

**THE LEGISLATIVE COUNCIL SELECT COMMITTEE ON THE IMPACT OF GAMING MACHINES MET AT HENTY HOUSE, LAUNCESTON ON FRIDAY 5 APRIL 2002.**

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**Mr JOHN TAYLOR** WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

**CHAIR** (Mrs Silvia Smith) - Thank you very much, John, for your submission to our inquiry. We are looking forward to what you have to say. Generally we run the inquiries by asking the witnesses to talk to their submission and then open it up for questions from the committee on what you say and what your submission is about. If you wish to extend any information on that submission that you have sent to us, then that is fine. We have in front of us the letter with the submission breakdown on the back of it.

**Mr TAYLOR** - I have done an additional submission, if you'd like that.

**CHAIR** - Thank you.

**Mr TAYLOR** - Not being privy to a lot of the statistics of the volume and value of revenue, it is very hard to make comments on certain things so I just added some comments to the terms of reference.

**CHAIR** - Perhaps just to give the committee a little bit of an idea maybe you could, if there is anything relevant, give us an idea of the background to the comments that you are making - if there is any specific background you can bring to this inquiry.

**Mr TAYLOR** - I have various business experiences in 30 years in the hotel industry, which I am still involved in. I have been on the AHA council and privy to the discussions when this was introduced. My comments were then that if we were to have gaming it should be low key, not a glitzy thing, and available to any licensed premises that required it, but with limited numbers, as the various premises had various types of not-on-line machines. But that certainly wasn't in the interests of the operators because they wanted big volume outlets and have gone for glitzy advertising and glitzy premises. As far as the poker machines go, I don't like them; I don't understand how to play them. I am not a wouser as far as gambling goes; I enjoy horse races and enjoy betting on them but I am greatly concerned with what this gaming industry has done. I feel that we are also locked into seven-day-a-week racing. There is no gap, there is no break the chain with these types of things. It's going on virtually almost 24 hours a day.

On the terms of reference, without having more detailed information of revenues I find it hard to comprehend the large volume of money going into the machines. I have been privy to one or two people who told me what their premises are taking. Under term of reference (2), support services for addicted persons, whilst necessary, this is a largely diversionary tactic by gaming interests. In other words, gaming is causing the trouble for the need for support services but I feel that the gaming industry is just a sleight of hand to divert the real problem and that is, the 24-hour gambling. There must be restrictions

on gaming itself and of course every assistance to victims. The revenue collected deprives individuals and families of quality of life and downgrades any financial security they have. The revenue figures would give some idea of what comes out of communities and I would think they would be alarming.

On terms of reference (3) and (4), without having any further information on those, I can't really comment.

**CHAIR** - You can address just the terms of reference that you feel comfortable with.

**Mr TAYLOR** - Severe restraints on gambling would assist. Further information on (3) and (4), it would appear that there was no taxation escalation clause which would tend to limit the spread of machines. Federal Hotels should have had strict limits on machine numbers in their own premises and not been allowed to purchase other premises which had gaming - in other words, premises should have one sole licensee. There is a case in Victoria where you have multiownership of these things and they become too powerful within a community and can politically divert the correct direction.

**CHAIR** - So you're concerned about conglomerate ownership, is that what you're saying?

**Mr TAYLOR** - Yes. Federal Hotels are buying properties and spreading their wings and they allocate the machines and say who will or will not have them. As far as the escalation clause is concerned, Federal Hotels probably had some idea of the volume that gaming machines would take but I don't think our government at that time had any idea whatsoever. In a business transaction they should have said to Federal Hotels, 'Right,  $x$  turnover, this is your taxation level'. As it goes higher, the Government should get a higher proportion.

**Mr SQUIBB** - Are you talking now about their casino operation or overall operation because there are limits, I understand, on the number of machines that can go into non-casino venues?

