



THE STAR

28 June 2021

To: Tourism Industry Reference Panel

From: The Star Entertainment Group

The Star Entertainment Group welcomes the opportunity to make the following submission to the Tourism Industry Reference Panel in response to its “Designing Our Tourism Future” paper of May 2021.

By way of introduction, The Star Entertainment Group is an ASX 100 listed company and currently Australia’s largest private sector investor in the tourism industry.

More than \$6 billion of hotel, entertainment and resort infrastructure is under development or in planning across The Star’s properties in Brisbane, Gold Coast and Sydney.

Over \$5 billion of that capital expenditure is earmarked for delivery in South East Queensland.

The Star currently employs around 8000 people, the figure to increase substantially as the transformational \$3.6 billion Queen’s Wharf development in the heart of Brisbane and the \$2 billion-plus Gold Coast Masterplan are delivered in stages.

Queen’s Wharf will commence operations from late 2022 while the first of two additional hotel and apartment towers The Star currently has under construction at the Gold Coast is planned to open within months.

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INTRODUCTION

The Star Entertainment Group was forced to temporarily stand down more than 95% of its workforce when COVID-19 forced the cessation of its operations in Queensland and NSW in March 2020. The pandemic has continued to decimate international visitation to The Star's properties while ongoing, intermittent restrictions have also impacted domestic revenues to varying degrees over the past 15 months.

While a timeline on the reopening of international borders is unclear and domestic tourism remains a short-term focus, The Star maintains a 'big picture' view is essential when formulating an appropriate long-term recovery plan for Queensland.

The Star acknowledges the Tourism Industry Reference Panel is 'starting the conversation' with its discussion paper, the initial step in delivering the Action Plan for Tourism Recovery. This submission is designed to highlight key topics and directions that should be considered more deeply as the process continues.

FOCUS AREAS

International visitation will return and there is evidence already of pent-up demand. Importantly, Australia remains at the forefront of consideration as a travel destination for Chinese residents, whose outbound trips pre-COVID increased exponentially over the previous decade and elevated China to Australia's leading source market for tourism. This submission will reference some of the supporting research that emphasises the need to prioritise Chinese visitation on the recovery roadmap.

To fully capitalise on the eventual reopening of borders, and to attract additional interstate visitation, further investment is required across the tourism sector. New product and attractions will further advance Queensland and its major centres, including Brisbane and Gold Coast, as must-visit destinations. Strategically, developing potential points of differentiation for the State can also build an even more robust tourism package. A food strategy built around fresh produce, particularly seafood, and a climate suited to outdoor dining, can set Queensland apart. The arts and entertainment offerings are further existing assets worth exploring.

There are other advantages and circumstances Queensland can leverage in what will be a global race for inbound tourism once vaccination programs around the world accelerate the return to normality. Most notably, the potential for confirmation in July of Brisbane as host city for the 2032 Olympics provides a significant window of opportunity to raise awareness of the River City, South East Queensland and Queensland.

The Olympics can also serve as the catalyst for fast-tracked investments in air, road and rail infrastructure. Connectivity will be crucial for not only servicing a growing population in South East Queensland – Corelogic data shows net migration to Queensland in 2020 was 90% above the decade average – but for also ensuring the experience of tourists is seamless, enjoyable and capable of creating consideration for repeat visitation.

Finally, major events calendars are established tourism drivers and a field of competition for all Australian states. The ability to attract intrastate, interstate and international visitors through events built around sport, entertainment or arts and culture is critical to maximising tourism revenues. So too is business tourism, underpinned by major conferences, conventions and exhibitions.

In summary, The Star views the following as keys to the tourism recovery:

- Chinese visitation
- Leveraging the Olympics
- Fast-tracking transport infrastructure
- Successful and sustainable Major Events and Meetings, Incentives, Conferences and Exhibitions (MICE) calendars

CHINESE VISITATION

Tourism Research Australia reported in its 2019 forecasts that international visitation to Australia would climb from 9.3 million to almost 14.6 million over the following decade, an increase of 57%. Over the same period, the number of Chinese visitors to Australia was forecast to rise from 1.4 million to 2.6 million – up 85%.

This increase also needs to be considered in the context of the exponential growth in Chinese visitation experienced in the previous 10 years to 2018-19. In 2008-09, there were 355,000 Chinese visitors to Australia. By 2012-13 that had increased to 690,000 Chinese visitors. The million-visitor barrier was passed in 2015-16, with ongoing double-digit growth over the decade driven by the dramatic rise in China's middle-class demographic and their desire to travel.

In 2017, the China Outbound Tourism Institute predicted that by 2030 the total number of Chinese outbound trips would increase from 145 million to almost 400 million, with approximately 65% going beyond Greater China.

