

THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON THE IMPACTS OF GAMING MACHINES MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON TUESDAY 16 APRIL 2002.

Mr PHIL CAPON, PRESIDENT, AND **Mr PETER FEHRE**, EXECUTIVE OFFICER, RESTAURANT AND CATERING AUSTRALIA, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR (Mrs Silvia Smith) - Good morning, welcome. We do not have a submission in front of us so we need to listen to what you are going to say to us, and as we go through that, if that is all right with you, various members of the committee might have questions to ask and intervene if you are comfortable with that. So who is going to lead off?

Mr FEHRE - I think it is clearly the President of the Restaurant and Caterers Association, Phil Capon.

CHAIR - Yes, I thought he would be the leader.

Mr CAPON - I don't know so much about that. I guess we are here to offer a point of view from our industry. We do not have a submission. I guess I am a bit fond of the back-of-the-envelope submission, so I apologise if it is not formal.

CHAIR - That is okay.

Mr CAPON - We will try to stick to your terms of reference, but it may well be anecdotal and rambling. Pull me up if I get out of order. Yes, that is it.

CHAIR - That is all right then. If you would like to address each of the terms of reference as you go, we all have them in front of us and, if not, I have them here and we can share them, and we will hear what you wish to say.

Mr CAPON - Point one, immediate social and economic impacts on the community, it is obvious that we operate and live in a smaller community, and the impacts seem to be very keenly felt when gaming gets out of control. In our own industry I can name a couple of operators who have had people with serious gambling addictions who have been stealing from their employers and nearly pushed the respective businesses to the brink. I will not name them.

CHAIR - They were not employees of the club, they were employees elsewhere?

Mr CAPON - Employees of restaurateurs. I am referring to restaurateurs - I beg your pardon, I did not make myself clear - and they had gambling addiction problems and were just stealing money from those businesses and taking it to the casino and wasting it, basically.

Mr SQUIBB - Is there any evidence that this has increased since the expansion in the number of video gaming machine outlets?

Mr CAPON - I could not say. I know that the immediate effect of the instances I am referring to was that they really tightened their operation up and they shut a lot of doors, where once it was a business based on trust and it has become a very suspicion-driven sort of place now and is a different operation. But I guess that is what survival in business is about as well. I do not know about whether it has increased, Geoff. With the availability of the gambling machines one could perhaps assume that is the case. One of the horrific aspects of our business is that cash and goods, goods that are easily sold or exchanged for money, are readily available and very, very difficult to control. The long-term social and economic impacts, again referring to those examples, the particular thieves, if you like, were charged by the police and it has ruined their lives. They had to sell up property to pay their debt in one instance, so I guess there are those obvious impacts on the community. Again I do not know about the expanded operation of the poker machines. As an individual I tend to stay away from that area. It is just not me.

What we see in our own business, again anecdotally we hear of people who come to us and then perhaps go out on a night on the town and really blow the budget. I presume that is done by cash cards or credit cards or what have you. Whether that is something for this committee to consider, the ready access to cash, putting your card in the wall in the actual venue and getting large amounts of cash out on credit. That is, I guess, a pretty scary situation where it just does get out of hand.

CHAIR - Cash points I think are only available, we have realised, in the casino areas and not necessarily in hotels, although there could be the possibility of EFTPOS access in some hotels.

Mr CAPON - There absolutely is, and we, as quite a small business and definitely not in that area, have been approached to put in ATMs where the machine, which must be quite a valuable expensive machine, is just given to us. We put in our own cash, as in we feed the machine cash, and I guess that is encouraging spur-of-the-moment activity of someone who is perhaps feeling pretty good and pretty confident - a nice meal, nice wine - and then they take some cash and head off to the casino. Those EFTPOS machines are readily available and it's really only an option of the particular business whether to give cash out or not. You choose from a business point of view to do that.

CHAIR - That is over the counter cash?

Mr CAPON - Yes. The availability of cash, I would have thought -

CHAIR - Is fairly widespread.

Mr CAPON - Yes. I'm trying to limit it to what happens in restaurants so you get some sort of overview of our business activities.

