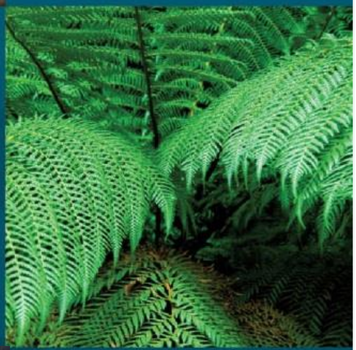

IMETT Group

SEQ Theme Parks

Industry Report

2012

IMETT

www.imett.com.au

Revision History

Revision	Date	Reason	Name
0.A	13/10/2010	Initial Draft	RB / MJ
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Intellectual Property Statement

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Executive Summary

Theme parks have played a significant role in the development of the Gold Coast as Australia's leading holiday destination.

They provide visitors with an escape from everyday life in a happy and exciting manner. Dreams are fulfilled, and people are transported to worlds of illusion where the impossible can often become possible, even for a moment. It is not surprising, therefore, that theme parks have the ability to influence consumers in determining their choice of holiday destination.

The rapid growth in tourism experienced by the Gold Coast up to 2000 has slowed however, and Gold Coast visitor numbers have shown zero growth over the subsequent period.

There are many reasons why Gold Coast tourism visitor numbers have softened, but it can be largely attributable to limited new investment in major tourism infrastructure since that time.

There have been few new headline tourist attractions constructed since 1991 although several high quality supporting tourist attractions have opened. They are not the sort of attractions, however, that will result in an interstate or international visitor choosing the Gold Coast for a holiday.

In addition, there have been no new purpose built international hotels opened since 1999, although the Hilton International apartment hotel opened in 2011. A number of the major hotels properties however have changed ownership in recent years, and undertaken a refurbishment.

The Gold Coast's population has grown substantially over the past two decades, and has almost doubled from 273,240 in 1991 to 536,480 in 2011. The Queensland Government has also projected that the Gold Coast's population will continue to grow, increasing to 749,000 by 2031.

Six theme parks and attractions form the Gold Coast theme park cluster, representing some of Australia's better known leisure facilities. These are owned by two companies, Village Roadshow and Ardent Leisure Group:

- Village Roadshow is a Sydney based company that has been involved in the ownership of theme park interests since 1988, and is now the dominant theme park and attractions operator in Australia. Village Roadshow Limited is a public company that is listed on the Australian Stock Exchange.

- Ardent Leisure Group is a Sydney based public company that is listed on the Australian Stock Exchange.

The combined visitor attendance at the six major theme parks and attractions on the Gold Coast in 2007 was 5,628,521 visitors, and represented an increase in numbers over the previous year. Whilst the visitor numbers remain healthy, the larger theme parks have shown an average visitor growth of less than 1% over the past two decades, despite a doubling of the local population during the same period.

The changing mix of visitors to the Gold Coast theme parks is best illustrated by the Dreamworld visitor mix recorded between 1998 and 2009 which demonstrates:

- The percentage of international visitors has declined significantly and the actual number of international visitors has also decreased.

- The percentage of interstate visitors has increased and the actual number of interstate visitors has increased however it peaked in 2006.

Rapid growth in the Gold Coast resident population since Sea World opened in 1987 should have resulted in a substantial increase in visitor numbers to the theme parks, however overall visitor numbers have essentially remained between one million, and one and a half million, visitors per year over the past two decades.

The growth in domestic interstate visitors has also slowed due to the perception that there is little new on offer at the Gold Coast theme parks for visitors. Whilst many Australians from interstate acknowledge there has been re-investment in rides and attractions at the existing theme parks, it is often not enough to get them to put the Gold Coast back on their list of "must see" destinations.

In addition, the percentage of international visitors to the Gold Coast theme parks has also declined. This appears to coincide with the development of newer theme parks in Asia, particularly those with international brand names.

New headline theme park product is clearly required to re-invigorate the Gold Coast tourist offering, and to draw attention to the Gold Coast as a holiday destination.

Theme parks clustered together attract more patrons than those located individually, in much the same way that fast food restaurants clustered together do better than those located individually. It provides choices for consumers without having to go in separate directions.

Two informal newspaper surveys conducted during 2010 provided an anecdotal insight into residents' perceptions of theme parks on the Gold Coast:

- The first included the question "Which of the following experiences do you think tourist would expect to be available on the Gold Coast?" Theme Parks at 70% came second only to Great beaches at 90%.

- The second survey asked the question “Have you been to a theme park recently?” Only 20% responded “Yes” which suggested that Gold Coast residents were only occasional visitors to Gold Coast theme parks. Given the rapid growth in the Gold Coast population over the past two decades it also suggests there is room to grow the market amongst local residents.

New major theme parks are essential to stimulate the interstate market, building on the success of the existing theme park cluster.

The opening of a new theme park will also create new interest in the existing theme parks, thereby expanding the overall market.

The existing Gold Coast theme park operators will not only survive but flourish with the introduction of a new theme park operator and facility. This has been demonstrated by the ability of the existing operators to adapt to changing market conditions over more than 20 years, despite a number of market changing events during that same timeframe

A number of Australia’s key inbound tourism markets have established their own theme park industries and, in particular, have aligned themselves with the leading US theme park operators, the Disney Group and the Universal Studios Group.

Greater populations and higher density settlements in Australia’s inbound tourism markets have provided opportunities for new theme park developments that justify higher capital costs than may be possible in Australia.

This has, in turn, enabled the development of theme parks with more rides and attractions, incorporating higher levels of theming and technology.

