

Consolidation tipped in gambling industry

SkyCity Entertainment Group managing director Evan Davies says it is a case of when, rather than if, mergers and acquisitions take place among sharemarket-listed Australasian gambling companies.

He told a Trans Tasman Business Circle lunch in Auckland that industry consolidation was inevitable. But he was unaware of any impending moves by industry players and SkyCity was not at present considering any potential acquisitions.

„These processes are by their nature difficult to speculate about in advance and unpredictable,“ Mr Davies said. „There are five participants in the sector that have a public position and the expectation seems to be that there will be some movement. What that will be I’m just in no position to speculate.“

SkyCity either owns or has stakes in casinos in Auckland, Hamilton, Christchurch, Queenstown, Adelaide and Darwin. SkyCity’s listed Australian gaming counterparts are Publishing and Broadcasting, Unitab, Tattersall’s and Tabcorp.

Mr Davies said that in the long term the winners would be companies with excellent management models and a commitment to providing exceptional, differentiated experiences to a hungry trans-Tasman market that was always seeking something new.

Any gaming industry consolidation might lead to moves toward trans-Tasman regulatory harmonisation, he suggested. SkyCity operated in three jurisdictions – New Zealand, South Australia and the Northern Territory – with the Australian regulatory environment predominantly a state rather than federal one.

Mr Davies was interested in harmonisation. For example, he

would like to see games authorised in one jurisdiction also authorised in others without SkyCity having to go through the whole process again.

Meanwhile, Mr Davies expressed interest in expanding into online gaming but said no SkyCity Internet move was imminent. The company's last online foray brought a \$ 21 million writeoff on a 33 per cent stake in Australian online betting company Canbet.

„We look at online gaming and say `Gee that's terribly interesting and we know a lot about some parts of that but how do we take the things we are really good at and attempt to apply it in that sector?' I'm not sure.“