 120 new upscale hotel rooms; and
- Ruby Apartments at Surfers Paradise – 243 new luxury hotel rooms.<sup>88</sup>

Compared to its competition, the Gold Coast appears to have increased supply of new accommodation in 2018 by 4.6 per cent, second to Melbourne which increased seven per cent over the year.<sup>89</sup>

### NEW HOTEL SUPPLY 2018



SOURCE: Cushman and Wakefield (December 2018), Australia and New Zealand Hotel Market Overview, page 14.

While the direct impact of these investments cannot yet be tested, these offerings and their associated amenity, do not present a compelling case to be a catalyst for long-term growth in Queensland's tourism, and specifically the Gold Coast.

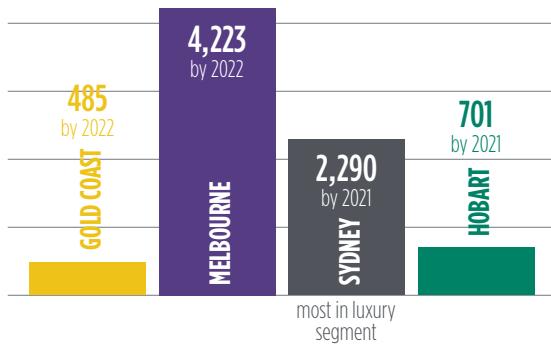


## Development pipeline

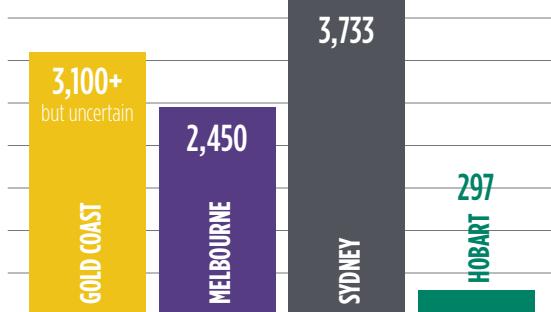
The Gold Coast's pipeline for new hotel development currently under construction and for future development trails all its competitors.

While the Gold Coast has a significant number of rooms approved for future development, the likelihood of some or all of these progressing is uncertain, according to The Hotel Futures 2019 Report.<sup>90</sup> This is in comparison to Melbourne, Sydney and Hobart which all have developments likely to proceed in the future.<sup>91</sup>

### ROOMS DUE FOR COMPLETION



### ROOMS APPROVED



SOURCE: Cushman and Wakefield (December 2018), Australia and New Zealand Hotel Market Overview, page 14.

Included in this pipeline is the offering provided within The Star's approved master plan. The project provides an extension to the existing facility and includes the development of four new accommodation towers (including both hotel and residential), restaurants, bars, entertainment services as well as other resort amenities such as pools, spa and facilities.

Despite the significance of the proposed development, many suggest the project in isolation is unlikely to shift the dial for the Gold Coast's international tourism agenda. While it provides additional residential development and tourist accommodation, it does not provide a new drawcard to attract international visitors to the Gold Coast in its own right.

The Star has also not taken the opportunity in its current master plan to satisfy the need for additional convention or entertainment capacity on the Gold Coast. The ratio of residential apartments to hotel rooms also remains unclear.

In letters to the Minister for Innovation and Tourism Industry Development and Minister for the Commonwealth Games, provided by The Star, management speak to the existing Gold Coast casino working in tandem with their new Queen's Wharf development in Brisbane.



"Our Gold Coast master plan, together with Queen's Wharf Brisbane, creates a powerful world-class SEQ tourism hub with twin huge-scale anchor properties."

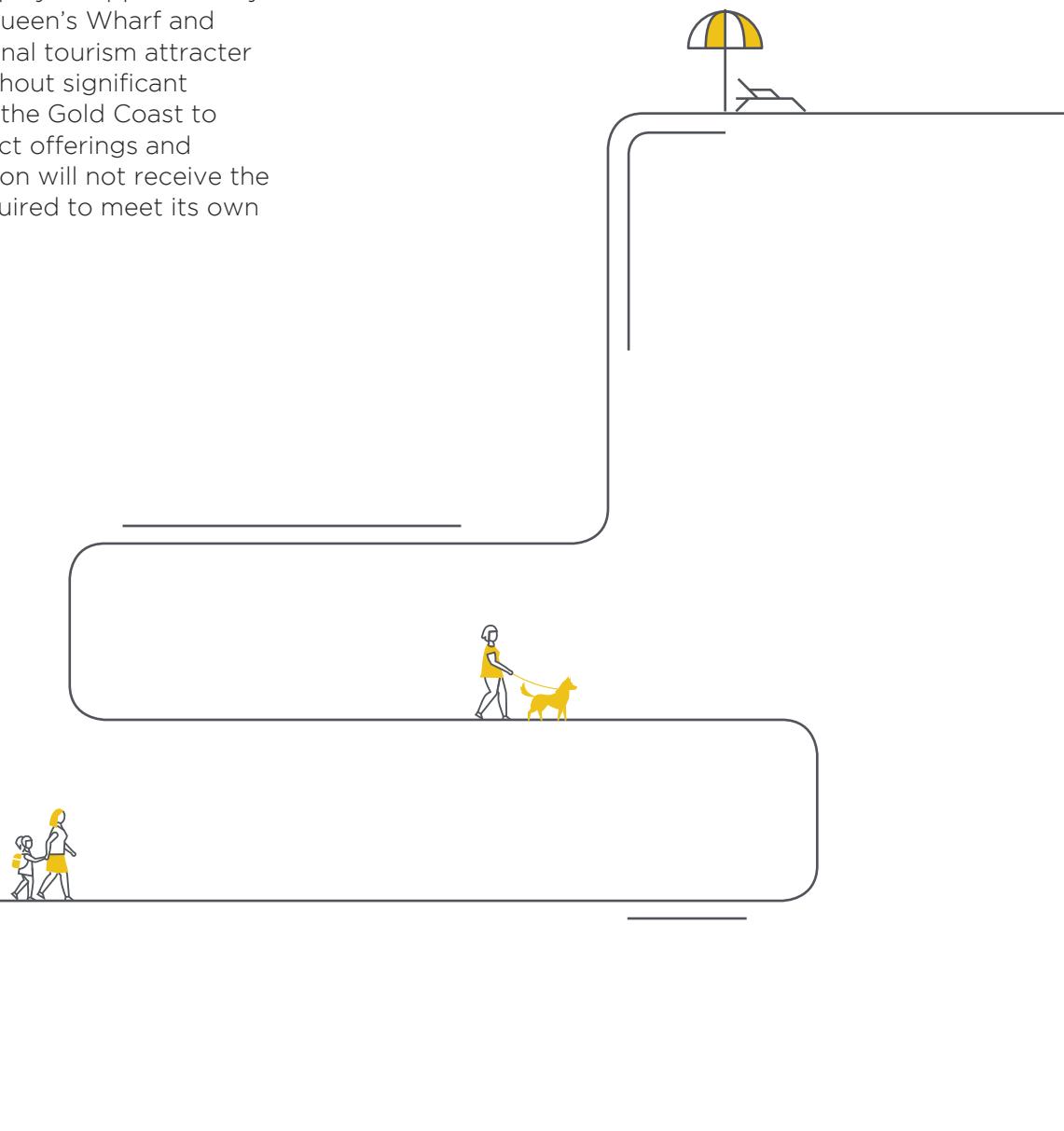


"The Star Entertainment Group wishes to leverage our two SEQ properties to drive visitation growth to Queensland."



The Star is contractually committed to a \$3.6 billion investment for the Queen's Wharf Brisbane development. In contrast, The Star is not contractually bound to the State to deliver on future plans on the Gold Coast. Some stakeholders felt that this could result in the Gold Coast missing out on many of the benefits Brisbane would likely receive. The Star acknowledges that commitments are "dependent on the market conditions and competitor landscape".<sup>92</sup> This provides little assurance to the State when the projects will be delivered.

The relative investments in their two South East Queensland facilities suggests the Gold Coast will play a supplementary role to Brisbane's Queen's Wharf and not be an international tourism attracter in its own right. Without significant new investment on the Gold Coast to develop new product offerings and attractions, the region will not receive the tourism growth required to meet its own tourism objectives.



## CONVENTION FACILITIES

The Gold Coast's current convention facilities are unable to compete against newer, larger venues nationally, resulting in declining market share and potential economic returns for the region.

In the 2017–18 financial year, the Gold Coast hosted 3,020 meetings and conventions and 222,000 delegates,<sup>93</sup> generating a \$537 million economic injection.<sup>94</sup> More than 600,000 people listed business as their main reason for visiting the region in the year ending March 2019 alone.<sup>95</sup> The majority of the large business events, and the associated visitors, are likely to have been held at the region's primary business and conference venue – the GCCEC.

The GCCEC has been the subject of numerous reviews into its capacity, constraints and future capability as an international and domestic convention location. A preliminary business case has been prepared which investigated the need to upgrade and expand the GCCEC to meet demand for national and international conventions on the Gold Coast.<sup>96</sup>

These reviews, media articles and feedback from a number of interviewed stakeholders are evidence of the GCCEC struggling to meet the requirements of event organisers due to capacity constraints. With existing conventions outgrowing the Gold Coast's facilities, organisers are increasingly looking to other regions that satisfy their conference needs.<sup>97</sup>

A number of interviewees also pointed to the lack of a significant entertainment facility on the Gold Coast. This means that entertainment events are being hosted by the GCCEC potentially at the expense of conventions.