The opening of these major international branded theme parks in Asia and the Middle East has meant local residents from those nations are increasingly less likely to visit the Gold Coast region with theme parks as their primary reason to travel.

By comparison, the Australian theme park market is small compared with its international counterparts, and the major international theme park operators generally do not have experience in smaller theme park operations, and may find it difficult to make a commercial success of a theme park under Australian conditions.

Despite bursts of interest from international theme park groups over a number of years, it is highly unlikely that any of the major international theme park groups will establish operations in Australia in the near future. The numbers needed to support their higher development and administrative costs simply cannot be achieved in Australia.

The future for Gold Coast theme parks, therefore, lies in the development of additional smaller scale theme parks offering a greater concentration and choice for visitors.

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Introduction

Theme parks have played a significant role in the development of the Gold Coast as Australia's leading holiday destination.

Theme parks provide visitors with an escape from everyday life in a happy and exciting environment. Dreams are fulfilled, and people are transported to worlds of illusion where the impossible can often become possible, even for a moment.

Families, groups, individuals, the young and the not-so-young can all enjoy themselves during a day out at a theme park.

It is not surprising, therefore, that theme parks have the ability to influence consumers in determining their choice of holiday destination.

This report has been developed to provide an overview of the Gold Coast theme park industry as it exists today.

It does not attempt, however, to incorporate any aspects of the proposed IMETT theme park.

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1 Overview – Queensland Tourism

1.1 History of Gold Coast Tourism

The Gold Coast region is Queensland's premier holiday destination, attracting more international and national visitors than any other Queensland destination.

The industry was historically founded on the activities associated with a warm climate and the ocean, with surfing, swimming, boating, and surf lifesaving amongst its attractions.

In 1954, motorsports tourism emerged as a new market for the Gold Coast when the Australian Grand Prix was conducted on a temporary street circuit at Southport, a circuit that was also used for the 1955 Australian Motorcycle Grand Prix.

In the early 1960's Keith Williams opened his Ski Land water ski review attraction at Carrara, and then relocated it to the Gold Coast Spit in 1965.

As the tourism industry expanded through the sixties, new attractions emerged to expand the experience for visitors, and the tourist numbers dramatically increased as the supporting infrastructure of improved highways and roads, as well as airline services, made the Gold Coast more accessible.

In 1965 the Home Units Building Act in Queensland Parliament created strata titles and a new industry in unit development in Queensland, especially on the Gold Coast. As a result, a significant number of high rise apartment developments were constructed on the Gold Coast during the late 1960's and the 1970's.

This provided the impetus for further tourism growth, with many of these apartments being leased for holiday accommodation.

Keith Williams opened the Surfers Paradise International Raceway motor racing circuit in 1966, and commenced promoting a series of international and national race events. In 1969 he expanded the Surfers Paradise International Raceway to include drag racing and introduced the first Concours d'Elegance as part of the Speedweek motorsport festival. He sold the land in 1971 although the motor racing circuit continued operations. The Australian Grand Prix was conducted at the Surfers Paradise International Raceway in 1975, and the motor racing facilities subsequently closed in 1987.

In 1971 Keith Williams developed Sea World on land adjoining his water ski review on the Gold Coast Spit.

A decision to expand the number of international visitors to the Gold Coast commenced with a campaign by the Australian Tourist Commission in 1981 to attract Japanese tourists to visit the Gold Coast

The Brisbane Commonwealth Games in 1982 also enabled a new generation of visitors to experience the Gold Coast.

In 1982 the Queensland Government issued the first casino licence for the Gold Coast to the Conrad Group, opening in 1985. This resulted in a new era of international tourism with the opening of a second international chain hotel, the Ramada Inn in 1985, which was quickly followed by the Holiday Inn in 1986.

The Sanctuary Cove project opened in 1987, incorporating a Hyatt Regency Hotel, whilst the Sheraton Hotel and the SeaWorld Nara Hotel both opened in 1987.

The first Indy 300 event was conducted on the streets of the Gold Coast in 1991, with the event forming part of the US based open wheeler Indy Car Series. This motorsport event cemented the role of sports tourism to the Gold Coast, and its successor the Gold Coast 600 V8 Supercar event has continued the impact that motorsport has played in the evolution of sports based tourism on the Gold Coast.

With the opening of the Pacific Motorway between Brisbane and the Gold Coast in 1991, the opportunities to target the Brisbane day tripper market further expanded opportunities and, at the same time, have made attractions in the northern Gold Coast more accessible.

The Marriott Hotel opened in 1991, followed by the Palazzo Versace Hotel in 1999.

Meanwhile a number of national sporting team franchises were developed on the Gold Coast in the 1980’s and 1990’s and, whilst many of the initial attempts were unsuccessful, subsequent developments such as the Gold Coast Titans (NRL) and the Gold Coast Suns (AFL) have finally succeeded in cementing the role of team sport tourism on the Gold Coast.

1.2 Gold Coast Visitation

The rapid growth in tourism experienced by the Gold Coast up to 2000 has softened, and Gold Coast visitor numbers have shown zero growth over the subsequent period.

