

**EDUCATION AND HEALTH
STANDING COMMITTEE**

**INQUIRY INTO THE ADEQUACY AND APPROPRIATENESS OF
PREVENTION AND TREATMENT SERVICES FOR ALCOHOL AND
ILLCIT DRUG PROBLEMS IN WESTERN AUSTRALIA**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 8 SEPTEMBER 2010**

SESSION TWO

Members

**Dr J.M. Woollard (Chairman)
Mr P. Abetz (Deputy Chairman)
Ms L.L. Baker
Mr P.B. Watson
Mr I.C. Blayney**

Hearing commenced at 10.01 am**HOGAN-SMITH, MR PETER DAVID****Venue Manager, Belvidere's Bar, Bistro and Bottleshop, examined:**

The DEPUTY CHAIRMAN: On behalf of the Education and Health Standing Committee, I would like to thank you for your interest and your appearance before us today. The purpose of this hearing is to assist the committee in gathering evidence for its inquiry into the adequacy and appropriateness of prevention and treatment services for alcohol and illicit drug problems in Western Australia. You have been provided with a copy of the committee's specific terms of reference. At this stage I will introduce myself and the other members of the committee present. I am Peter Abetz, I am the deputy chairman of the committee; Peter Watson, the member for Albany; Ian Blayney, the member for Geraldton; and Lisa Baker, the member for Maylands. We also have Kelly from Hansard, and David Worth on this side.

This committee is a committee of the Legislative Assembly. This hearing is a formal procedure of the Parliament and commands the same respect given to proceedings in the house. Even though the committee is not asking you to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of Parliament. This is a public hearing and Hansard will be making a transcript of the proceedings for the public record. If you refer to any document or documents during your evidence, it would assist Hansard if you could provide the full title for the record. If there is anything you want to say off the public record, indicate that and anyone in the audience will be asked to leave and it will not appear on the public record. Before we proceed to the questions we have for you today, I need to ask you a series of questions. Have you completed the "Details of Witness" form?

Mr Hogan-Smith: Yes.

The DEPUTY CHAIRMAN: Do you understand the notes at the bottom of the form about giving evidence to a parliamentary committee?

Mr Hogan-Smith: Yes.

The DEPUTY CHAIRMAN: Did you receive and read the information for witnesses briefing sheet provided with the "Details of Witness" form today?

Mr Hogan-Smith: Yes.

The DEPUTY CHAIRMAN: Do you have any questions in relation to being a witness at today's hearing?

Mr Hogan-Smith: No.

The DEPUTY CHAIRMAN: Would you please state your full name and the capacity in which you appear before the committee today.

Mr Hogan-Smith: Peter David Hogan-Smith. We have Belvidere's Bar Bistro Bottleshop, which is a tavern in Belmont. We do both on and off-premises activity, food and we have a TAB facility. I work with my wife and I have the advantage of sleeping with the boss at the same time!

The DEPUTY CHAIRMAN: Peter, do you want to open with a statement or do you want us to ask questions straight off? Perhaps you could paint a little picture of the kind of business you run.

[10.05 am]

Mr Hogan-Smith: If I may, that would be good. It would be helpful to everybody.

Like I said, I work for my wife. We have a fully operating tavern that is an older-style bistro. My wife bought it in 1996, having worked there for five years prior. We entered into major renovations and took on more premises. We hired a bobcat and had the pleasure of knocking down walls and rebuilding the tavern. The renovations were completed in 2004. At that point we were probably doing about five to six times the turnover that we were doing prior to the renovations. We employ 23 people; that will give you an idea of the size of our operation. We are considered to be a medium-sized tavern as far as our understanding of the hotel and liquor trade.

Mr I.C. BLAYNEY: What suburb is it in?

Mr Hogan-Smith: The tavern is in Belmont, near the border of Redcliffe. We are not the Belmont Tavern. We are about halfway between that and Perth Airport. We are bordered by four major roads. Between 15 000 and 16 000 people live in that area. Looking at ABS data for the 2006 Index of Relative Socio-Economic Disadvantage, Belmont was second lowest with a score of 964.7, with Kwinana being the lowest. Having talked to the council, it is our understanding that there is roughly 12 per cent unemployment in the area. The police have told us—again, I can only go by what we have been told—that it is part of a high-risk crime area. We have experienced just about everything that could be experienced. We recently incorporated CCTV in the shopping centre. We have it internally. Since that time it has been a pleasure to watch those who have been causing all the problems being caught. When the former Director of Liquor Licensing, Hugh Highman, visited us in 2000, he told us that our tavern was a little bit of country in the metropolitan area. That will give you an understanding of the style of our property. We run it in the old-fashioned way in that we like to know our customers. We like the environment to be pleasant at all times. In 2005 we won the AHA award for the best renovated hotel/tavern in WA. We consider ourselves to be well placed and reasonably efficient in our running of the tavern. We have modern premises. Looking towards the community around us, we are coming into a standard or an uplift both because of our location and also because we are only eight kilometres from the CBD. There will be a natural organic growth from that.