Finding alternative convention facilities is not proving difficult for event organisers with the last seven years seeing significant upgrades and expansions to centres in Brisbane, Sydney, Melbourne and Adelaide. The GCCEC has not experienced any major redevelopment since an expansion in 2008.

With demand for convention and entertainment space increasing, and newer larger facilities accessible in other locations around the country, it is likely the Gold Coast will continue to lose market share, and the economic returns it brings, unless significant change is made.



### GOLD COAST Convention and Exhibition Centre



CAPACITY  
**6,000**



CONVENTION SPACE  
**6,000m<sup>2</sup>**



COST  
**\$167 million**

### MELBOURNE Convention and Exhibition Centre



CAPACITY  
**12,500**



CONVENTION SPACE  
**30,000m<sup>2</sup>\***



COST  
**\$800 million**

### BRISBANE Convention and Exhibition Centre



CAPACITY  
**8,000**



CONVENTION SPACE  
**20,000m<sup>2</sup>**



COST  
**\$310 million**

### International Convention Centre SYDNEY



CAPACITY  
**12,000**



CONVENTION SPACE  
**35,500m<sup>2</sup>**



COST  
**\$1.1 billion\*\***

### Sands Expo and Convention Centre – Marina Bay Sands, SINGAPORE



CAPACITY  
**45,000**



CONVENTION SPACE  
**120,000m<sup>2</sup>+**



COST  
**N/A**

\* Expansion plans will increase to 40,000m<sup>2</sup>  
\*\* Redevelopment (completed 2016)



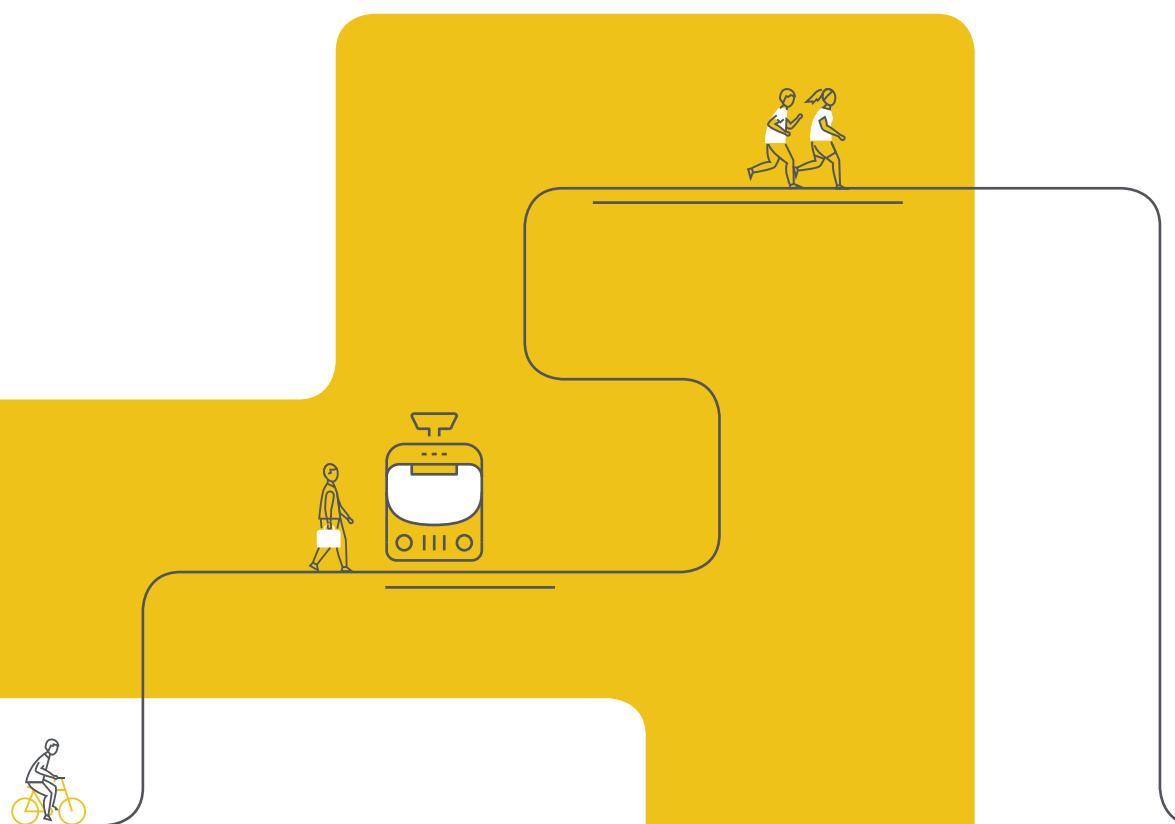
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## THE COMMONWEALTH GAMES EFFECT

The 2018 Gold Coast Commonwealth Games assisted the tourism sector in the short-term, but is not likely to continue to be a reason to visit the Gold Coast.

In April 2018, the Gold Coast hosted the Commonwealth Games bringing thousands of spectators and 6,600 athletes and officials to the city for the 11 day event. This event-induced influx of visitors can be seen in increases to accommodation occupancy and revenue returns in 2018.<sup>98</sup>

The Commonwealth Games are likely to be a significant factor in the increase in domestic tourism experienced in the year to March 2019. However, despite the Games, international visitation declined over the same year.



## SUMMARY

Across relevant federal, state and local government policies, tourism is identified as a key economic driver with new world-class tourism product development universally supported. The Queensland Government supports investment in infrastructure to capitalise on tourism opportunities. City of Gold Coast favours catalytic projects which revitalises existing offerings and attracts new investment.

Visitation trends demonstrate that as a destination the Gold Coast is still largely favoured by the domestic market, with 92 per cent being Australian and 80 per cent arriving to the region by car.<sup>99</sup> The Gold Coast is losing its share of the international holiday market to competing destinations such as Melbourne, Sydney and Hobart. Even in the year ending March 2019, which captures the Gold Coast Commonwealth Games, international holiday visitation trailed the national average by 2.9 per cent.<sup>100</sup> The region was also unable to secure the increasing international trip expenditure that its competitors did.<sup>101</sup> This may have been a result of the 17.2 per cent reduction in the number of nights Chinese holidaymakers spent on the Gold Coast, despite being a key source of tourism growth nationally.<sup>102</sup> Without change, the Gold Coast may not capture the significant increase in future Chinese visitation expected nationally.

Hotel occupancy on the Gold Coast rose in 2018 but still fell short of the figures achieved by its key national competitors. With industry predicting that hotel revenue per available room will slow for the first time this financial year<sup>103</sup> and the Gold Coast's development pipeline looking uncertain,<sup>104</sup> the need to focus on tourism growth is more important than ever.

Business visitation is an important element of growing tourism and economic returns, however current convention facilities on the Gold Coast are proving to be unable to meet the demands of event organisers. As facilities continue to age and limit capacity, the market will continue to transition to other national locations with new, larger centres.

While the Gold Coast market likely has the capacity to accept and support a GTH from an accommodation, retail and convention perspective, a detailed assessment will be required to ensure that the proponent's offering is best suited to the market.

The GTH proposal has the potential to be the catalyst for the Gold Coast to compete on the global stage. As a genuine international tourism attractor, this GTH can be the drawcard required to increase visitation, length of stay and expenditure. A development of this scale and quality can provide the much-needed step change in visitation trends – moving the Gold Coast from a short-stay holiday choice for Australians, to reclaiming its potential as an international tourist destination.



# Community feedback

While research suggests that the Gold Coast has the need for a GTH, it was a priority to engage the Gold Coast community to understand their attitude towards the proposal. A balance of stakeholder groups, organisations, elected representatives and local residents from across the Gold Coast were consulted in order to ensure community sentiment was accurately captured.

In order to inform itself of community sentiment regarding a GTH, the Panel used methodologies from the IAP2 Quality Assurance Standard Process for Community and Stakeholder Engagement<sup>105</sup> and undertook the following consultation (detailed in Appendix 1):

- One-on-one consultations with 38 stakeholders/groups from local and state government, businesses, community groups and representatives from tourism, education and industry bodies including members of clubs, hotels, pubs and the existing casino;
- Four focus groups of Gold Coast residents (with approximately eight residents randomly selected for each group);
- An online survey of 546 Gold Coast residents; and
- An analysis of 211 written submissions received via email and post, following a call for submissions advertised in the Gold Coast Bulletin and an

email to Gold Coast business leaders requesting their position on the GTH.

This section of the report outlines the overarching themes raised in consultation activities, and includes:

- Existing tourism offering and state of the Gold Coast economy;
- Limited understanding of a GTH and its offering;
- Balancing the competing objectives of international and local markets;
- Opposition to the use of public land
- Potential sites raised – support and opposition;
- Saturation of the gambling market;
- Impact on community clubs;
- Southport's effectiveness as a CBD;
- Capacity of the existing transport infrastructure; and
- Previous development attempts cause investment uncertainty.



## EXISTING TOURISM OFFERING AND STATE OF THE GOLD COAST ECONOMY

Perceptions of the Gold Coast economy and tourism varied, although there is a widely held view that it is currently stable and some struggle to understand what a new development could achieve for the Coast.

Tourism is seen as the bedrock of the Gold Coast economy – the direct and indirect source of most employment. Ninety-one per cent of those surveyed feel that tourism is important to the Gold Coast, citing reasons as job creation (86 per cent), strengthens the economy (81 per cent) and helps small businesses (78 per cent).



“It’s the life blood, the economy would collapse [without tourism].”

