

2 July 2014

The Director
Select Committee on the Impact of Gambling
Parliament House
Macquarie St
Sydney NSW 2000

Delivered by hand

Dear Sir,

RE: FURTHER SUPPLEMENTARY QUESTION ON NOTICE

I refer to the further supplementary question on notice following the public hearing on 5 June 2014.

In response to the question, I hereby enclose a report titled, "*More Than Just a Drink and a flutter: An overview of the Australian Hotels Industry*" and draw your attention to part 2.3 which commences on page 7.

Yours faithfully,

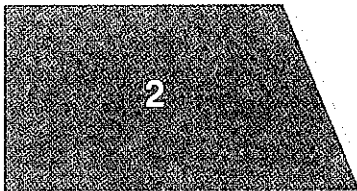
PHILLIP RYAN
Acting Chief Executive Officer



AUSTRALIAN HOTELS

MORE THAN JUST A DRINK
AND A FLUTTER:

AN OVERVIEW OF THE AUSTRALIAN HOTELS INDUSTRY
APRIL 2009



in Tasmania. However, adjusting for this approach only partially accounts for the gap in reported revenue.

These alternative findings on the number of hotels Australia-wide suggest that there is room to debate the actual size of the industry. The existence of sources which corroborate a higher number of hotels than that reported in the ABS survey suggests that the true number of hotels is likely to be closer to the AHA estimate of 6,807.

Notwithstanding the possible understatement of hotel numbers by the ABS, the 2006 survey provides several useful insights in relation to average employment, income, cost and the underlying economic fundamentals of hotel businesses with and without gaming facilities.

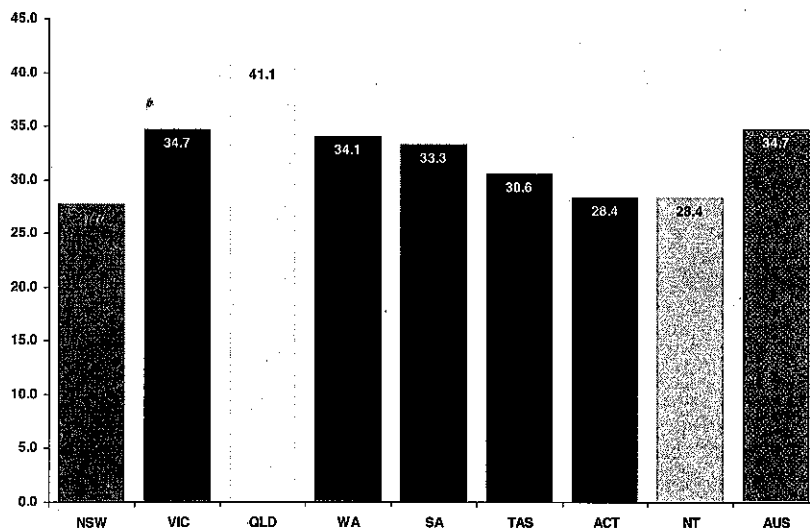
2.3 Employment

As with the number of hotels, there is no definitive statement as to the total number of people employed in hotels across Australia. The ABS survey found that total employment in the hotel industry was 81,675 in FY2005. As with the number of hotels, it is possible that this represents an understatement of the true extent of employment in the hotel industry.

The Queensland hotel gaming survey found that employment in gaming hotels in Queensland in 2006 was 19,927, some 39 per cent higher than the ABS estimate for the previous year. This implies an average employment of 27.2 employees per gaming hotel.

PwCs survey results indicated that on average hotels have approximately 34.7 employees. Figure 1 shows the variations in these average employee numbers between the states. New South Wales, the Australian Capital Territory and the Northern Territory have fewer average employees, whilst Queensland has the highest average employee number per hotel.

Figure 1 Average number of employees



The PwC survey appears to have received responses from hotels with a larger average employment than was the case in the ABS survey. This fact affects the estimate of total employment based on an extrapolation from these average numbers.