Given that the tavern is only three kilometres from Ascot Racecourse, we are fairly closely associated with the racing industry. Many trainers, racing identities and members of the racing fraternity use our facilities. Because of that, we are busier on race days. In terms of local employment—again, going by ABS data—something like 24 per cent of people in Belmont are employed within the Belmont region. Belmont is going through a lot of organic change and a lot of light industrial/retail activity.

In terms of competition, we compete with three local bottle shops and three taverns, which are also active bottle shops. Fortunately at this stage there are no Dan Murphy's or 1st Choice Liquor Superstores in close proximity, but we are halfway between the Midland, Morley and Victoria Park, and these days we could include Kelmscott. We are seeing a lot of changes in the industry. I was not a part of the industry until 10 years ago. The past 10 years have been one hell of a ride and I think the ride will become quicker and a lot more interesting as times going on.

Ms L.L. BAKER: Are you a member of a buying group?

Mr Hogan-Smith: We are part of the Bottlemart group.

Mr P.B. WATSON: Their ads have that crazy guy with the thing on his head.

Mr Hogan-Smith: Yes.

Mr P.B. WATSON: That is good advertising; it got my attention.

Mr I.C. BLAYNEY: Are Bottlemart's colours yellow and blue?

Mr Hogan-Smith: Yes.

The DEPUTY CHAIRMAN: In the 10 years that you have been in the industry, would you say from your perceptions of what happens in the tavern community that alcohol problems have become worse? How would you assess it?

Mr Hogan-Smith: The alcohol problem is probably the same; I do not think it has increased. However, the mixture of drugs and alcohol has certainly increased. There is a telephone box directly opposite the tavern. We have tried to get rid of it a number of times. Apparently it is Telstra's most profitable telephone box in the metropolitan area, and we know why. The police told us that as of about two months ago there are now very active drug houses within a kilometre of our tavern. It is active from that point of view. That tends to go along with ABS unemployment data. It is like a mini-community that represents the whole of the community of WA.

Ms L.L. BAKER: Have you had to make any changes to your trading practices because of the antisocial behaviour that sometimes erupts near your tavern as a result of the exchange of drugs or as a result of drugs and alcohol being consumed? For example, have you had to change your opening hours?

Mr Hogan-Smith: We do not do anything before 10.00 am. If the tavern has entertainment or a specific function, we go through until midnight. In terms of antisocial behaviour, when the weather is fine there is a growth in the lower socioeconomic population. However, in the main CCTV has stopped a lot of antisocial behaviour. The fact that they can see the cameras in our little area of the shopping centre has helped. It seems to have moved further afield. I think it still happens in the area.

The DEPUTY CHAIRMAN: Do you think the number of alcohol outlets in your area or in the Perth area generally is an issue?

Mr Hogan-Smith: That is a vexed question. I think we have to look at that issue beyond the number of outlets. There has been a lot of modernisation. There is a greater delivery of alcohol into the area from outside the area. There is a lot more discounting of alcohol than there was when I started in the industry. There has always been a lot of competition in our area with the three bottle shops. They are less than two kilometres apart. Beyond that there is a fourth one. Competition has always been great. Between 1998 and 2004—this might surprise you—sewerage work in the area was completed. A growth in population enabled many of the existing bottle shops to expand, which was approved by liquor licensing. It was a very costly exercise. In terms of the changes, we are seeing more internet selling and things of that nature. There has also been a growth in clubs, wine clubs, in that period as well.

[10.15 am]

The DEPUTY CHAIRMAN: The wine clubs—yes.

Mr Hogan-Smith: It seemed to be a lot wider than wine clubs.

Ms L.L. BAKER: Can I ask you a question while you are looking for that piece of paper?

Mr Hogan-Smith: Sure.

Ms L.L. BAKER: It is on the same subject about the discounting of alcohol that takes place, Peter, particularly with some of the big chains that are emerging, we see a lot of fairly savage discounting below wholesale at least. It has been put to us that that is a concern, particularly around people who are a bit vulnerable. Do you have any comments to make about that in relation to the clients that you have seen, or the industry and how you have seen it develop over the years?