Year ended 30 June	Domestic Visitors	International Visitors	Total Visitors
2011	3,194,000	718,000	3,912,000
2010	3,270,000	826,000	4,096,000
2009	3,180,000	786,000	3,966,000
2008	3,432,000	849,000	4,281,000
2007	3,757,000	830,000	4,587,000
2006	3,553,000	829,000	4,382,000
2005	3,561,000	824,000	4,385,000
2004	3,518,000	752,000	4,270,000
2003	3,662,000	710,000	4,372,000
2002	3,540,000	771,000	4,311,000
2001	3,428,000	861,000	4,289,000

Source: Tourism Queensland Facts and Figures
Note: Domestic visitors to the Gold Coast in 2011 comprised 52% from interstate, and 48% from intrastate.

There are many attributing factors why Gold Coast tourism visitor numbers have stalled, but it can be largely linked to stalled major new investment in tourism infrastructure over that time.

There have been few new headline tourist attractions constructed since 1991 when Warner Brothers Movie World opened.

It is acknowledged however, each of the existing theme parks have upgraded the number and quality of their rides and attractions although, in some circumstances, new rides and attractions have been substituted for existing ones.

Several high quality supporting tourist attractions have also opened during that time, including the Australian Outback Experience, White Water World and the Tree Top Walk but they are not the calibre of attraction that will result in an interstate or international visitor selecting the Gold Coast for a holiday.

Equally importantly, there have been no new purpose built international hotels opened since 1999, although the Hilton International apartment hotel opened in 2011. A number of the major hotels properties however have changed ownership in recent years, and undertaken a refurbishment.

1.3 Gold Coast Population

The Gold Coast's population has grown substantially over the past two decades, and has almost doubled from 273,240 in 1991 to 536,480 in 2011.

The Queensland Government has also projected that the Gold Coast's population will continue to grow, increasing to 749,000 by 2031.

ABS Census	Population number
2011	494,501
2006	455,594
2001	390,953
1996	329,743
1991	273,240

The strong growth in the Gold Coast population provides a substantial home market for visitor attendance, whilst also providing a ready pool of potential employees for theme parks.

2 Queensland Theme Park Industry

2.1 Theme Parks and Attractions

Six theme parks and attractions form the Gold Coast theme park cluster, representing some of Australia's better known leisure facilities.

Opening Date	Theme Park	Current Ownership
1972	Sea World	Village Roadshow
December 1981	Dreamworld	Ardent Leisure
October 1984	Wet 'N' Wild	Village Roadshow
June 1991	Warner Bros. MovieWorld	Village Roadshow
April 2006	Australian Outback Spectacular	Village Roadshow
December 2006	WhiteWater World	Ardent Leisure

After an early burst of development between 1981 and 1991, one new theme park and one new attraction opened in 2006.

2.2 Theme Park Ownership

The Gold Coast's major theme parks and attractions are owned by two companies, Village Roadshow and Ardent Leisure Group.

2.2.1 Village Roadshow Limited

Village Roadshow is a Sydney based company that has been involved in the ownership of theme park interests since 1988, and is now the dominant theme park and attractions operator in Australia.

Village Roadshow is the owner/operator of Sea World theme park, Warner Bros MovieWorld theme park, Wet 'N' Wild water park, Australian Outback Experience attraction, and the Paradise Country attraction on the Gold Coast.

In addition, Village Roadshow is the owner/operator of the Wet 'N' Wild water parks in Hawaii and Phoenix in the USA, and has proposed a new water park in Blacktown NSW.

As such, Village Roadshow is an experienced theme park operator. Apart from theme parks, Village Roadshow is a large and diversified company, with worldwide interests in movie distribution and cinema operations, and a network of radio stations across Australia.

Village Roadshow has been financially successful in its areas of operation, and is generally the largest operator in its field, with dominant market share.

Village Roadshow Limited is a public company that is listed on the Australian Stock Exchange.

2.2.2 Ardent Leisure Group Ltd

Ardent Leisure Group is a Sydney based company that was previously known as the Macquarie Leisure Trust. Macquarie Leisure Trust subsequently bought back the management rights from Macquarie Group, and re-named itself Ardent Leisure Group.

Ardent Leisure Group has been the owner/operator of Dreamworld since July 1988, and is an established and experienced theme park operator. Ardent has been able to amortise its acquisition of Dreamworld over many years and, as such, is in a strong financial position.

Ardent has been able to expand its theme park operations to two parks following the development of the WhiteWater World water park which opened in December 2006.

This has provided Ardent Leisure with the ability to cross market both theme parks, and to achieve better utilisation of its theme park management team thereby reducing its administrative overheads.

Ardent Leisure also has a diverse portfolio of other leisure interests including the Skypoint attraction at the Q1 building on the Gold Coast, a chain of ten pin bowling alleys across Australia and New Zealand, health clubs throughout Australia, a network of marinas along the eastern seaboard of Australia, as well as a chain of leisure centres in the USA.

Ardent Leisure Group is a public company that is listed on the Australian Stock Exchange.

2.3 Theme Park Attendances 2007

The combined visitor attendance at the six major theme parks and attractions on the Gold Coast in 2007 was 5,628,521 visitors, and represented continued growth.

Position	Theme Park	Visitors	Variation
1	Dreamworld	1,368,141	-1.3%
2	Sea World	1,351,800	+6.9%
2	Warner Bros. MovieWorld	1,323,542	+5.8%
4	Wet ‘N’ Wild	1,024,730	+18.8%
5	Australian Outback Spectacular	312,948	n/a
6	WhiteWater World	247,360	n/a

Whilst visitor numbers remain healthy, the larger theme parks have only achieved an average visitor growth of less than 1% over the past two decades, despite the doubling of the local population during the same period.