**Mr TAYLOR** - Yes. Again this is the structure of collection of revenue from gaming machines by Federal Hotels - the whole complex. It should have been some disadvantage or alternatively an advantage if the revenues went up, that the Government got better income, and I do not think that is in the licence at all.

As to the limits of machines - they are 25 or something and higher in clubs. They are there and they are there virtually for all day and all night gambling.

**Mr SQUIBB** - Outside the casinos, is it possible to run a machine in Tasmania 24 hours?

**Mr TAYLOR** - Not quite 24 hours, but they seem to run through to -

**CHAIR** - Have you restricted it to open and closing times?

**Mr TAYLOR** - Yes, governed by the casino.

**Mr SQUIBB** - Or by the liquor licence for the establishment?

**Mr TAYLOR** - I cannot answer that question.

**Mr SQUIBB** - No, it is something we can take up with the authorities.

**Mr TAYLOR** - But they are fairly extensive hours. Certainly they have worn everybody out who are in attendance, I would say.

I feel that the limited hours should be 12 to 12, at the very most; and that all advertising and give-aways should be prohibited. That is all types of advertising, whether it be signs outside or not, and no bus tour advertisements.

**Mr SQUIBB** - Again these comments refer to both the casinos and pubs and clubs?

**Mr TAYLOR** - Yes. Federal Hotels limited the two original casino licences - well, the two casinos be licensed - and other gaming venues to be single owner-operated. I can't see that monopoly of ownership at the retail end of the machines is in the public interest. Gaming should be closed Christmas Day, Good Friday and Easter Sunday. You have the situation where other premises close and the casino trades virtually day and night. Federal Hotels existing licence should be terminated when due and there should be heavy increases in taxes so that gaming is no longer attractive to operators.

**CHAIR** - And these are suggestions that could be alternatives to what's currently happening?

**Mr TAYLOR** - Yes, plus the fact that they should be given notice their casino licence is cancelled at the term. As I have put in the other notes, they would have recovered their investment over that 10-year period so they can't say, 'We've got so much invested'. The -

**Mr SQUIBB** - I just want to get that clear: you are talking about counselling but you are also talking about when their current contract concludes?

**Mr TAYLOR** - Yes.

**Mr SQUIBB** - So you are not suggesting for one moment that the current contract be broken or cancelled prior to its expiring?

**Mr TAYLOR** - I don't think we can get rid of gaming machines, but I think it's our responsibility to see that they are contained. Federal Hotels go along and say to whichever Government is in power, 'We'll give you now \$30 or \$40 million of the Tasmanian people's money to grant us a further licence'. If the Government are running TOTE or bodies are running TOTE and these other things why shouldn't they be running the gambling machines for the benefit of Tasmania itself, not for Federal Hotels?

**CHAIR** - So you're basically saying here that at the termination of the current agreement the Government should consider taking over the running and the leasing out of gaming machines in Tasmania for the public benefit?

**Mr TAYLOR** - A suitable body, yes.

**CHAIR** - Establishing a suitable body.

**Mr TAYLOR** - And at the same time limiting the things. If the operators have had 10 years, they can't argue 'We've invested so much', which they would have written off anyway for taxation. We shouldn't be in the position where Federal Hotels can give  $x$  amount to have their licence renewed. It should be run by Tasmanians for Tasmania.

**Mr SQUIBB** - How familiar are you with the Australian Competition and Consumer Council's policies on national competition?

**Mr TAYLOR** - Well, they seem to be bobbing up everywhere. I can't answer that.

**Mr SQUIBB** - I'm just wondering if you were familiar what your thoughts would be, bearing in mind of course that previous arrangements were made prior to that system being in operation - whether in fact those NCP policy and principles will ensure that there would be open tendering for any further contracts?

**Mr TAYLOR** - Well, it's a licensed industry. Don't States have the right to take over?

**Mr SQUIBB** - We're not sure.

**CHAIR** - Under National Competition Policy, Mr Squibb is suggesting that it could be open for tendering at the termination of this agreement. That's basically what you're saying, isn't it?