Mr Hogan-Smith: There has been a shift away from the use of licensed premises. It has got the point where, again, it is reasonably anecdotal but I think reasonably accurate to say that there is 80 per cent off-premises and about 20 per cent on-premise now. That is brought about by the discounting and the mobility of people now to be able to go from place to place. Part of discounting is the larger, more wholesale style of operations, the likes of Dan Murphy's and 1st Choice, but part

of it is also I think us trying to compete against it. We have a spike below the recommended of anything up to about 15, 20 per cent on the sale price on some products, which is a bit crazy; we cannot afford to do that. So there is a lot of support coming from the supplier as well to enable us to do that because they know that without us, the industry will end up in a monopolistic type of situation and all of a sudden the prices will go up and they will lose whatever leverage they have to be able to negotiate with the likes of Coles and Woolworths. Remember that the Coles and Woolworths experience at the level that we are talking is only about three years into it now, so between that and, if I can just show you that, that style of thing which has now entered the marketplace, it is quite interesting that —

The DEPUTY CHAIRMAN: Just for the record, this is the Malaga home delivery weekly specials with prices next to it and you can just order and then they deliver it to your home.

Mr Hogan-Smith: Correct.

Mr I.C. BLAYNEY: Would they actually have a licensed premises?

Mr Hogan-Smith: Yes, and you have to pay by credit card prior —

Mr I.C. BLAYNEY: Of course, yes.

Mr Hogan-Smith: — which complies with the way that the liquor licensing act is written at the moment.

Mr I.C. BLAYNEY: So what would you see as, if you like, the societal effects of this sort of dial-your-grog sort of thing and it gets delivered?

Mr Hogan-Smith: The societal effect—I think some of the prices there are pretty sharp and they have —

The DEPUTY CHAIRMAN: Like the Strongbow for \$39.99 —

Mr P.B. WATSON: What do you pay, Pete?

The DEPUTY CHAIRMAN: I do not drink so I would not know. Would that be a very heavily discounted price?

Mr Hogan-Smith: No, that is not a heavily discounted price. There are a couple in there that are.

The DEPUTY CHAIRMAN: Would you want to perhaps highlight some?

Mr P.B. WATSON: It is mainly the cartons.

Mr Hogan-Smith: Yes, it is mainly the beers; the VB stubbies and Hahn Light would be the two —

Mr P.B. WATSON: Just looking at those prices there, the ones that you have done, the VB stubbies are \$37.99. What would it cost for you to get those in a carton?

Mr Hogan-Smith: Around about \$36.

Mr P.B. WATSON: And the Hahn Light is \$27.99.

Mr Hogan-Smith: It is around about the \$26 mark for us to get it in.

Mr P.B. WATSON: So they are obviously buying huge amounts and getting discounts on it.

Mr Hogan-Smith: Yes, but if it goes anything like Con's Liquor, probably within about four or five years' time that will be a Dan's or a part of one of the major chains. If they see the success of something, they tend to jump on it and grab it.

Mr P.B. WATSON: So is the real concern for you working for a tavern owner that all these people are able to sell it cheaper than you can buy it? Is it going to push people like you out of the market?

Mr Hogan-Smith: Yes, in a sense it will. It will reduce our level of service in that particular part of our operation, which we then have to compensate and build up in other areas of our operation. We are fortunate that as tavern owners we have those other sources of revenue stream, so it is a matter

of juggling where we put whatever moneys that we have available, but a specific locally-based bottle shop, yes, it would have problems.

Mr P.B. WATSON: So in a tavern situation you have laws whereby once people have drunk too much you can send them home, but when you get a situation like this, people can get all these cartons and just drink and drink and drink and no-one can have control of how much they are drinking because they do not even have to go out of the house. That would have to have a social effect down the track.

Mr Hogan-Smith: No. I have to come from two sides on this one. If you are a responsible person, you are not going to drink to excess anyway, not at home; you may if you are having a party at home. I find it difficult to have a drink by myself, put it that way; I need someone with me before I can have a drink. If I sit down and I want to have a session, I have to have more than one person with me. Even at a session—it is probably something to do with my age—I cannot handle too much grog anyway; I tend to go to sleep on it.

Mr P.B. WATSON: So in a situation in which they have the alcohol at home, they would bring their friends around to the house so then it affects the neighbours, the whole street, police are involved —

Mr Hogan-Smith: That stuff you have there is five per cent; that stuff is not really your impact stuff.

Mr P.B. WATSON: I am just thinking the social effect is that if people start drinking in their houses, being members of Parliament we would all get neighbour issues and a lot of them are alcohol-fuelled parties. The amount of time we spend on those is unbelievable!

Mr I.C. BLAYNEY: How about the other way? Are there some in there that you have looked at the price and went, “Hmm, they’ve got a nice margin on that” or are they all discounted?

Mr Hogan-Smith: No, some of them are—there are levels at what we sell. They are certainly not the worst in terms of discounting. They are nowhere near the worst. They have additional costs: the cost of meeting a credit card payment, for instance; then you have your delivery service; and then you can imagine the mechanics of something like that coming out of Malaga.

Ms L.L. BAKER: If there was a rule in place that stopped discounting below wholesale, would that be a good thing or a bad thing?

Mr Hogan-Smith: That would be a great thing, but where would you find it?