Note: 2007 figures quoted as the most recent year where individual parks published their attendances

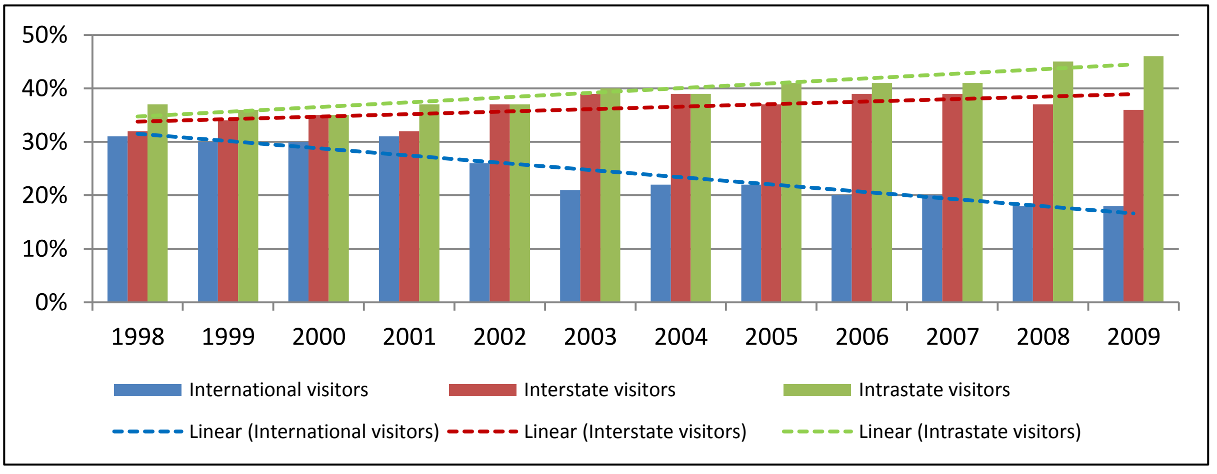
2.4 Dreamworld Visitor Mix

The changing mix of visitors to the Gold Coast theme parks is best illustrated by the Dreamworld visitor mix recorded between 1998 and 2009.

Financial Year	International visitors	Interstate visitors	Intrastate visitors
2009	18%	36%	46%
2008	18%	37%	45%
2007	20%	39%	41%
2006	20%	39%	41%
2005	22%	37%	41%
2004	22%	39%	39%
2003	21%	39%	40%
2002	26%	37%	37%
2001	31%	32%	37%
2000	30%	35%	35%
1999	30%	34%	36%
1998	31%	32%	37%

This chart demonstrates the percentage of international visitors has declined significantly from 31% in 1998 to 18% in 2009. The actual number of international visitors has also decreased from 320,000 in 1998 to 237,909 in 2009.

The percentage of interstate visitors has increased from 32% in 1998 to 36% in 2009, although it peaked at 39% between 2003 and 2007. The actual number of interstate visitors has increased from 380,000 in 1997 to 490,491 in 2009, and peaked at 537,736 in 2006.



2.5 Current Status

SeaWorld was the first Gold Coast theme park to attract in excess of one million visitors in a year when it attracted 1,000,116 visitors in 1986/87.

Rapid growth in the Gold Coast resident population in that time should have resulted in a substantial increase in visitor numbers to the theme parks, however overall visitor numbers at the existing theme parks have essentially remained between one million, and one and a half million, visitors per year over the past two decades.

The growth in domestic interstate visitors has softened due to the perception that little has changed on the Gold Coast. Whilst many Australians acknowledge there has been some re-investment in rides and attractions at the existing theme parks, it is often not enough to get them to put the Gold Coast back on their list of “must see” destinations.

The percentage of international visitors to the Gold Coast theme parks has also declined from approx 30% in 2000 to approx 20% in 2009. This appears to be associated with the development of newer theme parks in Asia, particularly those with international brand names.

New headline theme park product is obviously required to re-invigorate the Gold Coast tourist offering, and to draw attention to the Gold Coast as a holiday destination.

2.6 Cluster Effect

BusinessGC, the economic development unit of the Gold Coast City Council, notes the Gold Coast has the largest concentration of themed attractions in the southern hemisphere.

Theme parks clustered together attract increased patronage than those located individually, in much the same way that fast food restaurants clustered together do better than those located individually. It provides choices for consumers without having to go in separate directions (or separate destinations for long distance travellers, whether interstate or international).

The Queensland theme parks have benefited from being clustered on the Gold Coast, creating an attractive holiday destination whilst offering a variety of options for visitors.

By contrast, many individual theme parks in other locations throughout Australia have either struggled, or disappeared, over the past two decades.

2.7 Residents’ Perceptions

The Gold Coast Bulletin newspaper conducted two surveys during 2010 that provided an anecdotal insight into residents’ perceptions of theme parks on the Gold Coast.

The Big Gold Coast Survey 2010

The first, “the big Gold Coast survey”, formed part of an annual survey conducted in late January, 2010. The survey included a range of questions across a number of categories, and the “Tourism” section included question 25 that asked the following:

> “Which of the following experiences do you think tourist would expect to be available on the Gold Coast?”

The responses were:

- Great beaches 90%
- Theme parks 70%
- Events 35%
- Restaurants 28%
- Shopping 24%
- Nightlife 22%
- Hinterland 14%
- Wildlife 9%

Whilst informal, the survey demonstrated Gold Coast residents were proud and supportive of their theme parks, and were confident to recommend a theme park visit during their stay.

Online Survey 2010

On 17th September 2010, the Gold Coast Bulletin conducted an online survey on its website, asking the following question:

“Have you been to a theme park recently?”