CHAIR - If I could just get a little bit more clarification here. The incidences you are talking about sound as if they were major incidences. Have you got an idea or an opinion over the whole area of the business, restaurateuring, are there continual small amounts of cash that are taken away that are causing stress to businesses as well having an impact on their

business? A couple of instances you are talking about sound as if they were quite big amounts.

Mr CAPON - They were certainly ongoing over a number of -

CHAIR - With police investigations and charges and things like that?

Mr CAPON - Yes.

CHAIR - Have you any anecdotal evidence that there is a lot of this type of petty theft going on in your business?

Mr CAPON - I think it has always gone on, Silvia. I was reminded - my father's father was a publican in the UK and we have some wonderful photographs of their hotel and I think they were part of a two or three group in this particular area and part of the management of that group was to send people around to see if anyone was being honest. I think it has gone on forever and its certainly gone on in our business. A carton of beer is easily swapped, sold - with some of these properties it's very hard to manage the stores. The cash is just so tempting - we're really highly exposed.

CHAIR - I have seen video footage of those sorts of things happening in little supermarkets and things like that.

Mr SQUIBB - A cashless society would assist the restaurateurs.

Mr CAPON - It's heading that way. We quite often do not have cash at all. There might be thousands of dollars in the till but none of it's cash. Everyone goes on about a cash society but I would be happy to see the back of it, to be perfectly honest, because we bank every night. But certainly the food, the beverage and their access to cash, I would imagine, is -

CHAIR - Would account for a huge loss. It would be hard to assess though, wouldn't it?

Mr CAPON - In our instance, breakages and throw-outs account for a person's wage. I think it was \$35 000 last year so I guess you don't need to be Einstein to extend that into what might go in pilferage and outright stealing of cash.

Mr SQUIBB - So a so-called 'breakage' could be something that has been given away?

Mr CAPON - It could be. If we're talking about stress - I try not to stress about it otherwise you'd just be so uptight about it you'd never trust anyone and you can't operate like that.

Mr SQUIBB - I guess that is one aspect of the misappropriation of cash and stock. What about the competition for the discretionary dollar competing with the gaming machines? Have you any evidence to indicate that there is an adverse effect there?

Mr CAPON - Again only anecdotal sort of stuff and I guess if I talk about my own business, we're quite popular and we try to run it as a hands-on operation so there's a lot of people who are our clients we know and if not actually know, we know them by sight. Certainly things in this community that limit the discretionary dollar are not so much gaming

activities but certainly the obvious school fees, back to school, spiralling interest rates. When we last had that big inflationary trend a lot of people would say, 'How are you going? I haven't seen you for a while'. 'Yes, copped a heap on the mortgage so there's nothing left to go out' or 'The kids have just started private school' or something like that. We are very much low man on the totem pole as far as where the money that is left over might end up.

Mr FEHRE - Is it fair to say, Phil and the committee, that in some cases the admission by people of difficult times is easier when you can relate it to school fees and so on, rather than the gambling issue? It is the psychological bit there. I know I would find it easier to say, 'Gee, I'm struggling because of school fees', or whatever. That is a nobler cause than the gambling addiction statement.

I made a couple of calls to prepare myself a little for this but for another body I am coming with again later, and particularly in the rural areas the arrival of gaming seems to have a marked impact upon the discretionary spending.

CHAIR - Yes, we have heard.

Mr FEHRE - That ranges across people from hairdressing through and there was some anecdotal stuff as to the expenditure at that local restaurant. I do not know about the urban area.

Mr SQUIBB - I was to ask about the urban area because it could be that that discretionary dollar goes straight to a gaming venue for gaming. It could be that instead of coming - I doubt if any of your clients would be in this category but there is a possibility, I suppose - instead of going to your place, Phil, it may go to a venue where there are gaming machines and allegedly subsidised meals. We have had a witness who indicated that he loses trade and gets a lot of abuse, claims of ripping off clients when they look at the costs that he is charging compared to a venue that has gaming machines.

Mr CAPON - I guess it is a tricky one to quantify. Logically it follows that many of the big gaming centres, if you like, want to attract their patrons with the whole experience of going out: the beverage and the gaming entertainment, if you like to call it that. I see Daniel over there. He might be able to at a later time give a more accurate appraisal of the situation. I guess from a competition point of view that the subsidised dining and maybe drinking is an opportunity to put people in the right frame of mind to go and gamble.