FOCUS GROUP PARTICIPANT

While the majority of locals surveyed perceive that tourism is increasing, particularly with the international market (73 per cent), tourism data shows this is not the case. Stakeholder interviews support this perception with many attributing the international exposure provided by the Commonwealth Games as the reason for a maintained state of tourism in the region. However, several questioned the sustainability of these post-Games benefits.



“We’re just starting to see tourism come off the boil a little bit. Maybe the Games prevented that from occurring for a while but there definitely needs to be an injection of positivity and economically to get the city going again.”

STAKEHOLDER INTERVIEW

Consultation feedback and public reports indicate that many of the Gold Coast’s built attractions are ageing and that there is very little in the way of new tourism infrastructure or attractions. Focus group participants supported the need to revitalise existing infrastructure – particularly in Surfers Paradise, Southport and Broadbeach – to better harness what is currently available to increase tourism. Similarly, 59 per cent of survey respondents believe that the Gold Coast needs a new significant tourism development.



**“Some infrastructure is getting tired, we need to have improved offerings to continue to compete at an international level.”**

STAKEHOLDER INTERVIEW



“It’s been a long time since this city had a truly new and fresh offering.”

STAKEHOLDER INTERVIEW



“It is imperative that we deliver something new because we will not succeed if we do not.”

STAKEHOLDER INTERVIEW

While there have been a number of new developments and hotels in recent years such as the Jewel development and The Star redevelopment, many stakeholders mention that they do not consider these adequate to provide the step change, capacity and experiences required to significantly grow tourism.

In a 2013 survey conducted by Tourism Research Australia, only five per cent of visitors indicated that the main reason they visited the Gold Coast was for the “variety of things to do”.<sup>106</sup> Across all engagement activities, particularly through written submissions from the



Gold Coast community, the region's 'green and gold' of the hinterland and beaches are perceived to be the greatest assets that should be used to attract tourism. For a small number of stakeholders, promoting the 'green and gold' and reinvesting in existing tourism infrastructure is the whole answer to growing tourism. Others see it as a component of a more comprehensive solution. While 93 per cent of survey respondents believe tourists visit the Gold Coast for the beach, and 53 per cent for the hinterland, 61 per cent also feel tourists like visiting the Gold Coast for quality hotels and resorts.



"The greatest attributes of our tourism...are the beautiful natural assets we offer for tourists to enjoy. The beach, the hinterland, parks and The Spit. And our beautiful weather, waterways and healthy lifestyle. These are the city's greatest strengths."

WRITTEN SUBMISSION



"The Gold Coast is rich in 138+ natural and manmade attractions. We're not short of attractions, we just need to refresh them."

STAKEHOLDER INTERVIEW



"The beach and the theme parks, the lifestyle, the laid back resort style living."

FOCUS GROUP PARTICIPANT



"Our beaches, compared to a lot around the world, are second to none."

FOCUS GROUP PARTICIPANT

There is some acknowledgement that the Gold Coast is no longer Australia's tourism capital, with the likes of Sydney, Melbourne and Hobart attracting a greater market share due to new and unique offerings.



"The assumption was that we were losing market share to other beach destinations, but that's not true. It's other cities like Sydney."

STAKEHOLDER INTERVIEW



**"I see the Gold Coast slipping in terms of competitive edge - there is no new product or reason for people to come back."**

STAKEHOLDER INTERVIEW



"The Gold Coast is doing better than anywhere else in regional Queensland but we have not had the investment in productivity enhancing infrastructure...and there doesn't appear to be a pipeline of infrastructure."

STAKEHOLDER INTERVIEW



"It's not as busy during low season."

FOCUS GROUP PARTICIPANT

Fifty-nine per cent of local residents are also supportive of initiatives and developments that are designed to grow tourism. Focus groups found that there is no spontaneous call for creating infrastructure to protect or grow the tourist market, but no opposition either, as long as it will be effective.

Survey respondents feel that a GTH will attract more and new international (78 per cent) and domestic (72 per cent) tourists, and 80 per cent agree that a large-scale development such as a GTH will allow for more employment opportunities on the Coast.





**"Any major project that is funded by the private sector providing additional infrastructure, drives investment, increases local employment and attracts international tourists has got to be good for the Gold Coast, good for the economy and overall good for the State of Queensland."**

WRITTEN SUBMISSION

However, there is concern about the current capability gap for high-end hospitality workers in South East Queensland and the recent abolishment of the Temporary Work (Skilled) visa (subclass 457) to employ skilled international workers.

These varied attitudes demonstrate that Gold Coast stakeholders and community members don't believe there is a 'silver bullet' to build tourism in the region. A majority feel the region's natural assets should be better promoted and leveraged, but there is also support for development when a case is made to do so.

## LIMITED UNDERSTANDING OF A GTH AND ITS OFFERING

Throughout consultation the term 'global tourism hub' did not resonate with stakeholders. There is a lack of understanding as to what a GTH is, why it is needed and the benefits that it could deliver for the Gold Coast.

Only a small proportion of those surveyed could recall hearing about a GTH (12 per cent) or an IRD (10 per cent). While awareness remains low after hearing a description, more than half (56 per cent) state they support the development, with a further 22 per cent holding a neutral position.

Similarly in focus groups, there was no recall of a GTH proposal or much unprompted recall of any significant development proposals. Without further explanation, the GTH terminology is deemed confusing and imparted little understanding or vision of what the proposal offered. Many stakeholders think the terminology means an information kiosk, a transport node, a government department or a group of smaller sites.



"A train station or a bus station."

FOCUS GROUP PARTICIPANT



"It could be a lot of different things."

FOCUS GROUP PARTICIPANT



"Is it a property, building or different areas?"

FOCUS GROUP PARTICIPANT



"Information spots with things to do on the Gold Coast, transfers and what not to other places."

FOCUS GROUP PARTICIPANT



"People don't understand that the GTH has a casino involved, they have many different perceptions that need to be corrected due to several sources of information about the GTH."

STAKEHOLDER INTERVIEW

Similarly, broad descriptions such as 'high quality, mixed use destination' are not understood. While not tested, descriptors such as 'precinct' or 'resort development' may be more helpful in gaining a quick understanding of the offer and creating more of an image.

Once survey respondents were provided with a description of a GTH, one in two (56 per cent) support the development because of a belief that it will help the economy, attract more tourists, and think it sounds appealing and unique. Those who remain opposed (13 per cent) after



hearing a description believe there's too much development on the Gold Coast (60 per cent), dislike the idea of a second casino (58 per cent) and are concerned that it isn't differentiated enough from what the Gold Coast already has (54 per cent).

The need to differentiate the GTH proposition from existing offerings is critical. Focus group participants, for example, were able to cite many instances of what they believe are existing tourism infrastructure which meets the current description of a GTH: the iconic architecture of Q1, high-end hotels with Palazzo Versace, boutique and quality shopping at Pacific Fair, a casino at The Star, and convention facilities, cinemas, tourist attractions, bars and quality restaurants throughout the region.



**"We struggle to see the gap – the Gold Coast has everything the GTH says it wants to be."**

STAKEHOLDER INTERVIEW



"I have seen that everywhere else on the Gold Coast."

FOCUS GROUP PARTICIPANT



"That sounds like the Star Casino to me if they expanded and added a few of those."

FOCUS GROUP PARTICIPANT

As a result, people question the GTH's ability to attract a greater tourism market and instead fear it will redistribute existing tourism and damage smaller operations on the Coast.



"It might knock out independent hotel owners especially in Broadbeach where there are a lot of little hotels."

FOCUS GROUP PARTICIPANT



"It doesn't bring in new interest, it takes it from somewhere else."

FOCUS GROUP PARTICIPANT

The ambiguity regarding the term GTH and the definition provided has resulted in a large degree of scepticism about the project with many respondents stating they feel the term is confusing, used to mask an additional casino, and did not explain the objective or reason why the project is needed.

## BALANCING THE COMPETING OBJECTIVES OF INTERNATIONAL AND LOCAL MARKETS

Consultation reveals an underlying tension between the assumed needs and wants of the international market and local residents. While a GTH intends to grow tourism and attract international visitors, many raise the need for any new facility to appeal to local residents as well.

Seventy-eight per cent of survey respondents said that international tourists are set to benefit the most from the development of a GTH on the Gold Coast. Through stakeholder interviews, many feel that for a GTH to be desirable to the international market, it will need to be grand and on par with Las Vegas; however this creates concern about misalignment with the Gold Coast's culture, lifestyle and values.



"It would wipe out the small-town, country feel that the Gold Coast still has."

FOCUS GROUP PARTICIPANT



"Making everything upper class is going to alienate people."

FOCUS GROUP PARTICIPANT

While 58 per cent of survey respondents said the development sounds like something they will like to visit, when



asked how often, just 11 per cent said they will visit at least once per month, with the balance of respondents saying they will visit less than once per month.

Some locals like the idea of a high quality development, but many question the expense and feel it sounds unaffordable.

 “Probably couldn’t afford it but I would go and see it.”

FOCUS GROUP PARTICIPANT

 “Really important that it’s a place where local people can go and access affordable things with all of the higher-quality benefits – that would draw a lot of people.”

FOCUS GROUP PARTICIPANT

 “Locals wouldn’t be able to afford it on a regular basis.”

FOCUS GROUP PARTICIPANT

## OPPOSITION TO THE USE OF PUBLIC LAND

Many community members and key stakeholders cite their opposition to the use of public land for private development. One factor in this is the widely held belief that viable commercial developments should ‘stack up’ without gifting Crown land to private companies. Further concerns raised included a desire to preserve open, green space for the community as population and development continues to grow in the region and to maintain residents’ current lifestyle.