The results of the survey were:

- Yes 20%
- No 80%

Whilst this was an additional informal survey, it indicated that Gold Coast residents are occasional visitors to Gold Coast theme parks. Given the rapid growth in the Gold Coast population over the past two decades (+84.8%), it also suggests there is room to grow the market amongst local residents.

3 Impact of a New Theme Park

3.1 The Need for Re-Investment

Re-investment is an essential part of the theme park business, and the attendance numbers generally serve to reflect the continuity of investment.

> ***"Rule Number One in the theme park industry is 'Thou Shalt Reinvest!'"***
>
> Ray Braun, Senior Vice President, Economic Research Associates
> 2006 Theme Park Attendance Report

International research also demonstrates that re-investment in new rides and attractions at theme parks not only increases visitor attendance during the good economic periods but also minimises visitor loss during economic downturns.

> ***"Because of the role they play as an interlude from the pressures of daily life, theme parks and attractions tend to fare relatively well during a recession. It's a good position to be in but requires an effort to maintain, in light of the changing economic environment and the evolving customer viewpoint. Our models suggest that reinvestment probably has a stronger correlation with attendance than does the economy. When parks reinvest in major new ride or show or zone, the increase in attendance tends to be in the high single digits, whereas a recession impacts in the low single digits."***
>
> John Robinett, Senior Vice President, Economic Research Associates
> 2008 Theme Park Attendance Report

Gold Coast Re-investment 2001-2011

Year	SeaWorld	Dreamworld	Warner Bros. MovieWorld
2011	Jet Stunt Extreme show Spongebob Squarepants and Dora the Explorer Adventure Zone	BuzzSaw ride Shockwave Ride Holiday Shrektacular Show	Green Lantern Coaster
2010	Happy Feet 3D attraction opened Castaway bay attraction opened featuring Battle Boats, Sky Fortress and the Sky Climb	Tower of Terror ride closed Tower of Terror II, Face First ride opened	Shrek 4D attraction closed Journey to the Centre of the Earth 4D attraction opened

Year	SeaWorld	Dreamworld	Warner Bros. MovieWorld
2009	Ray Reef attraction opened	AVPX attraction opened- an immersive combat experience	
2008	Jetski Rescue Roller Coaster opened Penguin Point attraction opened	Eighth and final Big Brother Series is produced from Dreamworld V8 Supercars ride simulator opened	
2007	Sea World Eye wheel closed Fish Detectives Show attraction opened	The Dream Room event venue opened Eureka Mine Ride closed Mick Doohan Motocoaster opened – motorbike rollercoaster	The Official Matrix Exhibit attraction closed Police Academy Stunt Show closed Hollywood Stunt Driver attraction opened
2006		FlowRider attraction opened in Ocean Parade Water rides closed and transferred to new Whitewater World park	Batwing Space Shot ride opened
2005	Seal Rocks attraction opened	Wiggles World opened	Superman Escape ride opened
2004	Shark Bay Exhibit attraction opened Dugong Discovery attraction opened	The Claw opened, a free fall ride with a 360 degree spin	Shrek 4D Live Show attraction opened Marvin the Martian in 3D attraction closed Movie Magic Special Effects Show closed
2003		Sunset Safaris commenced Thunderbolt ride closed	
2002	Corkscrew Roller Coaster closed	Nick Central attraction opened - based on children's TV channel programme, comprising 16 different rides and attractions Riverwalk Restaurant refurbished and re-named Billabong BBQ and Buffet	The Official Matrix Exhibit attraction opened Scooby-Doo Spooky Coaster opened
2001		Koala Country redeveloped to create 4ha wildlife sanctuary Australian Wildlife Experience (cost $5 million) Big Brother reality TV programme commenced broadcasting from Dreamworld Studios following a $3.3 million redevelopment of Dreamworld Amphitheatre	The Great Gremlins Adventure ride closed Original Batman Adventure – The Ride redeveloped as Batman Adventure 2

3.2 New Theme Park Will Stimulate the Industry

Australian interstate visitors do not return as frequently to the Queensland theme parks as they once did. Despite the introduction of new rides and attractions during that time, there is a perception that there is little that is new.

The last major theme park to open was Warner Bros. MovieWorld in 1991, almost 20 years ago.

Whilst it is correct to note that Whitewater World opened in 2006, water parks are not the type of attraction that will encourage travellers to select one destination over another, and they are generally considered support attractions for interstate and international visitors, or a destination for local residents.

New major theme parks are essential to the Gold Coast to stimulate the interstate market, building on the success of the existing theme park cluster. The introduction of a new theme park will create new interest in the region in general and the existing theme parks in particular, thereby expanding the overall market.

A new major theme park will also draw the attention of the Australian electronic and print media, and generate countless new stories and film footage of both the new theme park as well as the existing theme parks.

In addition, it is highly probable the existing theme parks will meet the competition from a new theme park by developing new rides and attractions of their own.

A new theme park is likely to have a significant marketing and promotional budget to generate interest and demand for the park when it opens, whilst the existing theme parks are likely to increase their marketing and promotional budgets to counter the newcomer.

Collectively, the combined marketing and promotional budgets could double the existing budgets for a period of two or three years in the lead up and post opening periods, providing a significant impetus to the wider Gold Coast tourism industry.