Mr SQUIBB - But there is no hard evidence. It is just anecdotal.

Mr CAPON - No. I guess also there is a lot of people who go to those entertainment centres, gaming centres, stay away. I am one of them. I would never go to something like that. The thought of trying to eat a meal with a slot machine clacking away in the background is anathema to me.

Mr SQUIBB - So you are saying that there are other influences that have a greater impact than gaming machines, like education fees for instance?

Mr FEHRE - The reason that I raised my bit, Geoffrey, was the fact that I think people in rural areas - again it is anecdotal - did not necessarily have that easy access to that gambling experience. We have been raised in Hobart, Launceston or whatever and we can get access to a casino. The extension of that gambling opportunity to my backyard in the rural area has given me the opportunity to go to a facility or choose not to go to it because of the gaming. The feedback that I have been getting from small business people is that it has changed the pattern of discretionary spending. The hairdressers will say, 'Mrs Whatever was coming in but she is not coming in now anywhere as near as often and my take is down a certain amount'. That is because a new experience has come to town. In the urban areas the experience has been around us a lot longer.

Mrs SUE SMITH - It is probably noted more significantly, originally at the introduction of perhaps the casino and then it settled into a pattern. It is part of the process. The novelty concept wears off and people go back into a different mode.

Mr CAPON - I guess in the meantime though the damage has been done. Again anecdotally, and I will not name the people for obvious reasons, one woman who worked for us over many years, when her parents died, inherited a substantial amount of money and antiques and artworks and so forth and the whole lot went down the road. There was a line in the paper this morning - I do not know whether it said someone who was intellectually challenged but someone who was perhaps not as bright as they might be. Well, this woman was as smart as they come. Over many years of working in Hobart and working for the casino in the early years, it always used to fascinate me that people who were, what you might call the high rollers, were Chinese and Jewish. They were very successful business people. Whether they were doing something underhand with cash money and turning it into real money, who knows, who cares. But they were the captains of industry and I guess you could see them as gambling on that particular stage and they were big-time gamblers and always have been. Terrifying to see, especially in those early days with the high stakes tables. I know I am digressing but I guess the same sort of attitudes still prevail and to get away from whatever it is that it costs you to put money in a machine now, from 10 cents to \$2, I suppose they are the high stakes gaming machines, perhaps.

CHAIR - So basically your comment there was triggered I think by something you saw in the paper this morning and we have heard it anecdotally suggested that it is generally the people in the lower socioeconomic group who are the gamblers and you are saying that it is definitely otherwise.

Mr CAPON - It is certainly not in my experience.

Mr SQUIBB - Except that there is a difference here and I guess we are focusing on the expansion of video gaming machines into the pubs and clubs as opposed to the casino.

Mr CAPON - Yes, quite, you are right but there is a difference. There still does seem to be something going on in our community where these machines are more available and therefore people, whether they are from a low socioeconomic group or not, have a predilection to this sort of activity in combination with perhaps a few drinks, you know, feeling good, feeling lucky and the access to cash machines and being into it. It is such a difficult one: how far do you take the controls in our society? People are responsible for the consequences of their own actions. Should we move on to point two?

Recording malfunction.

CHAIR - Would you like to move on to the role and membership of the Gaming Commission? Do you know anything about the Tasmanian Gaming Commission?

Mr FEHRE - I do and I don't, but again the comment I made about point two, that given the large amounts of funds that are made available to the Tasmanian Government then perhaps the role and membership of the Gaming Commission should be upped substantially to include the matters that we have discussed.

CHAIR - So how would you change it? Who would you suggest could become part of that Gaming Commission? What sorts of persons within the community? Do you have any ideas there?

Mr FEHRE - There seems to be a whole bunch of church groups out there who see perhaps as a last stop the impact on people who have spent their last \$200 and perhaps been nabbed for stealing from their employer or have wasted their inheritance or whatever. I imagine that to put those sorts of people at least in touch with this commission so there is a strong connection, so that they are getting information from the industry.