This population growth forecast is expected to be a key point used by opponents of the GTH as a wedge to divide the community.

 “The Government should not sell off Crown land. It was given to them to be protected and we are trustees of it.”

WRITTEN SUBMISSION

 “[The population] is expected to almost double in the next 20 years...which will put enormous pressure on green spaces in our city, particularly the critically important green spaces we will need in our high-density and built up areas.”

WRITTEN SUBMISSION

 “Gold Coast city centres have very limited public open space and retention in perpetuity of prime public open space, especially spaces adjacent to water frontage, is vital for the health and wellbeing of residents and the enjoyment of visitors.”

WRITTEN SUBMISSION

 “If [a GTH] is meant to be a viable commercial private enterprise, then it stands to reason that it should be in a position to stand alone on its own two feet, like every other commercial real estate/resort venture.”

WRITTEN SUBMISSION

The site attracting media attention is Carey Park at Southport. The use of this public land for this purpose is strongly contested amongst stakeholders and community members, with concerns around its heritage listing and public car parking facilities.

 “Carey Park has built (the old seawall) and vegetation heritage listings and significance that cannot be ignored.”

WRITTEN SUBMISSION

 “Parking spaces in Southport are down to the minimum since the introduction of the light rail which took so many of our parking spaces.”

WRITTEN SUBMISSION



## POTENTIAL SITES RAISED – SUPPORT AND OPPOSITION

More than two in three (68 per cent) survey respondents state that their support for a GTH development is dependent upon the location, with 62 per cent agreeing that it can help bring life to some areas of the Gold Coast that aren't thriving. These key drivers of support demonstrate the importance site plays in strengthening community endorsement of the project.

Several specific locations were raised throughout the consultation period. These, along with reasons for support and reasons for opposition, are summarised below.

### Old Gold Coast Hospital

#### Reasons for support

Some support for this site as a potential location for the GTH as there is a belief that the public are not losing 'prime' waterfront space and it is large enough to be viable.

#### Reasons for opposition

While there is no explicit opposition to the use of this site, some pointed out that it is now the subject of private development and not available for use.



## Carey Park

#### Reasons for support

Some respondents see Carey Park as a viable location. For these respondents, Southport is an ideal location as it is easily accessible by light rail, has the nearby Broadwater Parklands and beaches and would give the area a significant economic boost. This is especially the case for these supporters in terms of developing Southport as the CBD of the Gold Coast, citing that it will be the first commercial development in the area and will stimulate future growth in the designated Priority Development Area.

#### Reasons for opposition

Significant controversy surrounds Carey Park as a proposed location. Those opposed take a strong stance against the use of public land for commercial purposes and see it as a further reduction in publicly available space, including amenities such as car parks. Some raise that the City of Gold Coast voted against this area so it should not be an option. Some respondents are concerned about the fate of the Southport Bowls Club and Tennis Club. Others mention the heritage significance as the old seawall is located underneath the park.



## Broadwater Parklands

#### Reasons for support

There is no support for locating a GTH on the Broadwater Parklands.

#### Reasons for opposition

Strong opposition to the use of the parklands due to the open, green space desired by the community. This has also been excluded by Government as a potential site.



## Broadwater Tourist Park



### Reasons for support

Suggested by several stakeholders due to its proximity to the waterfront, parklands and light rail.

### Reasons for opposition

Other respondents opposed this site due to its proximity to the parklands and potential impacts on the local community.

## Coolangatta



### Reasons for support

Suggestions for the Southern Gold Coast due to its current lack of development, proximity to the airport and potential access to extended heavy and light rail.

### Reasons for opposition

Perceptions that the Southern Gold Coast is famous for surfing and not the right fit for a major tourism development due to its relaxed lifestyle.

## Southport (General)



### Reasons for support

Deemed the CBD of the region and an area that is starting to be revitalised, close to public transport, well located for tourism and will benefit from further attractions. It is also located somewhat away from the existing casino which is seen as a benefit.

### Reasons for opposition

Some feel Southport should remain a business hub and a place for locals, not major tourism.

## Nerang



### Reasons for support

Currently little in the way of infrastructure and tourism in the area, and a GTH would aid in stimulating this and spreading economic return across the Coast.

### Reasons for opposition

Not perceived to be an attractive location due to distance from the beachfront.

## Surfers Paradise



### Reasons for support

Perceived to be the existing tourism precinct, and currently avoided by locals as it is considered run down, dirty and unpleasant. Respondents supported new and revitalised tourism infrastructure in Surfers and state it is a well suited location for the proposal.

### Reasons for opposition

A few acknowledged the lack of free space to develop in Surfers signalling a need to demolish empty/underperforming structures to make way.



## Hinterland



### Reasons for support

Suggestions to leverage the 'green' of the Coast and locate a GTH closer to the hinterland as an eco-style integrated resort. This is supported if there are mitigations in place to protect the surrounding environment. For example, one respondent suggested a virtual reality tour to promote the flora and fauna without impact to the natural environment.

### Reasons for opposition

Some questioned whether this can be viable due to distance from the beachfront, limited accessibility and a lack of existing transport to the hinterland.

## Mudgeeraba



### Reasons for support

Proposed by a few stakeholders due to availability of locations and proximity to the two stadiums. Suggestions that a third indoor stadium be built as part of the GTH to cater to a crowd of 30,000–40,000 for events such as concerts, eSports tournaments and boxing matches.

### Reasons for opposition

Not perceived to be an attractive location due to distance from the beachfront.

## Golf/turf club



### Reasons for support

The golf and turf clubs are popular suggestions from stakeholders given their private ownership and expansive land. These are considered to be viable options in terms of public acceptance.

### Reasons for opposition

Questions around accessibility due to a current lack of public transport infrastructure in the area and impact on current activities.

## Robina



### Reasons for support

Large unused green area between the creek and existing stadium which already has great transport links. Suggested for its distance from the busyness and congestion of Broadbeach.

### Reasons for opposition

While there is no explicit opposition to the use of this site, some pointed out that a GTH should be close to the beachfront.

## Tuesleys Park



### Reasons for support

Suggested due to its large size, views and proximity to transport and Southport. It was also thought a GTH development could help promote the urban renewal of Southport and Labrador.

### Reasons for opposition

Community strongly oppose the loss of open, green space along the waterfront. It was also raised that the existing boat ramp and car park would be impacted if the area was to be developed.



## Main Beach Tourist Park



### Reasons for support

The park is located close to the existing Surfers Paradise tourism area as well as the beach, Sea World and attractions of the Spit. It was also thought a GTH development could reinvigorate the Tedder Avenue precinct.

### Reasons for opposition

Opposed by the local community due to it being a high density residential area. Some mentioned the small size of the park may limit the type of development and offerings possible.

## Macintosh Island



### Reasons for support

Suggested due to being a large area that is well-positioned to the beach, existing Surfers Paradise tourism area, the highway and light rail network. Some also mentioned the advantage of the distance from residential properties.

### Reasons for opposition

As a highly popular recreation area for families, with children's play equipment and picnic areas provided, there is a strong sense of community ownership over this area and residents are expected to defend retaining its current use.

The level of community support for a GTH is dependent on the proposed location, although there is not one location suggested that receives unanimous support. While the site/s remain unknown, many feel unable to commit support as they cannot assess the benefits and impacts the development could have on the local community, and built and natural environment. While this void exists, a large portion of the community has defaulted to opposition to the development.

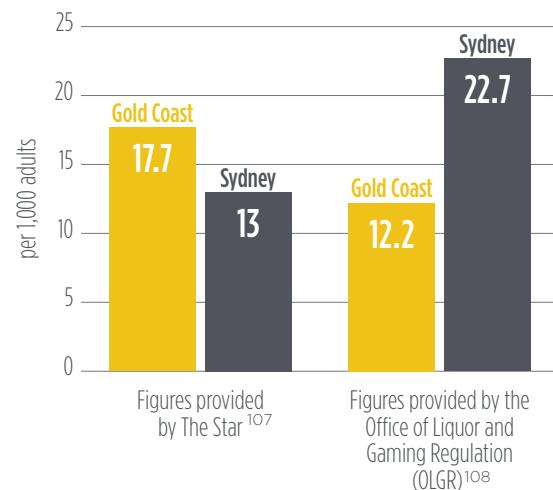
## SATURATION OF THE GAMBLING MARKET

While some disagree, there is broad disdain for the gambling industry, with many arguing that the existing market is oversaturated with the casino, clubs and pubs that already service the region. Many locals also link casinos to poor outcomes in terms of the social and financial wellbeing of families.

A frequent issue raised is the number of EGMs per capita compared to elsewhere in Australia.

Statistics about the number of EGMs per head of population is cited as a basis for this concern. However, figures provided varies between organisations, with the discrepancy likely to lie in differing catchment definitions of the Gold Coast and Sydney, and whether the total population is included or just those over 18 years of age.

### NUMBER OF EGMS PER HEAD OF POPULATION



Some also raised the development of Queen's Wharf in Brisbane as further evidence of a saturated casino offering in the broader geography of South East Queensland, citing the fact that no other capital city has two casinos despite having larger populations than the Gold Coast.



"The South East Queensland market is arguably not big enough for the third casino and this [GTH] has been superseded in Brisbane by Queen's Wharf."

STAKEHOLDER INTERVIEW

However, 67 per cent of survey respondents agreed or are neutral about including a casino as part of the GTH development on the Gold Coast. Among those that agree (38 per cent), the unprompted reasons are because it will attract more tourists (41 per cent), be an entertainment option for residents and tourists (14 per cent), and provide good returns for the economy and jobs (12 per cent).