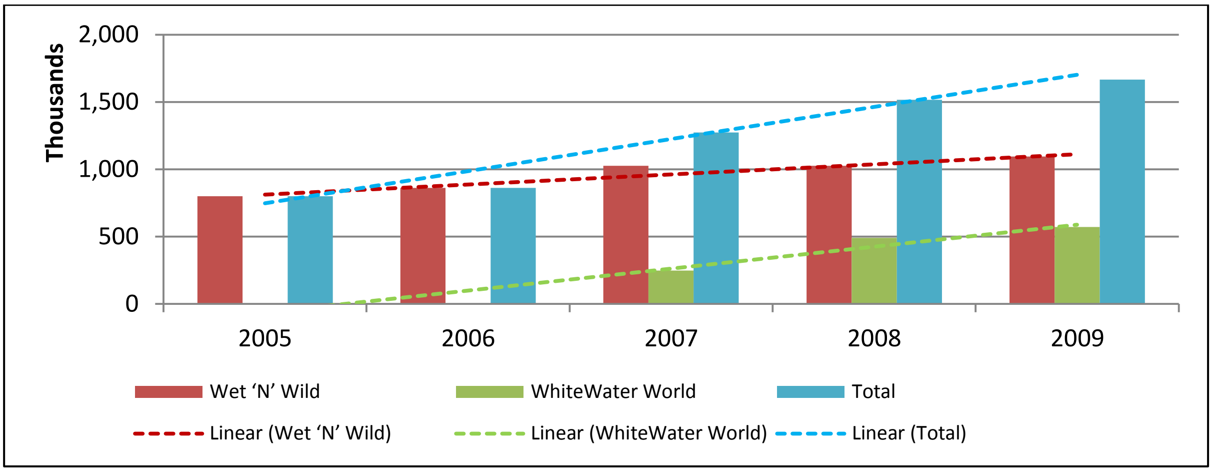
That impetus will flow to the smaller players, creating further flow on benefits.

Example 1 – Impact of a New Operator in Gold Coast Theme Park Market Segment

Theme Park	2005	2006	2007	2008	2009
Wet 'N' Wild	800,000	862,458	1,024,730	1,025,000	1,095,000
WhiteWater World	n/a	n/a	247,360	490,785	571,678
Total	800,000	862,458	1,272,190	1,515,785	1,666,678

Notes:

1. Wet 'N' Wild met the competitive threat of a new operator and facility in its market segment (water parks) with new rides and attractions.
2. Wet 'N' Wild would have also re-assessed its marketing and promotions requirements in order to combat the new operator, probably increasing its marketing budget over a two or three year period.
3. As a result, Wet 'N' Wild not only met the competitive threat but significantly lifted its own attendance numbers.
4. Equally importantly, Wet 'N' Wild then retained those increased attendance numbers over the subsequent two years.
5. The introduction of a second water park facility created competition that served to double the overall segment attendance numbers over a three year period.
6. The introduction of the new WhiteWater World water park demonstrated therefore the benefits of an expansion of the theme park facilities to the Gold Coast tourism industry.

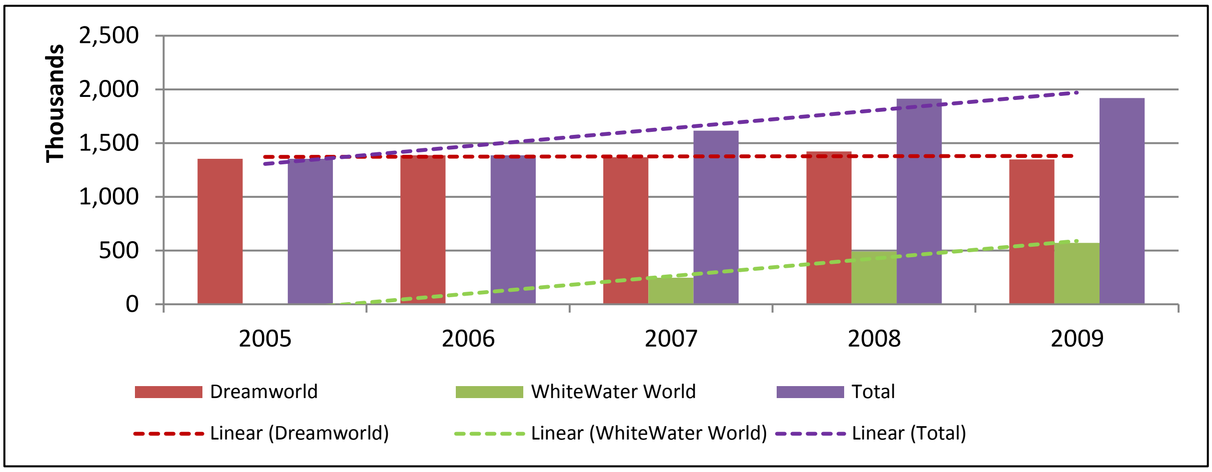


Example 2 – Impact of a New Facility on Adjoining Facilities in Gold Coast Theme Park Market

Theme Park	2005	2006	2007	2008	2009
Dreamworld	1,352,803	1,386,244	1,368,141	1,420,672	1,347,952
WhiteWater World	n/a	n/a	247,360	490,785	571,678
Total	1,352,803	1,386,244	1,615,501	1,911,457	1,919,630

Notes:

1. Dreamworld and WhiteWater World are both owned by Ardent Leisure Group.
2. Dreamworld is a traditional theme park whilst WhiteWater World is a water park that was constructed in the car park adjoining Dreamworld.
3. Dreamworld operated a water based rides and attraction known as Blue Lagoon prior to the opening of Whitewater World.
4. The Blue Lagoon rides and attractions were subsequently removed from Dreamworld to form the basis of the new Whitewater World. water park, serving to reduce the number of rides and attractions in Dreamworld.
5. It demonstrates that Dreamworld managed the loss of the Blue Lagoon water based attraction in 2006, whilst retaining an almost identical attendance number in 2007.
6. Equally importantly, the table demonstrates that Dreamworld actually increased its attendance numbers to its best ever result in 2008.
7. The introduction of a second theme park facility by Ardent Leisure served to increase its overall segment attendance numbers by 38.4% over a three year period.
8. The introduction of the new WhiteWater World water park demonstrated therefore the benefits of an expansion of the theme park facilities to the Gold Coast tourism industry.