**Mrs SUE SMITH** - In 2009.

**CHAIR** - In 2009, yes.

**Mr TAYLOR** - If we look at 'competition', what competition will there be if Federal Hotels keep on expanding? They will have all the major outlets. They will own any they want anyway because they're getting the revenue to fund that.

**Mr SQUIBB** - You make comment in your earlier submission about the information which was provided at the time of the original gaming licences and that information is now being used for other purposes; do you care to or wish to elaborate further on that?

**Mr TAYLOR** - When people applied - I certainly didn't apply in my premises for any gaming machines - there was a complaint at the time that they had to provide extensive financial records of their premises and trading. They are on file of course with Federal Hotels and they are privy to information that other people haven't got and they've just moved and purchased premises on that.

**CHAIR** - Do you wish to follow that further?

**Mr SQUIBB** - Not at this point.

**Mr TAYLOR** - With the query by Mr Squibb, in relation to the Competition and Consumer Council, do you mean to say that they will say to TOTE Tasmania, 'Well, you've got to tender for your operation'? I mean, will it come to that with the competition?

**Mr SQUIBB** - I was just asking what your view of those requirements was where there are limitations to competition by regulated industry.

**Mr TAYLOR** - Well, it's something where we don't know the end of the thing. It's just occurring in everything we attack. But if we look at the current Commonwealth funding because we've allowed seven day shop trading here the ACCC certainly doesn't look at the sale of goods to other suppliers, in other words the multinationals buying prices are at a ridiculous level compared with the people who are independent. They are being squeezed out totally so I think competition starts at the horse trough, in other words, or at the chaff bag. They're attacking the wrong end of it. Perhaps they should -

**Mr SQUIBB** - You would have no argument with me there!

*Laughter.*

**Mr SQUIBB** - But we won't get on to that one today, but I can see what you mean.

**Mr TAYLOR** - I think that some things should be taken up seriously as competition is the finishing post and -

**CHAIR** - At the start.

**Mr TAYLOR** - at the start, and I don't think that some of the members of the Federal Government understand it either.

**CHAIR** - Any more from out there.

**Mr TAYLOR** - No, that's about all.

**CHAIR** - All right then, I will open it up to questioning and perhaps if we could have a look at your original submission, there are a couple of questions that I have in mind from there. The comments numbered 1, 2, 3 and 4 - I just don't whether you would like to address any of those points. You have mentioned the closing of venues with the exception of the high rollers venue. I wonder why you actually selected that one out as to be different from the general venue?

**Mr TAYLOR** - Well, there could be argument that the casinos bring in high rollers. They might fly in for the night or something. As long as the casinos weren't open to the general public, if they want to have non-residents there gambling, it is probably all right to let them. It would be best to shut it up, but we'd isolate casino operation here as against other States and I don't see that the high rollers really affect the Tasmanian people.

**CHAIR** - So basically I guess your suggestion there is that just the gaming machine venue areas should have different open times?

**Mr TAYLOR** - Yes.

**Mr SQUIBB** - I wasn't clear on that one because in your earlier submission you say that gaming venues should close at 2 a.m. and not open until midday. In your supplementary

one, which you handed out this morning, you have under 'some alternative' limited hours of opening from 12 to 12, so you've cut two hours of opening time. Is that over all venues or just -

**Mr TAYLOR** - Yes.

**Mr SQUIBB** - So there's no difference between pubs and clubs and casinos?

**Mr TAYLOR** - No, except for the high rollers.

**Mr SQUIBB** - Putting the high rollers aside, what you are saying -

**Mr TAYLOR** - I gave the matter further thought and consulted with a few people -

**CHAIR** - And came up with a different suggestion there and I was going to get that correlation there.

On the issue of ATMs, have you visited any gaming rooms to note that it is a fact that they are close by because I believe that that's possibly not the case - not that I have visited any in recent years; I haven't.