The 28 per cent of survey respondents who disagreed with including a casino as part of the development did so due to concerns about adding a second casino when the Gold Coast already has one (46 per cent) and concerns around gambling (35 per cent). This is amplified by the knowledge among some that EGMs located in casinos are significantly more profitable than those located in hotels, pubs and clubs due to environmental and regulatory differences. This further entrenches people's perceptions about not supporting another casino with EGMs on the Gold Coast.



"I've seen the devastation that gambling causes first hand and I believe as a responsible Council and Government you should not be seeking to promote this type of recreational behaviour."

WRITTEN SUBMISSION

While many stakeholders raised the abundance of EGMs on the Coast, they acknowledge that gambling is available in various forms and for some the most troublesome is online gambling. For these stakeholders the introduction of a second casino is not seen as a likely cause of increased gambling problems on the Gold Coast and they hold the belief that casinos are essential for attracting tourists, especially those from Asian markets.



"If someone wants to play a poker machine, they will go close to home rather than an integrated resort."

STAKEHOLDER INTERVIEW



"There will be no issue with 1,600 new machines because at least with a large-scale operation, those who have challenges with gambling can properly exclude themselves from the venue – whereas there are plenty of opportunities to gamble locally. If we truly want to combat the problem there should be an integrated exclusion program across Queensland and New South Wales."

STAKEHOLDER INTERVIEW



"Gambling is a disease that we can't cut out. If people are going to spend their money they will do it one way or another, whether that be on horse racing or their mobile phone. A second casino will not change this."

STAKEHOLDER INTERVIEW

Stakeholders and community members do however question the local gambling market's ability to tolerate the additional competition a GTH will bring, particularly for the existing casino and clubs.

Stakeholders are divided over The Star's contribution to the Gold Coast and its ability to draw an international tourism



market. Many believe The Star is a great contributor to the community through investments in their master plan, being a major employer for the region and providing support to the community.



"Star are considered to be a good partner to the city as they have grants which they give back to the community."

STAKEHOLDER INTERVIEW

In contrast, others believe The Star enjoys a monopoly status and has only been prompted to invest in the Gold Coast following recent threats of competition from a GTH. These stakeholders suggest that The Star has not offered as much as it could over the years or in the current master plan, with little in the way of convention space, entertainment and tourist attraction offerings.



"I try to attract as many people as I can to hold meeting and conferences here but the facilities need some work. The conference centre at Broadbeach isn't cutting it with the size and facilities we require. It's an area that we need to seriously focus on."

STAKEHOLDER INTERVIEW



**"Star may talk about their 'dramatic transformation' but the product they are delivering is primarily residential. It is woefully inadequate that their master plan barely includes entertainment."**

STAKEHOLDER INTERVIEW

While some focus group participants see a second casino as much needed competition to The Star, they do not want a GTH to compete with existing local community clubs.



"The closer it is to the other casino the better, it'll drive some competition and bring some prices down."

FOCUS GROUP PARTICIPANT



"It's not fair to only limit people to The Star – introducing competition will make The Star compete for the market and will create new offerings which in turn will continue to encourage the new place to compete."

STAKEHOLDER INTERVIEW

## IMPACT ON COMMUNITY CLUBS

While there is a strong perception that the development of a GTH will benefit the Gold Coast economy (60 per cent) and job market (53 per cent), less than one quarter of survey respondents believe it will benefit local business owners (24 per cent).

Of most concern to the public and stakeholders is the impact a GTH will have on the local community club industry from competition in food and beverage offerings, entertainment facilities and especially gambling. There is a general consensus that clubs are already struggling with their immediate viability and that some clubs may not be able to survive if another major gambling provider is introduced on the Gold Coast.



"With the opening of the Queen's Wharf integrated resort development project in Brisbane, the potential inclusion of an additional casino licence on the Gold Coast and Cairns, the impact to community clubs viability and ongoing community support is front and foremost in our minds and discussions."

WRITTEN SUBMISSION





**“Community clubs and their ability to be viable and sustainable into the future will need support from the Government and a commitment to identify the basis of domestic gaming revenue, competition and the ability to compete and the ability for community clubs to diversify and reduce their reliance on gaming revenue in the immediate future.”**

WRITTEN SUBMISSION

Stakeholders also express concern regarding the existing competition faced by clubs from The Star for gambling patrons, which is feared to only intensify with the entry to the market of another casino.



“Unannounced weekly visits from Star Casino management and staff, mobile billboards parked outside our club, and advertisements targeting members, are examples of our environment. The introduction of another casino will most certainly exacerbate the issue.”

WRITTEN SUBMISSION

Clubs and their representatives also raise concerns about what they perceive to be a lack of a level playing field in relation to the regulatory regime, including the ability to provide live entertainment.



“Clubs depend on their [gaming] machines because government regulation has failed to address the issue of live performances in these venues based off liquor licence noise restrictions. They want to be in the business of social enterprise but are restricted so have become dependent on poker machines because their traditional business has been restricted to non-existence.”

STAKEHOLDER INTERVIEW

The club sector is strongly of the view that given the current competition in the gambling market on the Gold Coast, the introduction of a GTH will erode their local market share and limit their ability to meet their objectives through community contributions.



**“A second casino would have a detrimental effect on our local clubs, their employees, and the clubs’ financial capacity to continue supporting community activities.”**

WRITTEN SUBMISSION



“The current level of challenges faced border on being anti-competitive where the ability to compete has been taken away by the legislative and regulatory advantages of some segments over the others.”

WRITTEN SUBMISSION



“The reasons gaming machines were introduced to Queensland in 1992 [was because] Wayne Goss, the then Premier, declared clubs were able to operate gaming machines for the purpose of community support and infrastructure.”

WRITTEN SUBMISSION

In contrast, some question the likelihood of a GTH development enticing the same demographic as local clubs. It is argued that people attend a casino and a club for vastly different reasons so the impact will not be as significant as some fear. Some state that domestic tourists are more likely to attend a club, whereas international tourists will seek a different experience.





"There is less than one kilometre between Star and Kurrawa and they happily co-exist. I am more likely to go to Kurrawa for meal or with my family, whereas I am more likely to go to Star for an event."

STAKEHOLDER INTERVIEW



"Most clubs do not want a casino because of the gambling and restaurant competition. But I would look at it as another 10,000 people are driving past so I need to entice them to my venue."

STAKEHOLDER INTERVIEW



"I think the locals will go once or twice to look at it [the GTH] but then they'll return to their local club with their family."

STAKEHOLDER INTERVIEW

Some stakeholders make the point that the size and uniqueness of a GTH is a relevant factor in the extent to which it would compete with The Star, clubs and pubs. For these stakeholders, the bigger and grander any GTH is, the more likely it is to genuinely attract international tourists, rather than local patrons of The Star, clubs and pubs.



"If they're going to do this, then the bigger the investment the better. That's the only way to make sure it genuinely grows the pie instead of just carve it up more than it already is."

STAKEHOLDER INTERVIEW

Irrespective of this, unlike The Star and pubs, clubs primary purpose is to provide community benefit and for this reason their ongoing viability deserves to be a key consideration.

## SOUTHPORT'S EFFECTIVENESS AS A CBD

Southport is acknowledged by stakeholders as the Gold Coast's traditional centre and business district, with many providing feedback on its effectiveness as a CBD.

While some stakeholders disagree, there is a strong view that Southport is not currently thriving and that new development is needed to stimulate the economy. Some believe this is a result of overdevelopment of residential dwellings instead of businesses following the declaration of the Southport Priority Development Area in 2013.



"Southport is an international joke – all of the money poured into that area, there have been no new offices, there is no new infrastructure. Land that could have been commercial has become residential."

STAKEHOLDER INTERVIEW

For those who support a GTH, there is broad agreement about developing it in Southport due to its central location, proximity to the existing light rail infrastructure, Broadwater Parklands and the proposed ferry services.



"It's on the tram, buses go there, it's quite central to everywhere."

FOCUS GROUP PARTICIPANT



"There's plenty of room."

FOCUS GROUP PARTICIPANT



In addition, many believe locating a GTH in Southport will be a catalyst for future commercial development in the area, as intended by government.



**"Absolutely [a GTH] would assist in the development of a Southport CBD only because it would be the first commercial development."**

STAKEHOLDER INTERVIEW



**"We need to attract business to the precinct [Southport]. We have a PDA there and there's many proposals but none have been enacted. A GTH would be helpful in generating new business in the area."**

STAKEHOLDER INTERVIEW

In contrast, some prefer Southport maintains its focus on being the business centre of the region, with tourism infrastructure best suited to other areas like Surfers Paradise.



**"Southport should be a chic place where residents live – lawyers, doctors, the core of our local business community, a service centre. Surfers should be all about tourism, fun, entertainment, outdoor dining, connection to the beach, and dare I say it – a global tourism hub."**

STAKEHOLDER INTERVIEW



**"It's [Southport] supposed to be the business hub of the Gold Coast."**

FOCUS GROUP PARTICIPANT

## CAPACITY OF THE EXISTING TRANSPORT INFRASTRUCTURE

Consultations raised that the linear nature of the Gold Coast's urban footprint brings transport and accessibility challenges. Some respondents question the capability of the current infrastructure to service the additional demand a GTH would create. Traffic congestion is of specific focus, with 70 per cent of survey respondents listing this as a concern.