3.3 Impact on Existing Operators

The existing Gold Coast theme park operators can not only survive but flourish with the introduction of a new theme park operator and facility. It is possible to make this assumption for the following reasons:

1. Gold Coast theme park operators have demonstrated an ability to adapt to changing market conditions for more than 20 years, despite a number of market changing events during that same timeframe. These include 9/11, the collapse of Ansett Australia, SARS, bird flu, Bali bombing 1 and Bali bombing 2, and the Global Financial Crisis.
2. The existing Gold Coast theme park operators also operate multiple theme park facilities, offering economies of scale and cross marketing.
3. The existing Gold Coast theme parks are mature businesses with established cashflow and consistent profits for more than two decades.
4. The existing Gold Coast theme park operators are also part of diverse corporate entities that have the ability to cross subsidise operations, if required.

4 Regional International Theme Parks

4.1 Competition from Regional International Theme Parks

A number of Australia's key inbound tourism markets have established their own theme park industries and, in particular, have aligned themselves with the leading US theme park operators, Disney Group and the Universal Studios group.

The following table demonstrates the growing impact of branded theme parks in Asia and the Middle East.

Opening Date	Theme Park	Country
April 1983	Tokyo Disneyland	Japan
March 2001	Universal Studios Osaka	Japan
September 2001	Tokyo DisneySea	Japan
September 2005	Hong Kong Disneyland	Hong Kong
March 2010	Universal Studios Sentosa	Singapore
October 2010	Ferrari World	Abu Dhabi
September 2012	Legoland Jahore Baru	Malaysia
2014	Universal Studios Seoul	South Korea
2015	Shanghai Disneyland	China
2015	Universal Studios Dubailand	Dubai

The growth in theme park developments in Asia has been made possible by the rapid economic development that has occurred over the past two decades, together with a higher standard of living and increased leisure time.

Greater populations and higher density settlements have provided opportunities for new theme park developments that justify higher capital costs than may be possible in Australia. This, in turn, has enabled the development of theme parks with more rides and attractions, incorporating higher levels of theming and technology.

"The opening of Universal Studios, Singapore in the first quarter of 2010 marked the beginning of the new decade where Asia will dominate and remain the primary region for future growth of this industry in terms of new development potential."

Christian Aaen, Regional Director (Asia), AECOM Economics
2009 Theme Index, The Global Attractions Attendance Report

4.2 Impact on Queensland Theme Parks

The opening of major international branded theme parks in Asia and the Middle East has decreased the local resident desire to visit the Gold Coast region with theme parks as their primary reason to travel. They may still choose to visit theme parks whilst they are visiting Australia but only as part of a supporting range of options.

4.3 Strategy for Queensland to Compete

Despite bursts of interest from international theme park groups over a number of years, it is highly unlikely that any of the major international theme park groups will establish operations in Australia in the near future. The numbers needed to support their higher development and administrative costs simply cannot be achieved in Australia.

The major international theme park groups have understandably preferred to establish operations in the fast growing Asian region, where the rapid transition to consumer societies and increased leisure time has created home based demand.

This presents a challenge to the Gold Coast theme park industry to remain competitive.

It is clear that if the Gold Coast industry cannot attract a major international group, an alternative strategy could be to increase the number of available theme parks on the Gold Coast to use the cluster effect to draw visitors.

An additional theme park on the Gold Coast would stimulate new interest in the Gold Coast, to the benefit of all tourism operators.

The future for Gold Coast theme parks, therefore, lies in the development of additional theme parks offering a greater choice and experience for visitors.

5 Summary

The rapid growth in tourism experienced by the Gold Coast up to 2000 has slowed, and Gold Coast visitor numbers have shown no growth over the past decade. This can be attributed to a number of causes including:

- Limited new investment in major tourist attractions since that time
- There have been no new purpose built international hotels opened since 1999, although a number of existing hotels have been refurbished.

The Australian theme park market is small compared to its international counterparts, and it is highly unlikely that any of the major international theme park groups will establish operations in Australia in the near future.

The future for Gold Coast theme parks, therefore, lies in the development of additional theme parks offering a greater choice and experience for visitors.

The Gold Coast can not only support a new theme park on its own merits but will also gain additional benefit from increased overall tourism, as well as increased patronage for existing theme parks with people choosing to revisit old favourites while on a visit to see the "new kid on the block".