**Mr TAYLOR** - There was a problem with that and there were credit facilities I believe -

**CHAIR** - I think they're within the facility itself.

**Mr TAYLOR** - Then you have the problem with ATMs with people running a hotel but they should be somewhere. The confusing issue is that if visitors want to draw money, where do they do it?

**CHAIR** - Yes, I suppose with hotels they'd just go down the street somewhere, wouldn't they? You refer to No. 4 there. No. 1, a comment you made there is that your concern is that the Federal Hotels group is a Sydney based company and money is going out of the State, but then I think you quantify that somewhere else in there by talking about money rolling within the State as well and going to government. What was your concern when you made that comment - 'Tasmania should not be a cash pipeline to this Sydney based private company'?

**Mr TAYLOR** - That is in fact what the situation is.

**CHAIR** - You consider a lot of the profits are going out of the State?

**Mr TAYLOR** - Yes.

**CHAIR** - Right, okay. I think there would probably be some argument on that with the -

**Mr SQUIBB** - Australian Constitution.

**CHAIR** - Australian Constitution but also with the upgrading of the facilities that has happened over the last 10 years or so I guess some of the money has obviously stayed in Tasmania due to that happening -

**Mr TAYLOR** - But as they upgrade there is the downgrading of other places.

**CHAIR** - Okay.

**Mr TAYLOR** - When casinos first started, some of them had quite a pleasant atmosphere. They have now squeezed out roulette and other games like that where you had room. They have noisy machines. The only two places I have seen gambling overseas were Macau and the United States. In Macau it was a very sophisticated and well controlled business. I don't know about the off-beat casinos there but certainly in the decent hotels gambling is well run, strictly controlled, only open for limited hours and no poker machines. In the USA I went to a place, Jackpot, which is just over the border from Idaho in Nevada, out in the desert virtually, and there were machines there but you had other reasonable facilities as well. It was only built there to be near the border of Idaho because not many States in America have any gambling.

**CHAIR** - I don't know the American situation at all. In that comment do I gather that you feel that there is an imbalance in the types of gaming here, that gaming machines are weighing down the other options for gaming in the casinos?

**Mr TAYLOR** - Yes. I don't agree with Sky Channel through TOTE having control of racing now. It's not racing controlling its own destiny somewhat, it's controlled by Sky Channel because that is the public presenter. That is seven days a week, also long hours, and again that change should be broken.

**CHAIR** - We ought to look at TOTE, too, you are saying and other types of racing?

**Mr TAYLOR** - People don't raise these things.

**CHAIR** - It gives you food for thought, doesn't it.

**Mr SQUIBB** - Let me assure you, Sky Channel is one that gets raised fairly regularly from this quarter anyhow when we are talking racing.

**CHAIR** - That's why I made the comment.

**Mr TAYLOR** - Just a week or so ago somebody mentioned keno and said that when children go into a premise they get hooked on keno because they are eating their meal and the tickets are there. They say, 'Mum, look at this' and 'Dad, look at that', so the addiction goes back to a fairly young age.

**Mr SQUIBB** - John, you indicated when you first came in that you have an interest in hotels, is that currently a hands on?

**Mr TAYLOR** - No.

**Mr SQUIBB** - Previously hands on?

**Mr TAYLOR** - Yes.

**Mr SQUIBB** - Are you able to tell the committee of any experiences that you have had with problem gamblers?

**Mr TAYLOR** - In the hotel?

**Mr SQUIBB** - Yes. Did your hotel have gaming machines?

**Mr TAYLOR** - No, none of them. I have not been involved.

**Mr SQUIBB** - Or a TAB agency?

**Mr TAYLOR** - No. Back in the old days you'd have somebody who'd lost some money at the bookies around the corner and wanted to borrow something for a drink. It wasn't a disease. A few people gambled more than they should but it wasn't the 24-hour continuity of gaming.