CHAIR - You do not think that would be a conflict of interest because they are receiving funds from the community support levy from the gaming industry itself?

Mr FEHRE - It seems to me an Irish way of doing things, but I guess that is reality of it, is it not? You might object to heroin coming from Afghanistan, but we grow poppies here in this State, under much tighter control, of course. There are lots of things that go on within our society that make you cringe, but that is the reality -

CHAIR - You cannot get everything right all the time.

Mr FEHRE - Yes. And the complexity of what we do. I guess what I am really saying is that there seems to me to be the financial wherewithal to perhaps widen the role of this commission to perhaps include something more socially driven.

CHAIR - Right.

Mr CAPON - Perhaps three and four are combined but with the community support levy, well we're talking funds; that's obviously funds set aside for these matters. Maybe they need to be larger amounts. Perhaps it needs to be really carefully thought through which individuals, which community groups might be involved.

CHAIR - Yes, it's quite a detailed breakdown of where those funds go and it comes I think 2 per cent from clubs, isn't it, and 4 per cent from hotels. I think that's the figure. I did have it written down on a piece of paper and I just can't find my piece of paper; that's what I was looking for.

Mr CAPON - So it's a substantial amount of money.

CHAIR - It is a substantial amount in the fact, as Mr Squibb said, that it's not all being expended anyway and perhaps we need as a committee to look at the whys and wherefores of why that is happening and make some recommendations.

Mr FEHRE - So I guess we go back a few years, Geoff, in terms of looking at sources of funding for that sport/recreation area.

Mr SQUIBB - That originally was just from the casino, wasn't it?

Mr FEHRE - Yes, and I guess we've been through debates over the years about tobacco tax and hypothecating a percentage of that into the sport and recreation area.

You can look at a number of overseas countries where lotteries, commissions and other things have, I guess, significantly funded activity at the community level. And I guess I should put that back on the table again in terms of opportunities to increase funding into those sorts of community areas I guess by those percentages or by variation.

Mrs SUE SMITH - There has been a proposition put forward that the community support levy is broken up into different arenas. One is for research and for assistance to problem gamblers. Another section of it is for organisations or communities to make application for funding for sport and recreation facilities et cetera.

It has been put to me that perhaps that should reflect more the amount of money coming out of some communities and it should reflect by them having a benefit over others I suppose in some of this support going back to facilitate other community facilities. Would you have an opinion on that or should it be all in the pool and the best application at the time receives the money?

Mr FEHRE - I can speak as an individual who has a sporting and recreation history in this.

I would have a concern with creating that sort of competition between areas in terms of their gaming turnover so that I as a parent could choose to live in an area that got a high gambling turnover in the hope that it provided me with some better facilities for my children. OI rather think that a government's got a broader obligation than that and that if we see significant dollars coming from gaming activity in the State and if we see a fairly significant impact of that, whether it be anecdotal or hard evidence impact upon family, the discretionary dollar or whatever, then I've got to say that one of the more immediate and positive ways of addressing that, I would hope, would be that community involvement whether it be in sport, recreation or other activity. And I think that balance is not there yet.

Having worked in that sport and recreation arena and had dealings with Geoffrey over the years, the dollars for activity that touches every member of the community at some stage of their life or for their whole life is seriously under-funded.

CHAIR - With a football background I'd probably tend to agree with that.

Mr FEHRE - Well, you've been there and touched it on a daily basis almost.

CHAIR - Are there any other areas that you perceive within the community that are under-funded and could be looked at for funding with this type of levy that's being initiated out of the gaming activity, other than sporting and sport and recreation?

Mr FEHRE - When I talk about recreation, I guess I do talk then about those activities at a local regional level that can still keep a sense of community, and I think quite unashamedly this State has a decentralised population and still a good sense of community. On the north-west coast the rivalry between some of those towns is still there, and positive rivalry. In a previous life I had approaches from many people wanting to do small local events. Because the word 'local' was there and they did not necessarily put in new money from interstate that may have pulled people from round Tasmania, they could not access government funding, and it seems to me many of those have fallen over in recent years because they have not had access to small sums of money that may help those local things continue. So we are seeing some larger events centralised, and some of those lifeblood things of local communities in a sense going, because people cannot put their hand in their pocket any deeper. We are losing those little bits of activity or fire that still keep the sense of community.