COVID-19 has decimated international visitation. The past 18 months have also seen increased tension in Australia-China relations. However, from a tourism perspective, the outlook remains positive. An "Australia in the Eyes of the Chinese" poll was launched by the Australian Studies Centre at Beijing Foreign Studies University and Global Survey Centre in June 2020. It was the first Chinese poll on the public attitudes to Australia and bilateral relations and was commissioned to Data 100, a long-running Chinese company for social and market research.

The Poll involved a national survey of 2105 Chinese adults between the ages of 18 and 69 across 10 major Chinese cities. Two key findings from the poll were:

- Australia was second only to Japan in support from respondents when asked which country they would most like to visit if they were to travel overseas. Japan received 17.6% of the vote ahead of Australia at 16.7%. Russia was third (15.2%), followed by Singapore (13.3%) and Thailand (8.3%). The United States received 2.6% of the vote.
- Australia was No.1 as a potential education destination at 16.5%. The United Kingdom was second (13.3%), followed by Germany (12.5%), Japan (11.2%) and the US (10.3%).

A related poll was released in June 2021 by the Australia-China Relations Institute and the Centre for Business Intelligence & Data Analytics at the University of Technology Sydney. It was a comprehensive survey of Australian public opinion on Australia's relationship with China.

Positive outtakes from the poll included:

- 51% of respondents believed that encouraging tourism from China needs to be a post-COVID priority for Australia.
- 63% of respondents believed Australia should continue making Australia an attractive destination for Chinese tourists.
- 74% of respondents acknowledged that tourists from China provide a major economic benefit to Australia.
- 76% of respondents acknowledged that international students from China provide a major economic benefit to Australia.
- 63% of respondents noted that without close engagement with China, Australia would not be as prosperous as it currently is.

As outlined in the "Designing Our Tourism Future" paper to which this submission responds: "The World Travel and Tourism Council has reported that health and safety have become paramount in the current era. Cleanliness and health measures are now being carefully assessed by visitors."

This correlates with pre-COVID research that for Chinese travellers Australia rated highly for safety alongside selected Western European nations. Health measures in Australia that have curbed COVID impacts on the population compared to the outbreaks experienced elsewhere in the world, will further appeal to potential international visitors.

Australia was also viewed pre-COVID as one of the top five global destinations for Food & Wine, and second behind Thailand in the region. Improving dining experiences and creating a quintessential Queensland food strategy can further enhance the State's ability to not only recover Chinese visitation numbers but to increase its share of the Asian outbound market.

Queensland produce, particularly its breadth of seafood, is a major differentiator to other countries and regions and resonates globally, not only with the Asian market. Internationally, there is awareness of Moreton Bay Bugs, Hervey Bay scallops and mud crabs. This is a category Queensland can own.

People travel to sample a region's food, and Queensland will benefit from aligning its brand and experiences with seafood and shellfish. It conjures images of pristine oceans, sunshine, the Great Barrier Reef and extraordinary fresh produce.

Queensland also has a major and to date untapped opportunity to showcase its seafood on its own beaches. Regulatory hurdles have prevented beach bar/restaurant developments. Allowing dining, particularly seafood BBQs at dedicated beach bars like the popular offerings available in Greece and Portugal, would create iconic experiences certain to attract global interest. The world's best seafood on the world's best beaches.

Queensland has a further compelling opportunity to create a globally renowned seafood festival. None exists to date. Some countries have recognised events such as the Galway International Oyster festival in Ireland or the Maine Lobster festival in the US. The appeal for Queensland is to invest and establish something unique that encapsulates everything from shellfish to reef fish.

LEVERAGING THE OLYMPICS

The significance of the decision to be made by the International Olympic Committee next month on Brisbane's bid to host the 2032 Olympic and Paralympic Games cannot be under-estimated. Landing the right to host the world's most-watched event would be a coup for Queensland.

With correct planning and preparation, the Games can deliver for the State more than two weeks of gold-class international sport. The chance to host the Games will provide a 10-year 'Green and Gold' runway to 2032 and legacy benefits well beyond that.

The delivery of critical transport and community infrastructure can be fast tracked with the Olympics as a milestone marker. The tourism and jobs growth potential for Queensland will also be substantial because of the Games.

For tourism, the increased awareness and enhanced reputation of Brisbane specifically, South East Queensland more broadly with the inclusion of Gold Coast in hosting several key events, and Queensland generally through the halo effect and Olympic sports being taken to regional centres, offers once in a lifetime opportunity.

Around the globe, the city of Brisbane will be known. It needs to be known for the right reasons, as a New World City with the kind of ambience and attractions that will draw international visitors in their millions.

The Star Entertainment Group is excited by the prospect of the Olympics and the timing of the 10-year Green and Gold runway it will create. The Star was privileged in 2015 to receive from the Queensland Government the right to transform the Queen's Wharf precinct.