Ms L.L. BAKER: Do you think that the industry would support it?

Mr Hogan-Smith: We would be crazy not to support it, but how you would get it into place I am not sure. Another issue from the industry side is that there is a thing called parallel pricing or parallel import. An example of that is for about the past three or four years Fosters has been fighting against independents on the import of Corona from other parts of the world. They do not come in the same bottle; they come in a similar looking bottle. The stuff that is for Australian consumption has a different top on it and it is packaged differently and Fosters has this licence for selling it throughout Australia. But some operators have been bringing in container loads of it in brown boxes, ripping the boxes off, putting the label on to show that they are the importers—which is obviously complying with the import regulation—but their price to import it is a lot cheaper than what we can buy it for from Fosters. They have had issues with that for a long time. There is a lot of other product that there are issues with as well.

Ms L.L. BAKER: So how do you set the wholesale price, then? It is an interesting point.

Mr Hogan-Smith: And then you are up against a lot of federal free-trade sort of legislation.

The DEPUTY CHAIRMAN: One of the issues that you drew to my attention some time ago in my electorate, I think, was a 750 ml bottle of wine for \$1.99 or something like that, which means that

the standard drinks become incredibly cheap. It is 24c for a standard drink compared with, say, mid-strength beer which works out at \$2.10 per standard drink, so there is quite a difference there.

Mr Hogan-Smith: This is where I see a real issue. I sent this through to Peter not realising what this committee was about; it was more to alert him to something that was potentially going to be an issue in a health sense if it continued down the track. I think this is more to do with comparing it to what happened with alcopops and what happens with the price of beers.

Mr P.B. WATSON: Peter, can I just ask you about alcopops? When they were brought in, did you find that more people were coming in and buying a full whiskey and a coke to go with it?

Mr Hogan-Smith: Yes.

Mr P.B. WATSON: So are they actually drinking more?

Mr Hogan-Smith: They are drinking an unregulated amount; that is the issue. Whether they are drinking more or the same, I could not answer that. But drink spiking and all that sort of thing and where alcopops—I understand the reasons why the federal government did what it did there. The way it did it, I disagree with; bringing it in overnight and not replacing it with something of an educational style did not help where we were situated. But the big issue is that I see kids now out there swigging the 750 ml bottle of something like 33 per cent alcohol and then trying to follow it down with a bit of coke.

Another issue that I have noticed is the use of No-Doz, which you can buy at a garage. It was a real shock as the actual impact of No-Doz with guarana and those sorts of things is quicker and a lot more damaging than what alcohol is because people are up there and they are trying to dance and then they are fatiguing themselves and going into mental burnout a lot younger than what you would do sitting down with the old style of drugs that wear off. This stuff builds up and stays in your system until it goes gonk and stops. It can go for something like 14 hours, so if they are at a rave or a nightclub or wherever on that stuff, they are just not going to stop, the natural body functions just stop, but this thing keeps the body driving on.

The DEPUTY CHAIRMAN: Are you happy for us to receive this as a supplementary submission?

Mr Hogan-Smith: Yes.

The DEPUTY CHAIRMAN: This is an email dated 7 July 2010. We will accept it as a supplementary submission.

Mr I.C. BLAYNEY: I asked the minister about changing the taxation basis, as in the Henry review, where you are taxing the alcohol content. My guess is that where they are selling a bottle of wine for \$1.99, they would not be making much money on that would they?

Mr Hogan-Smith: I do not know how they can do it. I do not know how you could bottle the stuff.

Mr I.C. BLAYNEY: If a government went into the issue with the mindset that basically we are going to increase the cost of alcohol a fair bit, particularly that bottom end, and we are almost going to just price it out of the market, if you like, to get rid of that sort of stuff, how would that affect your business? I would have thought that the more people are paying, the better your margin is going to be.

Mr Hogan-Smith: We work off two factors from pure economics; one is the yield and the second is the turnover. The yield, hopefully, is not that great that you are stopping your turnover. There is a bottom end to what I would see as being sustainable, particularly the sale of wines. I would have thought that somewhere around about \$5 as far as a sale goes would be the minimum. You have to remember that the average person is looking for a wine to consume to enjoy, not to keep a condition going worse. With our bistro, I am always amazed because we charge something like about \$23 for a bottle of wine or about \$5.50 for a glass of wine, and the meal will cost only something like about \$15; people are happy to pay more for the wine than they are for the food.

Mr P.B. WATSON: It has always been the case. I used to work in a bottle shop in North Perth many years ago. People would come over and get a bottle and they were charged twice as much in the dining room for the price of the bottle and people did not mind because, as you say, the meal was cheaper.

Mr Hogan-Smith: I have never been able to understand the logic of it but that is our style and it seems to be the way all throughout the world.

The DEPUTY CHAIRMAN: Is there any evidence of bottle shops selling below cost?