CHAIR - It is access to those smaller pools of money that will make or break those events.

Mr FEHRE - Yes, it is almost like seed money just to make it happen.

CHAIR - So perhaps a look at broadening the discretionary spending of some of the community support levy as suggested. Yes, okay.

Mr CAPON - Can I ask whether the community support levy finds its way into educational initiatives?

Mr SQUIBB - Supposedly.

CHAIR - Supposedly, but I think we need to have a total breakdown of where it is actually going. On the odd occasion I have seen a list of the levy payout over the last year, for example, when the submissions were coming up for the new one this year - Sue might have the breakdown there - and there are some small funding projects within the education system, but not to any major extent.

Mrs SUE SMITH - There is nothing specific in the legislation that says a percentage of the community service levy that goes into research support and assistance must be directed towards education, which possibly could be seen as a failure because we are addressing the ambulance at the bottom of the cliff rather than the fence at the top.

Mr SQUIBB - Half of it should go towards research awareness and education. It does not necessarily say education within the education system, but education per se. Twenty-five per cent, I think, is sport and recreation, 25 per cent charitable organisations and the other 50 per cent goes to research into gambling, services for the prevention of compulsive gambling, treatment or rehabilitation of compulsive gamblers, and community education concerning gambling, and other health services. So within that 50 per cent there is a fair scope for moving it around.

CHAIR - There is a fair scope and, as Mr Squibb was saying earlier, there is quite an amount of that potential 50 per cent that is not being spent as well, but it is tied down for the two 25 per cent lots, one into the community support groups and one into the sport and recreation. So I suppose it is a matter of whether that is sufficient, the way it is balanced, or whether there needs to be a decision made to perhaps change that balance.

Mr SQUIBB - The fact that it is not being spent does not necessarily mean there is not a need for it. It may well just be that the system that is in place does not encourage it.

Mr FEHRE - It would be interesting to know then what the pattern of take-up is at the moment, because if it is not going into that educational awareness area then it begs the question of why -

CHAIR - Yes, that is correct.

Mr FEHRE - and that would be intriguing. I would have thought that in the sporting area it would be taken up.

Mrs SUE SMITH - I think the main part of it in that 25 per cent that goes into that arena certainly is located -

CHAIR - Is taken up, yes, and the 25 per cent that goes into the support services I believe is pretty well taken up, too, yes, but I guess the final question is whether that is enough in both those areas or does the mix need to be changed in some way, shape or form.

Mr CAPON - I suspect it is probably the latter. Whether we like it or not, we are all in the hospitality industry, it touches us one way or another, and I was reminded the other night when we attended some awards at Drysdale House as a college of TAFE, and it was excellent to see young people starting off in their life. I imagine that Drysdale House would love to put its hand up for more funds for an initiative that was specific to the matters that we are discussing. Perhaps there is talk within their establishment. I am very keen on education per se but maybe it needs some sort of travelling road show to take the message to the State schools.

CHAIR - There are persons within the department who are going out and educating in the schools. I think there is supposed to be one in each region.

Mr SQUIBB - Three appointed.

CHAIR - Yes, three appointed. We are presuming that perhaps one in each region would be appropriate but we need to question that, of course, a little bit later when we have those opportunities. The 25 per cent levy from the community support levy, the 25 per cent that goes to sport and recreation - I do not have the list in front of me - but the groups are pretty diverse and the amounts are fairly diverse too. They range from anything down to about \$500 up to, I think the largest one was some thousands of dollars. It depends on who makes the decisions where the money goes. That is in the Department of Health and Human Services. The round of funding has just closed - at the beginning of April.

Mr SQUIBB - Just another slant on that. Seventy-five per cent of it is handled by Health and Human Services and 25 per cent by the Department of Sport and Recreation.

CHAIR - Of the?

Mr SQUIBB - Of the total thing. So the 25 per cent that goes to Sport and Recreation is handled by Sport and Recreation. The 25 per cent that is supposed to go to charitable organisations and the 50 per cent that is used for education, research and so on comes under the jurisdiction of Health and Human Services.

CHAIR - Health and Human Services.