It is a \$3.6 billion project which will feature four world-class hotels, more than 50 restaurants, cafes and bars, a multi-million-dollar series of art installations across public areas of the precinct, a Sky Deck more than 100 metres above the river, an outdoor entertainment and events space that will have capacity for several thousand people, riverfront beautification programs and a luxury retail precinct the equal of anything in Australia.

More than 100 of the world's most sought-after brands will be brought to Queen's Wharf, housed in one of the nine heritage buildings that are being repurposed as part of the project, along with more than a dozen freestanding stores in the retail section of the resort.

The Star is considering a broad range of uses for other heritage buildings within the precinct. The Star will also focus on complementing the strong arts and culture scene Brisbane has developed. A portfolio of plans will be announced ahead of the Queen's Wharf integrated resort opening late in 2022.

The Star is confident the uniqueness of the project – both for locals and tourists – will resonate strongly across domestic and international markets and amplifies the key descriptors of Brisbane as outlined in the "Designing Our Tourism Future" paper. They include Brisbane being known for "alfresco dining and bars, outdoor markets and leisure spaces, exhibitions, entertainment and sporting events".

Forecasts suggest Queen’s Wharf will draw an additional 1.39 million visitors to the State each year, while providing a landmark development for a city that might not only host the Games in 2032, but be a sole focus of the Olympic movement once the curtain falls on the Los Angeles Games in 2028. A global gaze on Brisbane provides marketing and media possibilities not otherwise available to amplify the city’s tourism appeal and visitation attractions.

The Gold Coast will also have the potential to further its tourism foundations via the Olympics. The Star continued its commitment to investment on the Gold Coast when confirming in January 2021 that another \$400 million development project was commencing at its Broadbeach Island property. The 63-storey mixed-use tower will include an internationally recognised five-star hotel brand. The green light for the new development came as works continued for a Dorsett hotel and apartments tower – the inaugural project in a \$2 billion-plus masterplan.

These two under-construction towers will provide, on completion, four hotels for The Star Gold Coast. The 53-storey Dorsett tower will be completed at the end of 2021 while the second tower, planned to open in 2024, will create around 2300 additional construction, operational, and indirect jobs, and provide a much-needed tourism stimulus.

The masterplan, approved by the Queensland Government in 2018, also provides potential for a further three towers on Broadbeach Island with significant additional resort facilities, dining precincts, bars and cafes, and entertainment areas.

While an Olympics hosting will further enhance the profile of Brisbane, Gold Coast, and Queensland, the focus needs to remain sharp pre and post the Games. In July 2007, seven years after the Sydney Olympics, then Tourism and Transport Forum managing director Christopher Brown was quoted in the media saying: “Sydney has set a record as the first city on earth to have less tourists five or six years after the Games than beforehand. The Olympics should have been the arrival of Sydney, charging through the door yelling and screaming ‘We’re here, we’re here, come down for a holiday’. But, oh no, we decided the job’s done and paid the consequences.”

FAST-TRACKING TRANSPORT INFRASTRUCTURE

Improved air, rail and road infrastructure is imperative to ensuring the sustainability of future tourism growth across Queensland and the South East of the State in particular. The second Brisbane runway opened in July 2020 and the terminal expansion at the Gold Coast airport is underway, and due to open in 2022. The terminal redevelopment will increase Gold Coast airport’s capacity to meet future demand but key across the aviation industry will be the rebuilding of international airline schedules.

Research from Deloitte Access Economics in April 2021 noted: “The lifting of travel restrictions and the development and adoption of vaccine passports and other facilitating measures, along with consumer sentiment, will drive the return of international visitors.” Deloitte also forecast that international arrivals were projected to be 7% higher in 2023 than in 2019, the result of “pent-up demand”.

Digital technologies to allow for an increasingly contactless travel experience will also continue to evolve in the future. In May 2021, Los Angeles International Airport launched an initiative allowing passengers to have food and beverages delivered to them at their gate in select areas of the terminal. The service was an expansion of the airport’s mobile ordering platform, which enables contactless ordering, payment, and pickup from restaurants throughout the LAX terminals.

A year earlier, Munich Airport became the first in Europe to offer a new mobile, cashless payment process for customers. An application allowed consumers to use smartphones to pay for products at the store shelf. By scanning an electronic price tag, they could eliminate waiting times – and contact – at the cash register.

From a rail perspective, the Queensland Government is delivering the \$5.4 billion Cross River Rail project, with services commencing in 2025. The Government is also working on two separate rail projects for the state’s south-east.

The first is looking at a fast rail link between Brisbane and the Gold Coast with the business case expected to be completed by late 2021.

The second involves the State and Federal Government funding Stage 1 of the Beerburrum to Nambour Rail Upgrade with the Federal Government also allocating \$5 million to a study for a full duplication to Nambour which could accommodate a fast rail connection.