Mr Hogan-Smith: It is not sustainable.

The DEPUTY CHAIRMAN: But it is happening.

Mr Hogan-Smith: If you have a product close to code and you need to move it, certainly, you would move it with whatever idea, grab the dollar and reinvest it.

The DEPUTY CHAIRMAN: Sure, but with some of those cleanskins for \$1.99 in Southern River that you drew my attention to, the bottle shop would not have been able to purchase them for \$1.50 each surely?

Mr Hogan-Smith: I cannot say how that supply was gained. From time to time I can jump on the net and go on to a couple of auction sites and I can buy wines very, very cheaply. There are times when I know that there are wines prepared and produced for export, which for some reason the contract is not fulfilled, that come on to the market over and above the existing supply of wines and therefore they have to move it quickly. Whether they are moving that at a loss, I could not say.

Mr P.B. WATSON: Are these Western Australian wines at \$1.99?

Mr Hogan-Smith: It is hard to say.

Mr P.B. WATSON: Because if they are freighting them from over east, it is even more scary, is it not?

[10.30 am] [12:29:29 PM](#)

Mr Hogan-Smith: That \$1.99 was in Dan Murphy's. Presumably, if Dan Murphy's has a supply of that, 1st Choice would have it too. It would not necessarily go to BWS or Liquorland because my understanding is that they are trying to make their business more complementary to food or to a shopping centre-type environment. They have bigger cost factors to them and a lower turnover but the same staff costs. I could not see that being in too many outlets. If Dan Murphy's in Southern River has it, I would say that Dan Murphy's everywhere would have it, if that is a help; they do not just do one thing for one store.

The DEPUTY CHAIRMAN: You mentioned, Peter, that your business establishment was medium sized. What does "medium size" mean in the industry? How many millions in turnover would there be each year, roughly?

Mr Hogan-Smith: Can I talk about that in camera?

The DEPUTY CHAIRMAN: Sure.

[The committee took evidence in closed session]

[10.32 am]

The DEPUTY CHAIRMAN: Do most taverns or bottle shops sponsor local sports clubs? In your case, do you sponsor the local Belmont footy team?

Mr Hogan-Smith: We sponsor soccer, baseball and cricket. We also have a bit to do with P&Cs. A lot of it is done informally. If a local P&C or a local organisation rings up and they are doing something for fundraising activity to do with the local community, we would be part of that.

Mr P.B. WATSON: How do you sponsor them?

Mr Hogan-Smith: Normally we ask them what they want.

Mr P.B. WATSON: So it is not alcohol?

Mr Hogan-Smith: If it is something to go into a basket, yes, it is alcohol. We let them come in and they can choose what they want. With the sporting clubs, we normally sponsor them with a \$25 meal voucher or something that they can give that is associated with the tavern but is not necessarily something to do with the alcohol aspect of it. We bear the kids in mind. If a P&C came to us and asked for something that was for sports jumpers for the kids, and they asked us to put our name on it, we would not put the name of the tavern on it; we would put the name of the bistro on it or we would tell them that we would put a keg on the bar and they could keep the proceeds of the keg. Only the adults, or people over 18, would get to find out what we are actually doing. We do not want the kids to be involved in that in any form at all. I think that would be the same with just about every tavern or hotel.

The DEPUTY CHAIRMAN: That is interesting. What are your thoughts about the advertising of alcohol? In 1992, the French government banned all forms of alcohol advertising. Alcohol advertising is a fairly significant part of the advertising in Western Australia and Australia. The brewers and other alcoholic beverage companies sponsor sporting events. What are your thoughts on that in terms of how that contributes to the issue of overconsumption?

Mr Hogan-Smith: You are assuming that there is an overconsumption. I am not sure whether overconsumption is happening. There are people who are utilising advertising to buy sharper. They would rather pay \$5 for petrol than pay \$5 more for a carton of alcohol, without realising what they are doing. I think there is a fair amount of that happening. Generally, I do not think advertising is working well for the liquor industry. I think that all it is doing is changing where people shop. Woolworths and Coles have done a great job by using the magazine that they stick into people's letterboxes. They put their grog in among the food so that it has become just another product that you go and pick up at the supermarket. From that angle, I think that has been smart.

Mr I.C. BLAYNEY: It is almost like it is a necessity.