**"If you are only planning for a residential population, you are failing the residents and failing the tourists – [we] need infrastructure for at least one million people. Residents will have a worse quality of life and tourists will have a worse quality experience if this is not fixed before starting new projects."**

STAKEHOLDER INTERVIEW



**"The introduction of a major casino based tourism hub without significant additional expenditure on roadway infrastructure will simply create enormous additional traffic congestion on the Coast where residents who rely on vehicles for their daily work will be unreasonably penalised without any recompense."**

WRITTEN SUBMISSION



People also question the proximity a GTH should be to the existing public transport network to mitigate potential traffic issues that may arise. The majority believe the light rail had eased congestion throughout the region and that this infrastructure should be leveraged rather than create other costly solutions. Others suggest the priority should be on its accessibility from the Gold Coast Airport to ease access for tourists.



"[I] don't see any other site than where the light rail is passing – international visitors would take the light rail through Surfers Paradise to the airport, which gives whole Coast more visibility."

STAKEHOLDER INTERVIEW

A small number of others think it was fanciful that tourists to a GTH would travel by light rail and that a location near the Pacific Motorway (M1) would be ideal to ensure ready access to Brisbane.

## PREVIOUS DEVELOPMENT ATTEMPTS CAUSE INVESTMENT UNCERTAINTY

Throughout consultation, concern was expressed in relation to the unsuccessful history of these types of developments on the Gold Coast. With previously proposed developments at Wavebreak Island, the Spit and various cruise ship terminal propositions having all failed, some in the community fear the potential impact another unsuccessful process could have on the Gold Coast's reputation and economy.



**"For the last decade, there has been a lot of 'messing around' on this issue which has created a lot of investment risk and has stunted the delivery of necessary tourism infrastructure on the Gold Coast."**

STAKEHOLDER INTERVIEW



"I would hate to see the Gold Coast's reputation go because someone pulls out of a deal."

STAKEHOLDER INTERVIEW

There is also some frustration about the perceived lack of transparency about who the proponents are and the basis on which an operator will be selected. Although this is a requirement of the Government's procurement process, this has caused high levels of scepticism in the community, resulting in opposition to the project.

State Government representatives have confirmed strong market interest in the Gold Coast GTH project. This strong interest is a demonstration of faith in the Gold Coast and the market's view that a GTH in the region can be successful. This level of interest should be promoted to provide the community with confidence that there is genuine international interest and capability to grow tourism.



# Mitigations

While not every concern raised about the development of a GTH during consultation can be satisfied, there are specific mitigations that can be put in place to respond to stakeholders' issues and ensure a net benefit is achieved for the Gold Coast.

These include the following:

- A clear articulation of what a GTH is and why it is needed;
- Clarification on site/private site;
- Preserving green space;
- Limiting the gambling market;
- Protecting community clubs; and
- Easing traffic congestion with new or existing infrastructure.

## A CLEAR ARTICULATION OF WHAT A GTH IS AND WHY IT IS NEEDED

In the absence of a clear articulation of what it is and how it differs from what already exists on the Gold Coast, some stakeholders offered views about what is needed.



"The GTH needs to offer something that is a drawcard to the city. This could include iconic architecture, cultural experiences – quirky shows, comedy festival, car racing, arts shows, etc. Whoever develops this needs to be offering something to the public. For example, Dubai have huge aquariums that anyone can walk past at any time."

STAKEHOLDER INTERVIEW



"The secret in this is to unlock things about the Gold Coast that even the Gold Coast doesn't know it has to offer."

STAKEHOLDER INTERVIEW



"Lots of colourful and environmentally sustainable cultural buildings – make it really inviting."

FOCUS GROUP PARTICIPANT



"A multi-purpose facility capable of hosting high-end performances and a refined experience."

STAKEHOLDER INTERVIEW



Other suggestions include:

- An architectural phenomenon;
- Something that leverages nature;
- Indigenous cultural offering;
- Equine sports, mountain biking, natural adventures or adrenaline sports; and
- An Australia-first offering such as a Legoland park.

Feedback also stressed that a GTH in a Gold Coast context needs to be of sufficient scale and interest to genuinely attract international visitors. Without scale, there is a risk that the GTH will cannibalise the local market, adversely affecting clubs, The Star and other tourism and hospitality operators.



**“It wants to be at least size and quality of The Star. If it’s bigger and better, there’s some comfort. If it’s smaller and of lower quality, it will erode local market share.”**

STAKEHOLDER INTERVIEW



**“Cities will increasingly bid for shows and events, and to attract global events you need the ‘wow’ factor.”**

STAKEHOLDER INTERVIEW

There is a belief that in order for the project to be successful and deliver tourism growth, it must be truly unique to the Gold Coast, fill a current gap in the market and be differentiated from what currently exists. This suggests leveraging current Gold Coast tourism advantages, such as the beaches and/or hinterland, but also providing something unique in the international market. The Government will need to focus efforts

on a better articulation of how the proposition is different from what already exists on the Gold Coast and a clearer description of the benefits it will deliver – such as economic growth, employment and tourism.

In the absence of a thorough understanding of the GTH proposal, Gold Coast locals have begun referring to the development as a ‘second casino’, with one in two survey respondents able to recall proposals for another Gold Coast casino, but only 12 per cent about a GTH. When described as a casino in the survey, only 28 per cent of respondents support it; however, support lifts to 56 per cent once the State Government’s description of the GTH is provided. A further 22 per cent hold a neutral position. This demonstrates the importance of presenting a compelling description of a GTH and being prescriptive about what the Gold Coast needs and what locals would accept.

## CLARIFICATION ON SITE/ PRIVATE SITE

Without a specific site for the development, most community stakeholders feel there is a lack of transparency and do not believe they can be fully informed in their view of the potential impacts, benefits or concerns. For many, their support for a GTH is dependent on site, so without an announcement of a preferred site, there is growing concern, specifically about the use of public land.

Most stakeholders are supportive of or at least ambivalent to a GTH located on private land. Concerns about the use of public land can be mitigated by identifying a private site.



If a private site is decided and public land is not offered as part of the arrangement, the challenge becomes maintaining sufficient leverage for the State Government in negotiating an outcome that is worthwhile for the Gold Coast. Alternatively, were the State Government to do what was necessary to be in a position to offer a private site, this could have significant implications for taxpayers and adds complexity and potentially considerable time to the process.

The feedback from some that any GTH must be of significant scale also has relevance to location. While there are inconsistent views about size required, some suggest an investment of more than \$3 billion would be necessary to substantiate a world-class offering. If accepted, this feedback significantly limits the potential sites that could be used for the development.

Without an announcement of the preferred site, it is challenging for Government to be specific around issues such as the scale of the project (to address concerns about local competition with clubs and The Star) and what might be required from proponents in terms of offsets for potential loss of open space, car parking, traffic solutions, etc.

## PRESERVING GREEN SPACE

Mitigations are unlikely to satisfy many of the stakeholders who passionately oppose the contribution of public land on ideological grounds. However, many stakeholders and community members oppose the use of public land due to the need to preserve open, green and communal space.

The survey found that 43 per cent of respondents are more likely to support a GTH on public land if it returns the same or more public open space.

This can include parks, sporting fields and playgrounds.



**“Green, open space that may be lost should be considered in the development to include the same amount of green space, whether this is on a rooftop or split across the site.”**

STAKEHOLDER INTERVIEW



“At the very least a GTH entrepreneur should provide substantial green public open space as part of the project so adding an asset to the city instead of taking away public open space.”

WRITTEN SUBMISSION

## LIMITING THE GAMBLING MARKET

Understanding the existing saturation of the Gold Coast's gambling market, the Queensland Government committed to no additional EGMs for the region as part of the GTH<sup>109</sup> and limiting the gaming footprint to five per cent of the total gross floor area.<sup>110</sup> However, this commitment does not provide comfort to stakeholders or community members who are concerned about the harm gambling can cause. Just 17 per cent of survey respondents said they would be more likely to support the development if the gaming footprint is limited, and 23 per cent of respondents if the number of EGMs is limited. This sentiment was echoed in focus groups and stakeholder interviews.



“Increase the overall size of the development and the five per cent becomes bigger.”

FOCUS GROUP PARTICIPANT





"No increase overall is an eloquent way to try to resolve the problem but I am unsure where you will get 1,600 EGMs from on the Gold Coast, if this includes the South East Queensland region then it would be more diluted and achievable."

STAKEHOLDER INTERVIEW

Some stakeholders refer to the approach taken by Tasmania's Museum of Old and New Art and suggest a 'table games only' licence is offered as part of a GTH. This draws some support due to the likelihood of it attracting a different market than those who patronise clubs and pubs. However, this concept is likely to limit the level of investment that proponents would be prepared to make in the GTH.



"I worry that it won't pay off. The returns are low and it would be viewed with immense scepticism."

STAKEHOLDER INTERVIEW

## PROTECTING COMMUNITY CLUBS

The clubs sector is strongly opposed to the development of a GTH which includes EGMs. The Panel and the public in general agree that clubs provide extensive community benefit, and there is significant concern that a new gambling entrant will increase local competition and erode their viability.

Clubs make the compelling point that if the motivation for a GTH is to stimulate the tourism industry and not necessarily to increase Government revenue, then the increased revenue received by Government can be devoted to compensating those adversely affected.

Many suggestions for compensation were made during consultation including:

### Buy-back

While the detail of the process for obtaining EGMs for a new casino is unknown, this may involve the Government entering into a process that sources EGMs from the existing pool. There is some acknowledgement that a buy-back scheme could provide a return to clubs on underperforming EGMs.