Funding scenarios remain a point of conjecture. However, a combination of the need for future connectivity to service locals and tourists alike, and the flag in the ground that will be the 2032 Olympics, highlights the need for Fast Rail to be a consideration in the overall transport mix.

Road improvements are a significant part of the \$27.5 billion four-year road and transport investment plan announced in the 2021-22 Budget. Improvements to the M1 to cater for the already realised net migration increases to South East Queensland, along with improved travel options for domestic and international tourists, should be prioritised.

Queensland waterways can also be explored for greater tourism opportunities – the Brisbane River in particular but also more niche assets including the Gold Coast canals.

CREATING A SUCCESSFUL AND SUSTAINABLE MAJOR EVENTS AND MICE CALENDAR

The Star Entertainment Group has been proud to assist the Queensland Government attract and host showpiece inclusions on the Australian major events calendar. The Star was the first partner for the Gold Coast 2018 Commonwealth Games, became the new home for the Logies the same year when the television awards night was secured for Queensland after decades in Melbourne, and remains a long-standing supporter of the Magic Millions bloodstock sales and racing carnival.

Creating a successful and sustainable major events calendar drives significant tourism and economic benefit, as does a competitive Meetings, Incentives, Conferences and Exhibitions (MICE) offering, attracting both domestic and international business travellers.

The Star Entertainment Group Chairman, John O'Neill AO, accepted an invitation from then Premier Morris Iemma in 2007 to conduct a review of three important tourism areas that were concerning the NSW Government. Mr O'Neill delivered reports on Event Strategy, Tourism in NSW, and a Convention & Exhibition Strategy. Recommendations were almost universally accepted and implemented. Mr O'Neill was also appointed inaugural Chairman of Events NSW which was established in late 2007.

In October 2008, Events NSW announced the first recurring Master Events Calendar for Sydney and NSW. Three new festivals were created: Vivacity as a New Year celebration, Vivid Sydney as a music, lighting and creative industries festival, and Crave to showcase lifestyle, food and culture.

Mr O'Neill's 2007 review of Exhibition and Convention space also found that NSW had lost hundreds of millions of dollars due to inadequate facilities. The original Sydney Convention and Exhibition Centre, completed in 1988, was eventually closed in 2013. It was replaced by the \$1.5 billion International Convention Centre which opened in 2016.

Similarly, a report tabled for the Queensland Government in 2019 by a Tourism Advisory Panel chaired by John Witheriff and including prominent Gold Coast figures voiced concerns about the optimisation of convention and exhibition business on the Gold Coast.

Invited by the Queensland Government to engage with community groups, businesses and individuals as part of a Global Tourism Hub market process, the Witheriff report found existing conventions were outgrowing the Gold Coast Convention and Exhibition Centre's facilities. Organisers were looking to other regions for their conference needs.

According to the report: "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."

RESPONSES TO QUESTIONS

- 1. What could be done at a local level to increase the benefits of tourism?**
 - a. Encourage further private sector investment. Create new product, refresh existing product, and develop a new food strategy, with a focus on seafood, that will play to Queensland's fresh local produce, climate and lifestyle advantages.

- 2. How do you want Queensland tourism to be defined in the 2020s?**
 - a. A mix of sophisticated urban experiences as Brisbane becomes a New World City and the laidback natural appeal of regional hotspots such as the Gold Coast, Sunshine Coast and Far North Queensland.

- 3. How do we make the best use of our tourism assets? What is missing?**
 - a. Opportunity exists to focus on the assets and attractions that will enable Queensland to access a greater share of the world's most buoyant tourism market – Asia, and particularly China.

- 4. What practical measures can and should be taken to ensure tourism helps regenerate natural environments and brings greater awareness as well as economic benefit?**
 - a. Developing eco-tourism opportunities and encouraging the capacity building of Indigenous tourism ventures and Indigenous employees in the tourism industry.

- 5. Do you see any additional trends or emerging changes that we must also consider?**
 - a. The global economy continues to shift from west to east which presents opportunity for Australian tourism. Post-COVID there will also be greater emphasis on safety and potentially less crowded environments.

- 6. What are your ideas for the future of Queensland's tourism industry?**
 - a. A long-term view is essential. International tourism will return, and Queensland needs to be ready to make the most of the opportunity when it arises. World-class service, international standard hotels and dining experiences, and unique attractions have Queensland well-placed to flourish.

- 7. What do you see as the obstacles to progress?**
 - a. Regulatory hurdles that can slow considerably the creation of strong tourism drivers such as beach bars and live outdoor music venues.

- 8. What should Queensland be doing to re-set, transform and embrace the opportunities a post COVID-19 world presents?**
 - a. Working on four key factors – Chinese visitation; leveraging the Olympics; fast-tracking transport infrastructure; and driving successful and sustainable major events and MICE calendars.