Mr Hogan-Smith: It has become that, yes. I do not like that sort of advertising, obviously, because I am not part of Woolworths or Coles. Another issue we have in WA—I will come directly back to your question in a moment—is that we are getting to the point at which there is a lot of corporate interest in the sale of alcohol and we have lost the community interest. We are part of the community that we serve, and we are interested in what our people are capable of doing and we can talk to them about what is happening to them. The corporatisation is creating a problem. The advertising on television that we do through the Bottlemart group, I hope, is more about awareness of where the outlets are. We can then get the opportunity to use the activity at the bottle shop to get those people in-house and into a controlled environment. That might sound a bit exotic, but that is what we try to do. I do not think that the advertising of events is a real issue because, generally, it does not come down to a product. If it is a product, they are generally talking about that product being at a bar and not necessarily something that can be taken home. The breweries are very smart about the way they go about it. I think they have seen what happened to the smoking regulations and I do not think they want to follow suit. The advertising we do in terms of localised advertising—again, this must be brought into the mix—is letterbox drops that are generally about our in-house activities. We might make people aware that we have a bottle shop by using a product which is probably within the top two or three per cent of what we sell but which is worth about \$45 or \$50. Hopefully, it is pitched at a level so that all we are saying to the people from a lower socioeconomic community or who have a problem is that we have a bottle shop and when they come in, we can assess, under the responsible service of alcohol, whether or not we will serve them. We try to use advertising as a benefit to us but not in a way that will create an issue within the community. There is some advertising—why in the heck would you sell a bottle of wine for \$2?

Ms L.L. BAKER: Why would someone drink it?

Mr Hogan-Smith: There is only one reason why someone would drink it. Having said that, if you were a smart club manager, you would buy it.

Mr I.C. BLAYNEY: And sell it for \$10.

Mr Hogan-Smith: You could sell it across your bar. It is cheaper to buy than a cask.

Mr I.C. BLAYNEY: It is cheaper than milk.

The DEPUTY CHAIRMAN: Do the liquor licensing inspectors come out to your premises reasonably regularly? How does that work? What do they look for?

Mr Hogan-Smith: They look to see that all our staff have their certification for the responsible service of alcohol and they look to see that we have all our appropriate signage up and around the tavern. They growl, as they tend to do, because they are either coppers or ex-coppers!

Mr P.B. WATSON: How do the police go regarding the licensing?

Mr Hogan-Smith: We are fortunate because we get on very well with the local police. We rarely have issues, which helps us. When they come out, they say, “We didn’t even know you were here”, and that is the way we like it. That is why we do not encourage the 18 to 22-year-olds to come and drink at our place. They can go and learn to drink somewhere else and have all their issues somewhere else, and then when they know what they are doing, they can come and see us. We are not cheap across the bar and we do not want to be cheap across the bar. We are not cheap with our food either. We like to make it a good family-type experience. We geared the whole of our rebuild so that we looked after the whole family. We turfed out those people who were giving us a hard time prior to the redevelopment. That was generally the blue-singlet mob who liked to look at something behind the bar.

Ms L.L. BAKER: Skimpies.

Mr Hogan-Smith: Yes.

Ms L.L. BAKER: You still have a few around the place at Belmont.

Mr Hogan-Smith: There are at one or two taverns. I think that has its place.

Mr I.C. BLAYNEY: How do they go yield wise? Are they good customers as far as money goes?

Ms L.L. BAKER: The blue singlets, not the skimpies.

Mr Hogan-Smith: They were, but when we did the redevelopment, we were very conscious of the fact that the majority of the customers that we had during the day were retirees. Of a night it changed and it was something like 95 per cent male and five per cent female. We deliberately set up the place to try to get a mix of 50–50, and that is where food became important to us. We still have to find another form of entertainment in some way that will keep that type of patron there. We have not been successful at that. We have tried music, bands and Foxtel. We know that the TAB is very successful within that grouping. I do not necessarily subscribe to the view that pokies are good or are something that we should have, but we do need another form of entertainment to make the place more relevant and to bring some of those drinkers who are drinking at home back into the controlled environment. It would be nice to be able to find whatever that is, because I do not know what it is.

Mr I.C. BLAYNEY: The TAB is interested in a horse racing machine. Have you heard about that?

Ms L.L. BAKER: How do you get the horses into the machine?

Mr I.C. BLAYNEY: It is an electronic race. People put in the coins and watch the horses race.

Mr Hogan-Smith: There was a lot of talk about keno at one stage. It is a bit like bingo, but the people who play that are the older demographic; it is not the young people. If we are to be relevant in educating people about alcohol, we have to find entertainment for the younger people. The younger people are still going to Northbridge and getting into blues and all of that sort of stuff. We

know that there are a lot of blues at the casino. I would hate to say it, but there are some people from Belmont who are there because we are only four or five kilometres from the casino.

Mr I.C. BLAYNEY: What do you mean by blues?

Mr Hogan-Smith: Fights and ejections.

Mr I.C. BLAYNEY: It is not the music-type blues?

Mr Hogan-Smith No. We are going to try Sunday afternoon events to see whether that makes any difference to us. The simple answer is that we need different entertainment to try to bring people back. It is a challenge, but I think it is a challenge that is worthwhile picking up on. All hoteliers are looking at it individually. We would not go near the AHA and tell it what we are doing, mainly because it is a lobby group. It is great in the atmosphere that is way above the operating level, but when it comes to operations, they do not have the experience or knowledge throughout the world of where we can actually go and source this. Maybe it does not exist. Maybe home is the place where alcohol is going to be consumed in the future.