### Taxation

Taxation on club gaming machines ranges from zero to 35 per cent, depending on the monthly metered win revenue. In 2012, an additional tax bracket in the midrange was introduced which caused concern for some, particularly as the taxation rate has not been reviewed since. A different taxation rate system and rates apply for casinos, with clubs suggesting they do not operate on a level playing field.



"Consideration for gaming tax rates for those businesses that are affected. This can be offset by the incoming casino because the deal can be different to The Star. The pub and club industry is going to take a substantial hit so a tax break has to be taken into consideration."

STAKEHOLDER INTERVIEW



Another suggestion made in relation to tax is that clubs receive a rebate on contributions made to the community in line with clubs' objectives.



"This system [tax rebate for community contribution] has operated with great success in New South Wales and if considered positively could deliver significant additional support for the communities that clubs support."

WRITTEN SUBMISSION

### **Direct compensation for lost revenue**

While the additional gambling competition is expected to be the greatest impact to clubs, there is also concern over impacts to food and beverage revenue. One stakeholder suggests compensation for revenue lost within the first 18 months of a GTH opening, based on benchmarked historical data.

### **Noise restrictions**

Some clubs suggest that their viability is dependent on diversifying offerings, irrespective of a GTH development. A shared concern is that liquor licence laws and noise restrictions prevent clubs from hosting live music and karaoke.



**"Clubs viability problem can be solved in other ways – the Premier has to honour her commitment by using the 'Better Regulation Task Force' and allow clubs to feed the appetite for social functions that have been limited by current regulations."**

STAKEHOLDER INTERVIEW



"With respect to diversification, it is certainly not through lack of trying."

WRITTEN SUBMISSION

### **Casino entry fee**

To alleviate concerns of a GTH eroding clubs' local market share some stakeholders suggest an entry fee apply to locals visiting the casino component of the GTH. While residents will not be charged to visit the wider development, the disincentive to gamble at the GTH would assist clubs and the GTH to co-exist and maintain the international focus for the GTH. Precedent for this system exists in Singapore. Were the Government to consider a casino entry fee, it would also need to decide whether to apply the same requirement to The Star.

### **Other**

Other relief measures for community clubs identified during consultation include:

- Increasing max bet to \$10 and removal of the return to player upper limit;
- Increasing the ticket-in ticket-out credit limit to up to \$5,000;
- Approval to sell lottery products;
- Allowing eSports, skill-based games and digital offerings through legislative change;
- Approval to implement technology which allows for flexibility in methods of payment;
- Increasing trading hours to a maximum of 20 hours per day;
- Implementation of mandatory director training; and
- Reviewing the *Registered Club Act* for Queensland.



## EASING TRAFFIC CONGESTION WITH NEW OR EXISTING INFRASTRUCTURE

Traffic is a major concern for Gold Coast residents. There is a sentiment among some that while existing infrastructure was generally adequate for today, a GTH could add significantly to the traffic burden. Many stakeholders believe a commitment by the GTH proponent to support future transport infrastructure could aid the situation and open currently inaccessible locations.



“Duplication of the M1 is needed now as it is stifling, choking and holding up that much economic growth and development to South East Queensland.”

WRITTEN SUBMISSION

In addition to the M1, stakeholders also prioritise a completed connection between Brisbane and Coolangatta by the light and/or heavy rail network.



“It would have a profound impact if the Brisbane Airport heavy rail could be connected to Coolangatta so that both airports could service the international market with ease of accessibility.”

STAKEHOLDER INTERVIEW



“By 2060-2080 there will be an urban mass between Byron Bay and Toowoomba. We need to work together between cities (Brisbane and the Gold Coast) to leverage each other.”

STAKEHOLDER INTERVIEW

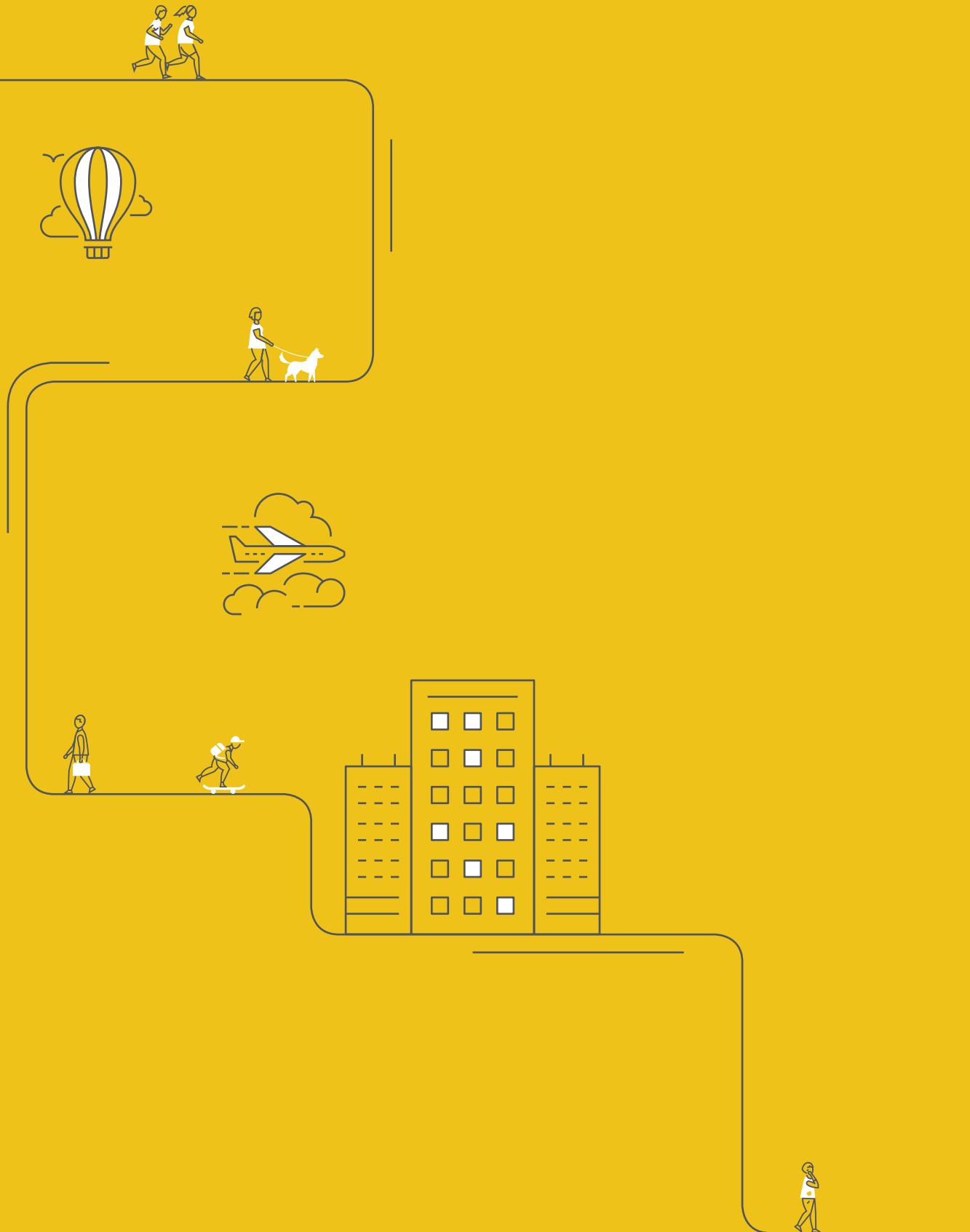


“They’re developing Southport and the parklands, and a lot of people are going there. You just need to extend the light rail.”

FOCUS GROUP PARTICIPANT

Were the State Government to proceed with a GTH, many of these mitigations could be addressed as conscious policy choices or as requirements within the EOI process.





# Summary

Despite increases in domestic visitation, there is a need to grow international tourism on the Gold Coast, given their higher levels of expenditure. By better communicating why a GTH is needed and the benefits a GTH can deliver, the level of support for a GTH can be increased.

In order to build a social licence for the GTH proposition, the Panel suggests the Queensland Government:

1. Address the mitigations suggested in this report, including making them conditions in the procurement process. In particular, proponents should be required to demonstrate that their proposal:
  - Is aimed at attracting primarily international tourists by ensuring:
    - a. The investment is of sufficient scale;
    - b. It takes advantage of the Gold Coast's existing advantages (its beaches and the hinterland);
    - c. Incorporates larger convention space and/or entertainment facilities to capture currently missed opportunities; and
    - d. It is unique in the world, in terms of the experience it provides;
  - Results in no overall loss of public open space;
  - Incorporates effective traffic mobility solutions;
  - Contributes positively to the urban renewal and public realm of the Gold Coast; and
  - Does not result in an overall increase in the number of EGMs in the region.
2. Ensure that the legitimate concerns of Gold Coast community clubs are addressed through a package of measures designed to underpin Gold Coast clubs' ongoing viability. In particular:
  - No tax on gaming revenue for the 18 months immediately following the GTH's opening;
  - Tax rebate on contributions made to the community; and
  - Relaxation of noise restrictions currently imposed on the industry.
3. Identify a public site to allow the State Government to be prescriptive to proponents about what the development must include, or establish a process to identify a fit for purpose private site, noting this is likely to add cost and time to the process.
4. Seek to involve the City of Gold Coast for appropriate technical input.
5. Change the terminology from Gold Coast Global Tourism Hub to Gold Coast Integrated Resort Development (IRD) as the term GTH is confusing and does not resonate with stakeholders or the community.
6. Communicate with the Gold Coast community the case for a IRD identified in this report, particularly given the Gold Coast's international tourism performance. This would require a comprehensive education program, identifying the location and expected benefits.