**Mr SQUIBB** - You must be aware of some problems though to have made those recommendations you are putting forward. Are you able to give us some examples of where you have seen problems in the community as a result of the extension of gaming machines?

**Mr TAYLOR** - Only comments by traders and other people in the various communities as to the lack of funds and people always being short of cash. I don't know whether the figures of money that are coming through poker machines could be published by municipal areas. That money is savings or things for family benefit. It wasn't there before. It wasn't being gambled 10 years ago.

**CHAIR** - So the shift has gone from family spending to gaming spending?

**Mr TAYLOR** - Yes, unpaid bills, credit cards and everything else. Just simply, before gaming arrived that volume of money was retained within the families.

**Mrs SUE SMITH** - I might extend on that. Do you see any change in the make-up of the gamblers since the machines eventuated? I think we would accept horse racing gambling in the past has been traditionally a male orientated sport, the sport of gambling on horse racing. Have you any comment or opinion on whether the machines have introduced a new focus of gambler into the community?

**Mr TAYLOR** - I seldom visit the casino but on occasions I have been there for a meeting or something like that and seen bus loads of people coming in - obviously pensioners, elderly people anyway - cashing \$50 and \$100 bills in the gaming machines. I just think that bus load has taken about \$4 000 or \$5 000 out of that community, been carried up there free of charge. You mentioned horse racing - if you look at volumes of investment in gaming 10 years ago and equate it to inflation and things, today horse racing revenues are down a bit but gaming is up dramatically. There's a larger number of people who forget about the addictions of gambling. There's a larger number of people than ever living on welfare today. What happens if a pensioner or somebody who is adequately protected loses their money, they have to get support. The challenge is to look back, say, 10 or 12 years well before gaming, and look at revenues of gaming to see what's



happening now. That money comes from somewhere and it's bad enough if it comes back to the rest of the community if it's causing problems.

**Mr SQUIBB** - Some would argue of course that from the point of view of revenue for the community, the taxpayers, that it's a form of voluntary tax and while that is being received the compulsory taxation which the rest of the community has to pay is not as high as it would otherwise be. I am wondering what your comments are in relation to that?

**Mr TAYLOR** - I won't disagree with that but I disagree with Tasmania not getting the benefit and Tasmania should be capable of administering the gaming machines. Steps should be taken to see that it's also curtailed. That's important.

**Mr SQUIBB** - Any further questions?

**CHAIR** - Perhaps as a final comment I have noted on your first submission a comment that you suggested that legislation should be enacted to allow municipalities to levy a high annual fee on each machine and funds raised should be used for the community's benefit. Are you aware that there is a community benefit fund - it is called the Community Support Levy - that is funded by the revenue or part of the revenue that goes to government from the gaming machines?

**Mr TAYLOR** - Yes, is it of any substance?

**Mr SQUIBB** - Rarely not fully expended.

**CHAIR** - Yes, it's somewhere about \$2.3 million. I won't be absolute on that. I'm not positive. I haven't got the figure in front of me. But it is a reasonable amount and people make application three times a year I think it is. One set of applications has just closed and various community groups, including Anglicare and associated people who look after persons with problem gambling and other issues, are able to submit to that fund. But it's a small percentage of the total revenue so that perhaps would negate your comment there because it's probably already happening or are you suggesting that local communities in themselves should have an opportunity of expending those funds?

**Mr TAYLOR** - The Brighton Municipality I think was not going to have gaming machines. Again, I suppose it infringes on what is now emerging as this wonderful competition council -

**CHAIR** - National Competition Policy.

**Mr TAYLOR** - Yes, that they couldn't levy poker machines in their area.

**CHAIR** - I don't know but I think you're probably right.

**Mr TAYLOR** - I think there are enough people wanting to see it contained or somewhat curtailed. If the public could see that revenue went to specific programs - a hospital or a school or other facilities that are needed - people would regard it in a better light and wouldn't be so anti it.