Mr I.C. BLAYNEY: One thing that I have seen in places is an indoor kids playground, believe it or not.

Mr Hogan-Smith: That is associated more with the food aspect and is more along the lines of serving coffee for the mothers who come in in the afternoons. If there were kids in there at 10.00 at night and mum was still at the bar, a lot of questions would be asked about the responsibility of the owner of that property.

[10.45 am]

The DEPUTY CHAIRMAN: Your liquor licence specifies, I assume, the times you are allowed to be open.

Mr Hogan-Smith: It gives us our maximums; we could open at 6.00 am and we can close at midnight.

The DEPUTY CHAIRMAN: That is a standard licence.

Mr Hogan-Smith: That is a standard licence.

The DEPUTY CHAIRMAN: If you wanted any changes to your liquor licence, is that very costly?

Mr Hogan-Smith: If I wanted to get an extended trading permit, yes, it is quite costly. I have to circulate a letter 100 metres in all directions. I would have to bring in security. We do not use crowd controllers. If we cannot talk our way out of an issue, then we have done our job very badly. We have got to do demographic studies and go through quite a ponderous sort of proposal. Liquor Licensing is not quick in response to that. They go to literally every authority to check it out. I think in a lot of ways Liquor Licensing is less commercial in what it is doing, but that is a different issue to what we are talking about here today.

The DEPUTY CHAIRMAN: In trying to run a responsible venue, the 6.00 am to 12.00 pm you believe gives you plenty of scope for trading?

Mr Hogan-Smith: Yes, for us. We are in a residential area. We are mindful of our neighbours. It would have to be some exceptional reason for us to want to go beyond that. There is allowance within the existing regulations for us, on special nights like New Year, to open, I think it is, until two o'clock. We do not do it, so I have not had to look at it recently. But again, we are mindful of the neighbourhood.

The DEPUTY CHAIRMAN: If there was one initiative that you could tell the state government to take to try to reduce the alcohol problem in the state, what would it be? Do you have any ideas?

Mr Hogan-Smith: I think more education. I think it is too late when a person turns 20 or beyond that; habits are already crystallised. If you are going to get to a person, you have got to get to the

person between 16 and 18, because generally they are seeing it. If they are involved in a sporting club, they are certainly seeing the other 18s doing what they are doing. Hopefully, they are not necessarily allowed to be involved in it. I still do not think there is anything wrong with having a drink at home under the supervision of a parent, provided that parent has sufficient knowledge or sufficient resource to refer to and is saying what it is in a responsible way. I think it goes back to just the basic fundamentals. I used to have a drink with my dad when I was six years old in a Vegemite glass. I tasted beer when I was seven. It tasted yuck, and I never went back to it until I was 18. So it is not a bad thing, I think —

Mr I.C. BLAYNEY: It is probably a common experience.

Mr Hogan-Smith: It is a common experience, but if you take the way that it is being put across at the moment, it is a no, no experience. It has been castigated as an experience.

Mr P.B. WATSON: It put me off. I hated the taste. The first one I had put me right off.

Mr I.C. BLAYNEY: My kids are the same.

Mr Hogan-Smith: Yes.

The DEPUTY CHAIRMAN: Is there anything else you would like to say just to sum up? I think we have covered most of what wanted to cover. Are there any other questions?

Mr I.C. BLAYNEY: There is only one thing. The government has stopped cigarette sellers from having banners of the brands on the outside of their premises. If they did a similar thing to alcohol, do you think it would have any effect?

Mr Hogan-Smith: Yes, it would. I think it would have very much a detrimental effect because you would be getting the people, now with the knowledge that they have got of where to go, out of their area and getting them to travel. Because even looking at it as a generational change, I do not think that people are going to go away from alcohol. When we go on holiday the first destination we think of is Bali. What do you do when you go to Bali? It is party, party, party. They are very, very strict on drugs, which is something that maybe we could take a lesson from, but when it comes to alcohol it is pretty much open slather, which creates their set of problems. I am not subscribing to the idea that that is the way to go. But in terms of trying to change a culture, I do not think you are going to be able to change it. With cigarettes, I cannot understand why someone did not just take the knife out and just cancel the whole bloody thing—just make it an illegal product.

Mr I.C. BLAYNEY: It is very hard for people to give it up.

Mr Hogan-Smith: But then, arguably, we want them to give it up. If we are going to change in a generational way, at some point in time you have got to do it.

Mr P.B. WATSON: Peer pressure.

Mr I.C. BLAYNEY: Even Lee Kuan Yew did not do that!

Mr Hogan-Smith: I do not think that peer pressure is going to do it, because again, if you go to Bali, what do you do? Cigarettes are so cheap.