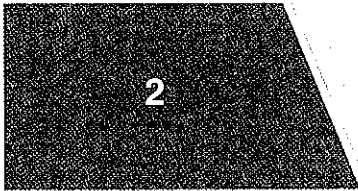
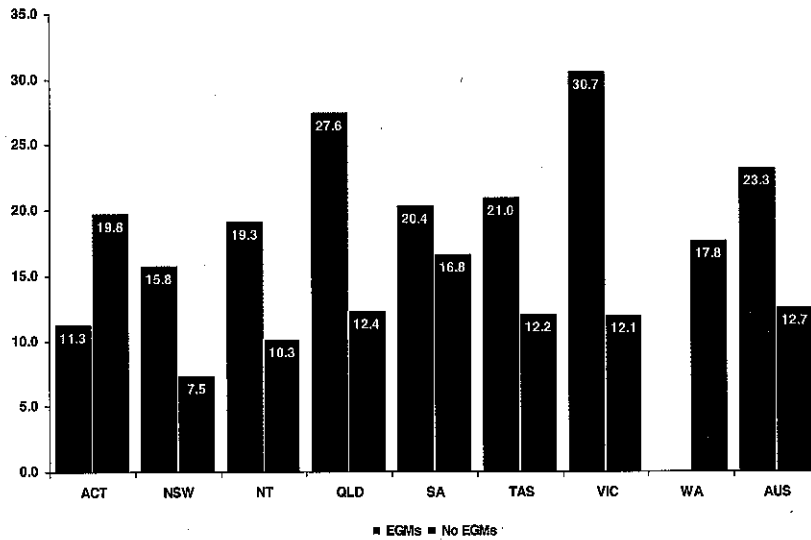
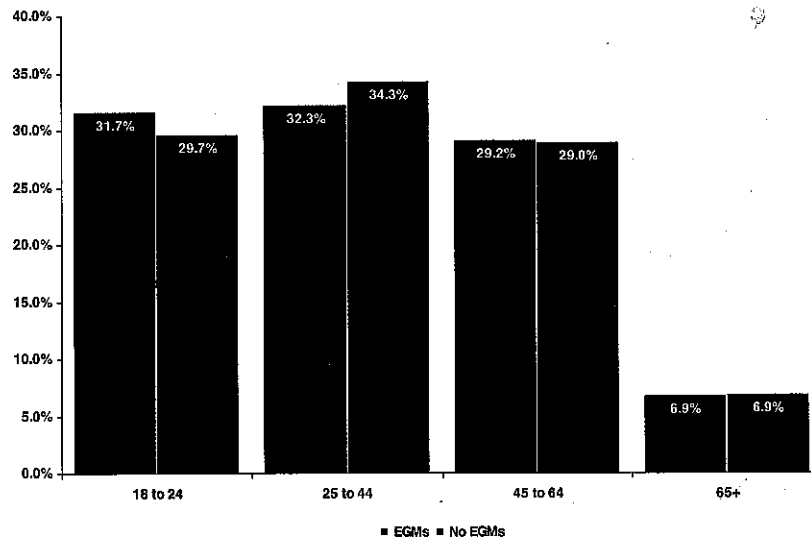


Figure 2 Number of FTEs



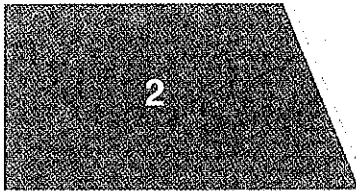
Our survey results also indicate that with in all states except the ACT, hotels with EGMs had more full time equivalent employees (FTEs) than hotels with no EGMs. Victorian hotels with EGMs on average had over 30 FTEs, whilst in NSW hotels with no EGMs employed an average of just under 7 FTEs.

Figure 3 Proportion of hotel employees by age



The PwC sample includes a high volume of hotels with between 19 and 30 employees, whereas the ABS sample was more heavily weighted to those with fewer than 19 employees. It is possible that this reflects some sample error in the PwC/AHA sample in favour of larger hotels.

This can be corrected to some extent by extrapolating on the basis of average employment, split between those hotels with EGMs and those without. For example, in Victoria, a large proportion of the hotels not captured by the PwC/AHA survey are those without EGMs which have smaller average employment than those with EGMs.



Using this method of extrapolation in relation to the largest states, and relying on the AHA estimate of 6,807 across Australia, produces a total employment figure in excess of 188,862. This figure is derived using average employment per hotel and adjusting for the split between gaming and non-gaming hotels in New South Wales, Victoria and Queensland, where reliable data was able to be sourced. Thus some attempt has been made to reweight in favour of the smaller hotels which responded to the PwC survey. Nonetheless, the figure should be treated with caution, as it appears very high relative to other estimates. It is substantially higher than the figure cited by the ABS for 2004-05 (81,675).