**Mr SQUIBB** - That in fact is happening. There's a stage to the degrees in it. What you are saying is that it ought to be more transparent. The \$70 million or whatever it is that the Government receives from revenue would be used to fund schools, education and hospitals.

**Mr TAYLOR** - Not the spread of the Farrell enterprise.

**Mr SQUIBB** - Well, whether it be the Farrells or whether it be somebody else - in New South Wales I think the machines are actually owned by the establishments, not by an overall body, but even so that establishment gets the profit from it - or a share of the profits, the rest goes to the Government of course in the way of taxation which happens here so that is no different. What I am saying is, and I guess it goes back to the point I made earlier about whether we have voluntary tax or an involuntary tax, that money that the Government receives from gambling revenue, whether it be gaming machines or the TOTE or whatever - well not so much the TOTE but gaming machines and other forms of gambling - helps it to provide its public and social services. It is happening. What I understand you to say is that it ought to be more transparent so that people can see that the profits from these gaming machines are in fact being used to fund the local hospital.

**Mr TAYLOR** - It's still an evil really. It still needs to be contained and have less effect but the revenue should go to where it's transparent. If the State Government can run the TOTE why can't it run gaming machines? All right, first up it was a risk, nobody knew what was involved probably, but they did. I was in the casino in Hobart years ago and I heard four or five high pressure people - I think one was an American - talking and I overheard a conversation about how much you can get per square metre of floor space for the machines. They were talking like building surveyors. I mustn't waste any more of your time.

**CHAIR** - Have you any closing comments or have any committee members further questions?

**Mr SQUIBB** - The comment in relation to the ban on advertising. You say in your alternative submission prohibit all advertising and giveaways. Do you mean all advertising so that there's no advertising on the television, the radio, the newspaper or on signs outside the establishment?

**CHAIR** - And you are suggesting that that would have a benefit?

**Mr TAYLOR** - Yes.

**Mrs SUE SMITH** - New South Wales have just introduced restrictions so there is no advertising and they have limited their giveaways and prizes that can be won to a maximum of \$1 000 whereas last year you might have won a car in an establishment or whatever. Are we to interpret from your submission that you are suggesting we follow something of a similar vein?

**Mr TAYLOR** - Yes, I suppose, in my bigoted way. The other problem is that you have these outlets who went into gaming and some have had the machines taken away -

**Mr SQUIBB** - Why would that - sorry, I will come back to that.

**Mr TAYLOR** - I think administrative or control problems. A few premises have lost them. Probably the volume is not there.

**Mr SQUIBB** - So there's a financial consideration -

**Mr TAYLOR** - They haven't had the option. Federal Hotels have said, 'We're taking them away'. But if you look at alternative hotel facilities some of them struggle, it's not an easy business. It's been made harder by give-aways of cheap meals and all these gimmicks that the gaming houses are doing, so you're downgrading the alternative facilities.

**CHAIR** - Gaming houses, are you talking about casinos?

**Mr TAYLOR** - No, the hotels and clubs with gaming machines.

**CHAIR** - Okay, you're talking general.

**Mr TAYLOR** - Yes, general comment. So the alternatives away from gambling are finding it hard to provide services.

**CHAIR** - Do you think limiting of the advertising and giveaways or the prohibition of advertising and giveaways would give a better opportunity for a more level playing field for those persons that don't have them in there facility?

**Mr TAYLOR** - Yes.

**CHAIR** - Okay. John, thank you very much for that, it has been very informative. Thanks very much for coming before the committee. We will be very interested to read in detail and take in the comments that you have made.

**Mr TAYLOR** - Thank you. I'm sorry my thoughts are a bit jumbled.

**CHAIR** - I think they came out beautifully. It's a nerve-racking experience sometimes to sit before a group of people and get started, but we're very friendly.

**Mr TAYLOR** - Thank you.

**THE WITNESS WITHDREW.**