Mr FEHRE - As we have acknowledged, the 25 per cent that goes through the offices of Sport and Recreation is all fully taken up by grants.

Mr SQUIBB - I would assume so.

Mr FEHRE - The other 75 per cent that remains, we do not know the pattern.

Mr SQUIBB - We have part of it here. We spoke with the departmental person before we visited New South Wales and Queensland. As a result of that visit I think we will probably be seeking further information on the break-up.

CHAIR - That is right, yes.

Mr SQUIBB - We have one of those groups coming today.

CHAIR - Yes. All right then, moving along. Any other comments that you wish to make on the terms of reference?

Mr CAPON - I am not familiar with point five, debate on the Gaming Control Bill. If I may, I would like to ask a question which is based on the commercial aspects of gaming or the issue of gaming licenses.

CHAIR - If one can answer them, yes.

Mr CAPON - Why can I not have one?

CHAIR - Why can you not have a licence? Well, I am not the Gaming Commission. You have made an application -

Mr CAPON - It is a rhetorical question and it might even need a rhetorical answer.

Mrs SUE SMITH - Are you asking the question: can the process that now allows them to be in hotels and clubs be extended to restaurant and catering facilities? Is that really the question you are asking?

Mr CAPON - If we have this so-called level playing field out there, why is it not adhered to by all and sundry? Currently, it is not.

CHAIR - It is an interesting question. Have you asked it to the Gaming Commission?

Mr CAPON - Howls of laughter. How does that sound?

Mrs SUE SMITH - Can you give us some estimation of how many you believe in your association would be interested if it was deemed appropriate that there was an extension from hotels and clubs into the restaurant arena?

Mr CAPON - None whatsoever.

Mrs SUE SMITH - So you just want it there for fairness and equity, not for use.

Mr CAPON - 'Fairness and equity' is a phrase that is bandied about a lot - the National Competition Policy, all that sort of stuff - almost ad nauseam. I think it is a reasonable question to ask and it does not necessarily require this committee to answer it but I think it needs to be on the table.

CHAIR - Perhaps it is a question we can ask.

Mrs SUE SMITH - I think the legislation at the time was hotels and clubs. The question is whether or not anybody is serious about whether they would see an extension to the legislation to include the capacity for restaurants to take on those same if they deemed it something they saw as an advantage to their business.

Mr CAPON - Certainly in terms of sale of alcohol we consider as an industry group that we are denied opportunities, and I can feel Daniel clenching up over there but that is okay. You know, we have been involved with the liquor review process of late. Anyway I have asked the question.

CHAIR - Yes, we will take it on notice. I have literally done that. Any other comments that you wish to make or any questions from the committee?

Mr SQUIBB - No. I am just trying to refer to the act to see if there is any further information.

CHAIR - I do not think there is a section in there.

Mr FEHRE - The last point raised by Phil is one that he has to fairly raise as a commercial issue and I think by some of his earlier words and probably some of my earlier words suggested the answer to Sue's question and that is I do not think there would be a massive take-up because of the very nature of the demographics of many of the people choosing to use certain restaurants.

CHAIR - This is what I was going to say. Considering some of your first comments about the issue of gaming and the problems that you perceive it has created and the need to keep your niche market, a specific market, the potential to put machines into restaurants might not be the best course of action for you to even consider.

Mr FEHRE - I think it is fair to say in the three, four or five months I have been involved with this group it has been pretty clear that on a number of fronts there is a strong feeling across the industry around the State, Phil, I think it is fair to say, that they operate in an environment that in a couple of important areas there is not a level playing field or it

makes sense there is not a level playing field. Phil has touched upon two of them and that I think points out I guess a broad concern that as an industry body we will be addressing more and more over time.

CHAIR - Thank you both very much for coming in and giving us your point of view. It will add to our knowledge of this issue, coming from all angles of the industry, including restaurants now. If you consider that you have any other points that you would like to bring to our attention feel free at any time to make contact through Sue McLeod as the secretarial assistant and we will take that on board.

Mr CAPON - Thanks so much, thanks for your indulgence.

CHAIR - Not indulgence, with great interest, Phil.

THE WITNESSES WITHDREW.