# Appendices

## APPENDIX 1: OVERVIEW OF CONSULTATION ACTIVITIES

Using methodologies from the IAP2 Quality Assurance Standard Process for Community and Stakeholder Engagement,<sup>111</sup> consultation activities undertaken included one-on-one consultations, focus groups, an online survey and written submissions.

### One-on-one consultations

Interviews were conducted with 38 stakeholders/groups from local and state government, businesses, community groups and representatives from tourism, education and industry bodies including members of clubs, hotels, pubs and the existing casino. This included:

- Bond University;
- Broadbeach Alliance;
- City of Gold Coast;
- Clubs Queensland;
- Destination Gold Coast;
- Future Jobs for Our Kids;
- GECKO;
- Hard Rock Café;
- Jobs for our Youth;
- Main Beach Association;
- Main Beach Post Office;
- Queensland Hotels Association;
- Queensland Tourism Industry Council;
- RSL Association;
- Save Carey Park Group;
- Save our Broadwater;
- Sea-Trek International, Colliers International;
- Southport Sharks;
- Southport Yacht Club;
- State MPs;
- Surf Life Saving Queensland;
- The Star Entertainment Group; and
- Women in Tourism.



## Focus groups

Four focus groups of Gold Coast residents were conducted with approximately eight residents randomly selected for each group. These focus groups were held as follows:

### GROUP 1

|                                |  |
|--------------------------------|--|
| <b>DATE</b>                    | Saturday 11 May<br>10am – 11:30am                                  |
| <b>RESIDENCE AND AGE GROUP</b> | Gold Coast North<br>Under 30's                                     |
| <b>VENUE</b>                   | QT Gold Coast<br>7 Staghorn Avenue,<br>Surfers Paradise, QLD, 4217 |

### GROUP 2

|                                |  |
|--------------------------------|--|
| <b>DATE</b>                    | Saturday 11 May<br>12pm – 1:30pm                                   |
| <b>RESIDENCE AND AGE GROUP</b> | Gold Coast North<br>Over 30's                                      |
| <b>VENUE</b>                   | QT Gold Coast<br>7 Staghorn Avenue,<br>Surfers Paradise, QLD, 4217 |

### GROUP 3

|                                |  |
|--------------------------------|--|
| <b>DATE</b>                    | Saturday 11 May<br>2pm – 3:30pm                                    |
| <b>RESIDENCE AND AGE GROUP</b> | Gold Coast South<br>Under 30's                                     |
| <b>VENUE</b>                   | QT Gold Coast<br>7 Staghorn Avenue,<br>Surfers Paradise, QLD, 4217 |

### GROUP 4

|                                |  |
|--------------------------------|--|
| <b>DATE</b>                    | Monday 13 May<br>10am – 11:30am                                    |
| <b>RESIDENCE AND AGE GROUP</b> | Gold Coast South<br>Over 30's                                      |
| <b>VENUE</b>                   | QT Gold Coast<br>7 Staghorn Avenue,<br>Surfers Paradise, QLD, 4217 |

## Online survey

An online survey of 546 Gold Coast residents was undertaken. Respondents were randomly selected with the sample reflecting the age, gender and character of the Gold Coast's population as closely as possible.

## Written submissions

The Panel received 211 written submissions via email and post, following a call for submissions advertised in the Gold Coast Bulletin and an email to Gold Coast business leaders requesting their position on a GTH. Submissions were received from the following businesses, with the remainder of submissions received from local residents:

- Better Broadbeach;
- Brewmaster;
- Clubs Queensland;
- Hickey Lawyers;
- Homecorp;
- Hoppy's Handwash Café;
- Hot Tomato Radio;
- Morris International;
- NewsCorp;
- Opmantek;
- Pacific Fair;
- Queensland Airports;
- Ray White;
- Red Energy Promotions;
- RSL Club Southport;
- Southport Sharks;
- SuperSprout;
- The Star Entertainment Group;
- Village Roadshow Studios; and
- Wildlife Queensland.





The above advertisement was placed in the Gold Coast Bulletin on the following dates and pages calling for written submissions:

- Friday 10 May 2019 – Page 16; and
- Friday 24 May 2019 – Page 2.

## APPENDIX 2: DESCRIPTION OF A GTH

The below description of a GTH was read to interviewees and focus group participants:

*The Government describes a global tourism hub as an integrated resort featuring iconic structures, world-class entertainment and dining experiences and better public spaces for local residents. Global tourism hubs are part of the Queensland Government's plan to boost tourism, strengthen the economy and create more jobs.*

*A global tourism hub is a high quality, mixed use destination aimed at providing tourism, leisure and entertainment facilities that appeal to as broad a demographic as possible, including the international market. Such developments deliver broad direct and indirect benefits to the economy and community.*

*A global tourism hub could include:*

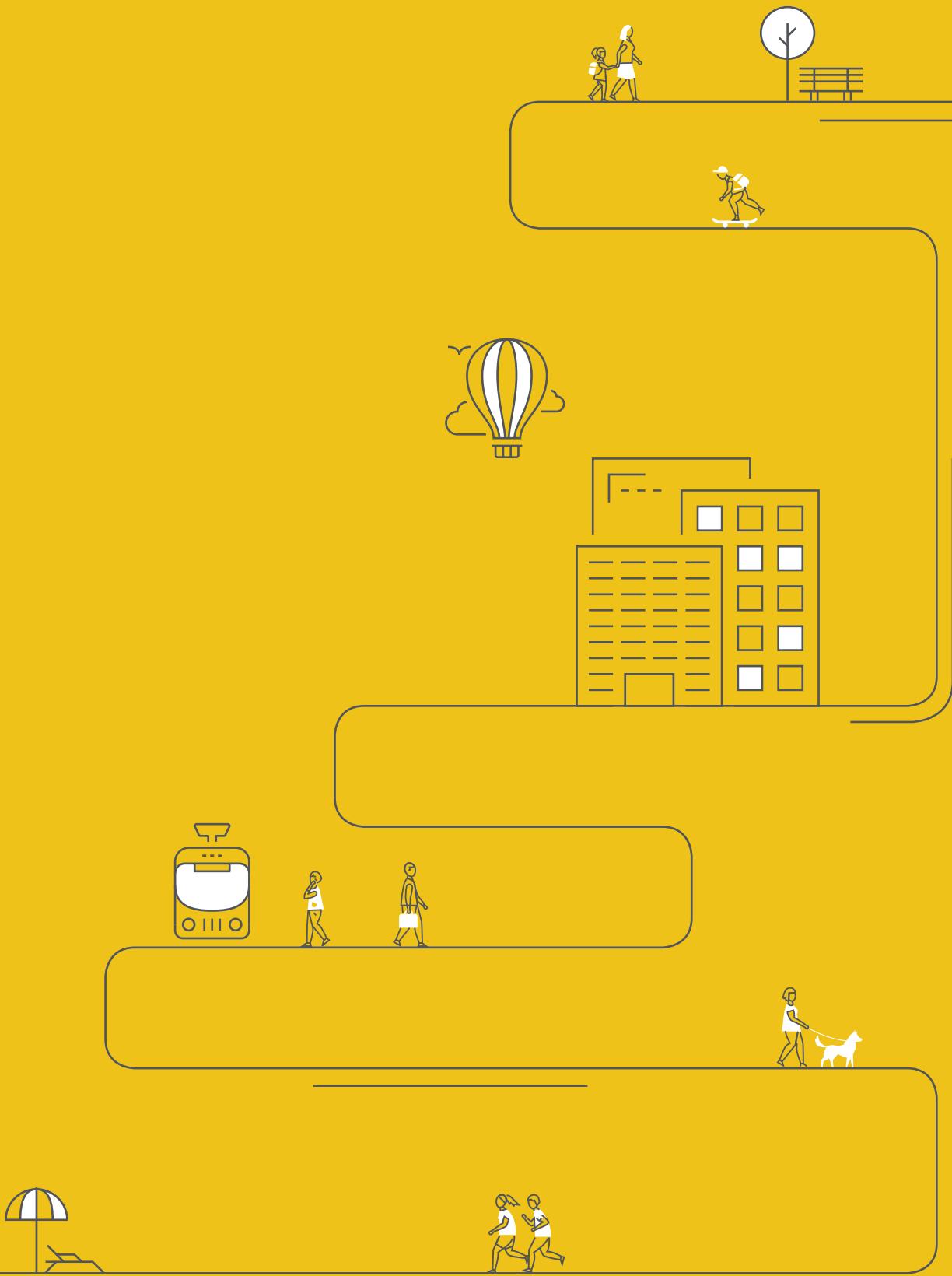
- *Iconic architecture with expansive high amenity public realm;*

- *Entertainment, recreational and cultural facilities;*
- *Five or six star hotels;*
- *Arcades, pools, salons, gyms and other recreational facilities;*
- *Meeting and conference spaces;*
- *Tourist attractions including maritime museums and aquariums;*
- *Theatre and convention facilities;*
- *Cinemas;*
- *Boutique retail;*
- *Bars; and*
- *Celebrity chef restaurants.*

The below description was provided to online survey respondents:

*There has been some discussion of a new development on the Gold Coast – an integrated resort development. An integrated resort is an entertainment focused mega resort covering several hectares that includes five or six star hotels, convention facilities, entertainment arenas, theme parks, luxury retail, signature food and beverage outlets, public attractions, extensive high quality public open space and public recreation facilities. They often include a casino.*

*Integrated resorts are now among the largest buildings in the world with innovative and creative architectural styles.*



# Endnotes

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