The DEPUTY CHAIRMAN: Okay. Is there anything you want to say to sum up before we close?

Mr Hogan-Smith: I saw you do this.

Ms L.L. BAKER: I was just suggesting that it might be that the reason why people stay at home drinking is actually an indicator of the success of the don't drink and drive campaign and the pressure on people. That is one aspect of it, but the other aspect is that we know a lot of young kids will stay at home and then go out later, so they will start having drink where it is cheaper and then go out, having topped up on some drugs or whatever, and keep going or whatever.

Mr Hogan-Smith: The latter part I used to do when I was a kid, so I do not think the generations have changed as far as wanting to go to a nightclub and having cheap drinks before you go. I do not

think that one has changed. The success of the drink driving campaign has impacted. I continually take people home, and I think any responsible place would, but a lot of our customers have always been within walking distance, and that is remaining that way. As the density of population grows with infill and all that sort of stuff, I think the local becomes more of a local. It is good from that point.

The DEPUTY CHAIRMAN: That is interesting. Thank you for your evidence before the committee today. A transcript of this hearing will be forwarded to you for correction of minor errors. Any such corrections must be made and the transcript returned within 10 days of the date of the letter that is attached to it. If the transcript is not returned within the 10-day period, it will be deemed to be correct. No new material can be added via these corrections and the sense of your evidence cannot be altered, but should you wish to provide additional information or elaborate on a particular point, please feel free to do that but include that on a separate sheet of paper and send that in with the transcript, and we will be happy to accept that as what they call a supplementary submission.

Mr Hogan-Smith: Could I just say one thing before I finish?

The DEPUTY CHAIRMAN: Yes.

Mr Hogan-Smith: My wife told me to let you know that for us to sell a middy across the bar of full-strength beer it costs us \$1.75. So if you compare that with what we have got by way of the prices on that list —

Ms L.L. BAKER: That is over the bar?

Mr Hogan-Smith: Yes.

Mr I.C. BLAYNEY: Is that all your costs?

Mr Hogan-Smith: No.

Mr I.C. BLAYNEY: That is just what the liquor has cost you.

Mr Hogan-Smith: Yes.

Ms L.L. BAKER: Not staff?

Mr Hogan-Smith: No.

Ms L.L. BAKER: So it is not a total unit cost.

Mr Hogan-Smith: The \$1.75 is what it costs us out of a keg.

Ms L.L. BAKER: For the liquid?

Mr Hogan-Smith: Yes. That is the reason why to buy a middy across the bar is \$4.10, which is 1.2 standard drinks.

Ms L.L. BAKER: Sorry to continue this. Even if we go off the record I do not mind. But have you got a solution around stopping cutting below wholesale price, given those trade constraints and whatnot that you mentioned? Is there a solution? How do we stop that happening?

Mr Hogan-Smith: When you talk about wholesale price, a lot of what we are seeing as being wholesale price is the supplier, who has myriad products that they are making, and selling it in the way in which they work out their wholesale price. They then group all their pricing up to say, "This is what I want to make as a profit for my organisation." Let us say if they wanted to make VB \$3—this is very hypothetical—and they wanted to bring in a light beer and put it out there at 50c, they have got the ability to do it. What we have is a scenario where the breweries have used what is now a traditional pricing matrix to build up their cost base and from time to time introduce new product and then have whatever it is within a marketing cost. Our biggest issue that we have as a tavern is that we would like to convince the breweries that it is in their interests to lower the costs of the keg beer so that we can lower our sale price to bring people back into that controlled environment—not

to the point where it becomes an issue of health. But at the moment they can go and buy a can and pay about \$2 a can, where we had to charge them double that just to have a beer of 285 and 375 mils. So it is trying to get that mix right. If we can find a way that our product comes to us in a form that we can sell in the traditional way, at a cheaper price than what it is for going out into that 80 per cent of the marketplace, then that would work I think to bring a lot more people back.

Mr I.C. BLAYNEY: Of course, I suspect that keg beer is highly profitable for breweries.

Mr Hogan-Smith: According to the breweries, no. We are sending all of our containers back. They have got to go through and clean them and start the whole process again. But according to them it is not profitable, whereas takeaways are profitable because of the economies of scale that they are able to introduce.

The DEPUTY CHAIRMAN: It is all mechanised—the beer cans, bottling and all that—isn't it?

Mr Hogan-Smith: Yes.

Ms L.L. BAKER: Thank you, Peter.

The DEPUTY CHAIRMAN: Thank you very much, Peter. It has been very informative.

Ms L.L. BAKER: It has been really very interesting—probably one of the most interesting.

The DEPUTY CHAIRMAN: I hope you did not find it too formidable to be here, but we are appreciated your coming in. Thank you.

Hearing concluded at 10.55 pm