6 References

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ERA 2006 Attraction Attendance Report

Appendix A

Top 10 Theme Park Chains Worldwide 2010

Position	Theme Park	Visitors
1	Walt Disney Attractions	120.6 million
2	Merlin Entertainments Group	41.0 million
3	Universal Studios Recreation Group	26.3 million
4	Parques Reunidos	25.8 million
5	Six Flags Inc	24.3 million
6	Cedar Fair Entertainment Company	22.8 million
7	Busch Entertainment	22.4 million
8	OCT Parks China	19.3 million
9	Herschend Entertainment	9.6 million
10	Conspaigne des Alpes (Grevin)	9.0 million

Top 25 Theme Parks Worldwide 2010

Position	Theme Park	Visitors
1	Magic Kingdom at Walt Disney World – Lake Buena Vista, Florida USA	16,972,000
2	Disneyland – Anaheim, California USA	15,980,000
3	Tokyo Disneyland	14,452,000
4	Tokyo Disney Sea – Tokyo, Japan	12,663,000
5	EPCOT at Walt Disney World - Lake Buena Vista, Florida USA	10.825,000
6	Disneyland Park at Disneyland Paris – Marne-la-Vallee, Paris, France	10,500,000
7	Disney's Animal Kingdom at Walt Disney World – Lake Buena Vista, Florida USA	9,686,000
8	Disney's Hollywood Studios at Walt Disney World – Lake Buena Vista, Florida USA	9,603,000
9	Universal Studios Japan – Osaka, Japan	8,160,000
10	Everland – Gyeonggi-Do, South Korea	6,884,000
11	Disney's California Adventure – Anaheim, California USA	6,278,000
12	Island of Adventure at Universal Orlando – Orlando, Florida USA	5,949,000
13	Universal Studios at Universal Orlando – Orlando, Florida USA	5,925,000
14	Lotte World – Seoul, South Korea	5,551,000
15	Hong Kong Disneyland – Hong Kong	5,200,000
16	Seaworld Florida – Orlando, Florida USA	5,100,000
17	Ocean Park – Hong Kong	5,100,000
18	Universal Studios Hollywood – Universal City, California USA	5,040,000
19	Walt Disney Studios at Disneyland Paris - Marne-la-Valle, France	4,500,000
20	Nagashima Spa Land – Kuwana, Japan	4,465,000
21	Europa Park – Rust, Germany	4,250,000
22	Busch Gardens Tampa Bay – Tampa Bay, Florida USA	4,200,000
23	Yokohama Hakkeijima Spa Paradise – Yokohama, Japan	4, 023,000
24	De Eftaling – Kaatsheuvel, Netherlands	4,000,000
25	Seaworld California – San Diego, California USA	3,800,000

Top 20 Water Parks Worldwide 2010

Position	Theme Park	Visitors
1	Typhoon Lagoon at Walt Disney World – Orlando, Florida USA	2,038,000
2	Blizzard Beach at Walt Disney World – Orlando, Florida USA	1,872,000
3	Chimelong Water Park – Guangzhou, China	1,800,000
4	Caribbean Bay at Everland Resort – Gyeonggi-Do, South Korea	1,736,000
5	Aquatica – Orlando, Florida USA	1,500,000
6	Ocean World – Gangwon-Do, South Korea	1,375,000
7	Wet “N” Wild – Orlando, Florida USA	1,223,000
8	**Wet “N” Wild Water World – Gold Coast, Australia**	**1,175,000**
9	Aquaventure – Dubai, UAE	1,040,000
10	Sunway Lagoon – Kuala Lumpur, Malaysia	925,000
11	Summerland – Tokyo, Japan	882,000
12	Schlitterbahn – New Braunfels, Texas USA	882,000
13	Atlantis Water Adventure – Jakarta, Indonesia	850,000
14	Water Country USA – Williamsburg, Virginia USA	784,000
15	Beach Park – Fortleza, Brazil	739,000
16	Ocean Park Water Adventure– Jakarta, Indonesia	700,000
17	Wild Wadi – Dubai UAE	690,000
18	Noah’s Ark – Wisconsin USA	637,000
19	Adventure Island – Tampa Florida USA	626,000
20	Deoksan Spa Castle – Chungcheongnam-Do, South Korea	583,000

Top 15 Theme Parks in Asia 2010

Position	Theme Park	Visitors
1	Tokyo Disneyland - Tokyo, Japan	14,452,000
2	Tokyo Disney Sea – Tokyo, Japan	12,663,000
3	Universal Studios, Osaka, Japan	8,160,000
4	Everland – Gyeonggi-Do, South Korea	6,884,000
5	Lotte World – Seoul, South Korea	5,551,000
6	Hong Kong Disneyland – Hong Kong	5,200,000
7	Ocean Park - Hong Kong	5,100,000
8	Nagashima Spa Land – Kuwana, Japan	4,485,000
9	Yokohama Hakkeijima Sea Paradise – Yokohama, Japan	4,023,000
10	OCT East – Shenzhen, China	3,530,000
11	Happy Valley – Shenzhen, China	3,050,000
12	Happy Valley – Beijing, China	2,734,000
13	Window of the World – Shenzen China	2,651,000
14	Dunia Fantasi - Jakarta, Indonesia	2,400,000
15	Chimelong Paradise – Guangzhou, China	2,400,000

Top 5 Theme Parks on Gold Coast 2010

Position	Theme Park	Visitors
1	Dreamworld	1,400,000 est
2	Sea World	1,300,000 est
2	Warner Bros. MovieWorld	1,300,000 est
4	Wet 'N' Wild	1,175,000
5	WhiteWater World	680,000 est

Summary

- Total theme park attendance for top 25 parks worldwide in 2010 was 189.1 million (+1.9%)
- Total visits to the top 20 parks in North America in 2010 was 123.6 million (+1.8%)
- Total visits to the top 15 parks in Asia in 2010 was 83.3 million (+7.3%)
- Australian theme park attendances are very small by world and regional standards