

James Packer's Crown Resorts in great Gold Coast casino mystery

by James Thompson

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Call it the Great Gold Coast Casino mystery. Will James Packer's Crown Resorts really end up running a new casino built by a \$130 million company that is backed by some of China's biggest state-owned enterprises?

That's certainly the case if you believe 2GB radio host Alan Jones, who declared on his radio show on Wednesday that the new \$3 billion casino "will be built by James Packer's Crown Resorts".

"As you know, I am a friend of James Packer but my God he's got a brain in his head," Jones said during a one-minute segment on the development, which he variously described as "unbelievable" and "astounding".

"It will include three towers...seven high-end restaurants – seven! – and a spectacular bridge linking The Spit to Southport. This is unbelievable."

Actually, it is all a bit unbelievable. Mainly because Crown won't build the casino and is no certainty to even be involved.

Jones was referring to a report in Brisbane's Sunday Mail newspaper that declared work would begin as early as March 2017 on a new casino on an area of the Gold Coast called The Spit.

The project is being driven by an ASX listed company called ASF Group, which previously won the right to explore a casino development at another Gold Coast site called Wavebreak Island (where a cruise ship terminal was also to be built).

The Palaszczuk government campaigned against and then blocked that plan, but have given ASF the green light to examine a new casino development at The Spit, which is between Sea World and the Palazzo Versace site near Southport.

ASF is an interesting little beast. With the slogan of "partnering business between Australia and China", its "key business partners" include two of China's large state-owned enterprises, including China Coal Geology, the Hong Kong-listed China Communications Construction company and the Shanghai-listed China State Construction Engineering Corporation.

The company, which lost \$15.2 million last year on revenue of \$1.1 million, is essentially an investment holding company mainly focused on the resources sector, with chunky stakes in companies including ActiveEX, Rey Resources and Key Petroleum.

There's also a funds management business and a property marketing wing, which helps "China-based investors to access the Australian real estate market".

But according to the company's preliminary final report released last month, the casino development isn't quite as far down the track as reports might suggest. ASF has submitted a preliminary proposal and, as of June, was awaiting a request for a second, more detailed version.

Queensland Premier Annastacia Palaszczuk confirmed as much this week, when she rejected the Sunday Mail's claim that a deed of process for the casino had been signed and said the government will want to see a lot more detail before even commenting.



Talks Continue

So where does Crown fit into all of this?

Notably, Crown (and ASF for that matter) hasn't made a statement about the casino development, which perhaps best underlines just how much water needs to go under that "spectacular" bridge that Jones described.

It's understood that ASF approached Crown about a deal under which Crown could operate the casino, with ASF taking on all the costs (and risks) associated with building it.

Crown and ASF have been in discussions for the last few months, and Crown is open to the talks continuing.

But it is understood that while Packer's group would certainly be interested in sticking its brand on top of the hotel and casino, it will only do so if the project comes up to its high standards.

To be clear, Crown has signed nothing with ASF or the government at this early stage.

The team at Matt Bekier's Star Entertainment are keeping a bemused eye on this unfolding mystery, but probably don't need to be too worried its own redevelopment of Jupiters is going to be head-to-head with a rival any time soon.

Credit Suisse gaming analyst Larry Gandler described the ASF proposal as "tenuous" and said the casino complex is "unlikely to be constructed and commence operations before 2022".

Already locals are pushing back. Developments in The Spit area have long been limited to three-storeys in height, so there's almost certain to be considerable community angst about the prospect of three giant hotel towers.