Figure 4 Employment by State

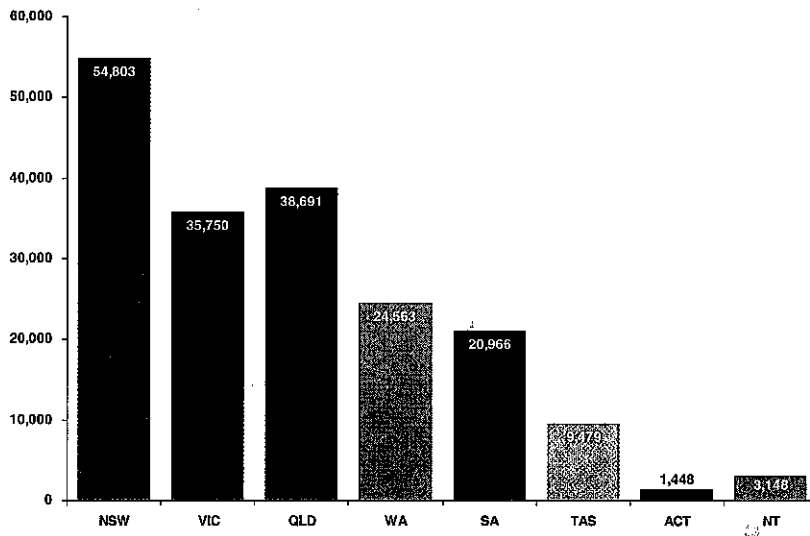


Figure 4 above provides a breakdown of this extrapolated total employment figure by state. Using this extrapolated figure we provide an estimate of the total industry employment by state. Not surprisingly, New South Wales is the largest employer, with just over 50,000 persons employed by hotels in that state.

Although the ABS may have underestimated total industry employment, its 2006 survey (Table 2) provides useful data on the structure of employment in the industry.

Table 2 ABS Pubs, Taverns and Bars employment figures FY2005

	Males		Females		Persons	
	No	%	No	%	No	%
Businesses with gambling facilities						
Permanent full-time	9177	30.1	5926	17.2	15103	23.3
Permanent part-time	1409	4.6	2150	6.2	3559	5.5
Casuals	19485	64.0	26079	75.7	45564	70.2
Total	30071	98.8	34156	99.1	64227	99.0
Licensed gaming staff	N/A		N/A		21924	33.8
Businesses without gambling facilities						
Permanent full-time	2379	29.5	1297	14.9	3676	21.9
Permanent part-time	395	4.9	620	7.1	1014	6.0
Casuals	5033	62.5	6665	76.5	11698	69.8
Total	8053	96.9	8582	98.5	16388	97.7
All businesses						
Permanent full-time	11557	30.0	7223	16.7	18779	23.0
Permanent part-time	1803	4.7	2770	6.4	4574	5.6
Casuals	24517	63.7	32745	75.8	57262	70.1
Total	37877	98.4	42738	99.0	80615	98.7
Employment at end June 2005	38496	100.0	43179	100.0	81675	100.0

Source: Australian Bureau of Statistics (2006), '8687.0: Clubs, Pubs Taverns and Bars 2004-05, p12

As can be seen from the table, over two thirds of hotel employees are casual employees, with just under a quarter of the total employees having permanent full time positions. These figures are broadly consistent between hotels with and without gambling facilities.

These results indicate that flexible employment structures are suited to the needs of the hotel industry. For example hotels may require all of their permanent and casual staff to work on a Saturday night, but only one or two permanent staff to work during weekdays. The casual or part-time positions which the hotels offer, may often suit students looking for work outside their studies, or full time workers looking to earn additional income. The industry therefore plays a vital role in providing casual employment to persons balancing other commitments.

The Queensland survey of gaming hotels found very similar results. It indicated that 63.6 per cent of employees were casual, compared with 25.6 per cent full time and 9.3 per cent part time.

What these employment results may exclude, is the adhoc employment which hotels provide through the hire of live entertainment services. Musicians, DJs, and other entertainers such as trivia and other game show hosts, all find employment through the hotel industry purchasing their on either a casual or permanent basis. It is unlikely that these positions are included in the ABS's survey results, however they are nonetheless important to consider when looking at the total employment that the hotel industry provides.