



Mr Des Crowe
Liquor Review

15th June 2017

Investment in Devils Marbles Hotel

My two business partners and I purchased the hotel a little over four years ago now with the specific intention of becoming the best roadhouse between Alice Springs and Darwin. We employ eight staff incorporating an award winning bistro, 13 rooms, 25 caravan sites, camping ground, fuel, on-premise liquor and takeaway liquor. We're open eighteen hours per day from 6.00am in the morning. Our combined business experience in the Barkly Region spans over 70 years. In just over 48 months we have achieved the following:-

- Invested over \$600K on new accommodation, concrete, plant & equipment, signage, draught beer systems, kitchen infrastructure and a courtesy bus just to name a few.
- Received recognition from the Australian Hotels Association for Best Redeveloped Licensed Premises.
- I was invited to join the Board of the Australian Hotels Association (NT); to which I humbly accepted to represent Wayside Inns in the southern region.
- Cleaned up the front of the hotel and surrounds to the extent that we advertise free camping for weary travellers. The Water tank has been refilled (empty for years), the long grass and weeds have been slashed, the undercover rest area has been pressure cleaned and we also maintain the public toilets daily. This would not have been possible when we purchased the hotel such was the putrid condition of the area.
- Sponsored many community events such as the Tennant Creek Cup, Desert Harmony, local football players, Chamber of Commerce and Anyinginyi Health Corporation. We have also pledged a minimum of \$5,000 to the Indigenous Marathon Project (www.imp.org.au) and I will be joined the team in New York in November 2015 to see this

group of wonderful young indigenous people realise months of training and hard work.

- Installed very strict operating procedures to ensure we uphold the Liquor Act as well as the Ali Curung Elders agreement which states that we will only sell one 6-Pack of beer to one person a day. Moreover, approved Photo ID must be shown on purchase and the patron must have a vehicle to ensure patrons do not compromise the two kilometre non-alcohol zone. We simply do not allow patrons to loiter in the area.
- Won two (2) consecutive Gold Plate Awards for best food in a wayside inn.
- Our chef has just won an individual award for Best Chef in the NT.

Takeaway Grog and Our Business Strategy

It is no secret that we are in this for the long haul. Indeed I have said to many people on separate occasions (including Mr Jack Mather and Mr Andrew Cross) that all our efforts are designed to reconfigure the hotel business such that we are not so reliant on the sale of takeaway liquor.

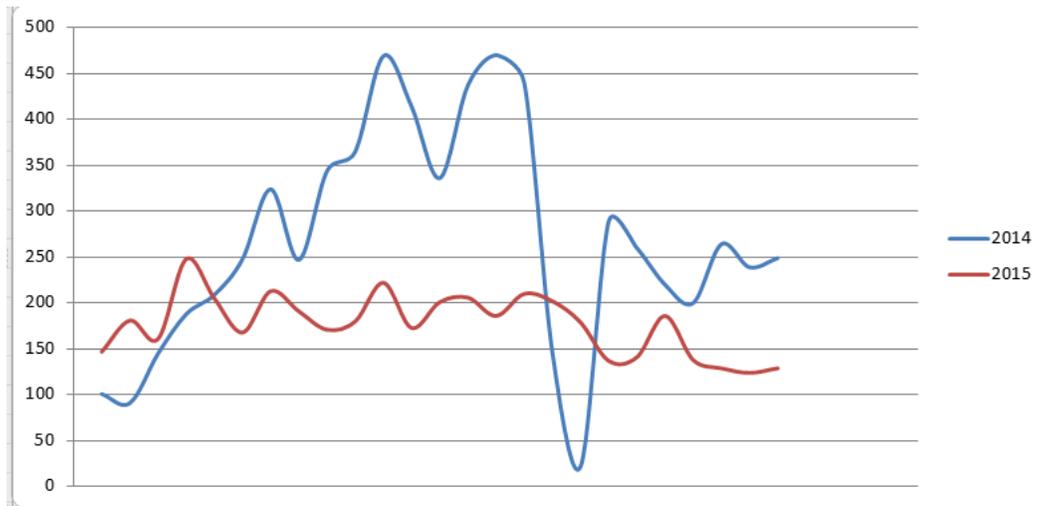
We are proud to say that we are well on the way to achieving this. Our goal is to align the business with one of the best tourist attractions in the NT (the Devils Marbles).

This is why we have spent \$600K on the premises, this is why we have changed the name to the Devils Marbles Hotel, this is why we cleaned up the front of the hotel, this is why we are so strict with sale of takeaway liquor. It is simply not in the interest of us or the community to flagrantly sell alcohol irresponsibly. As I have also said ad nauseam:-

'We didn't purchase the hotel to sell 6-packs to Indigenous People'

To this end we are proud to say that our strategy of extreme discipline with the sale of alcohol coupled with cleaning up the front apron and moving people on has achieved the desired result which is a **34% reduction** in the sale of takeaway grog year on year.

As the Ali Curung Police also know, we keep strict records of the sale of takeaway alcohol so we are able to track 6-pack sales very closely. Please observe the graph below that highlights the desired effect of our strategy. The data shows a comparison of 6-Pack sales year on year from the six months Jan – Jun 2014 (blue line) compared to the same six month period in 2015 (red line).



Alcohol Purchase Displacement

Displacement of money spent on alcohol has been a recurring problem since my time in Tennant Creek (1997 – 2004).

I was on the “*Beat the Grog*” committee in 2001 alongside the likes of Richard Di Natale the current leader of the Greens. Our specific purpose was to create strategies to reduce alcohol consumption in the Barkly region.

- Thirsty Thursday Experiment (1997 – 2004)

This strategy was an abject failure. Originally introduced to encourage spending on food rather than alcohol; in practicality Thursday became the busiest day of the week for the local police.

Although every take away liquor outlet and public bar was shut on a Thursday it did not prevent licensed premises from opening their nightclubs or lounge bars at midday. On any given Thursday there would be up to 300 patrons between the two hotels from midday onwards.

The local taxi service would also run indigenous customers up to Threeways roadhouse to purchase alcohol as they didn't come under the umbrella of the Thirsty Thursday restrictions.

Other measures included the ban of sale of wine in 4 litre casks. All this did was displace their purchasing on to a fortified wine in a glass bottle. Once again the negative effects of product displacement came to the fore. Four litre cask wine was only 11-12% in alcohol content contained in an impotent cardboard box. McWilliams Royal Reserve is 18.5% and contained in glass so the outcome of that measure was indigenous consumers getting a lot more intoxicated than prior to the introduction of the measure; and aside from the glass bottle being used as a weapon there was a major glass problem in town.

In what can only be described as a farcical situation you would have a poor old couple rolling into town on a Thursday in a caravan who just want a six pack of light beer and a bottle of chardonnay being refused on a Thursday. Meanwhile most of the town was awash with drunken indigenous people.

Licensing Consistency

In early 2014 a tragic incident occurred near our hotel. A poor woman was beaten to death and burnt beyond recognition. In discussions I had with the superintendent of the police force (Danny Bacon) and our local licensing compliance officer (Andrew Cross) they pointed out to me that since the introduction of the TBL's (Temporary Beat Locations), APO's (Alcohol Protection Orders) indigenous people were travelling significant distances to access grog at locations that didn't fall under the new restrictions. TBL's & APO's were introduced in Alice Springs and Tennant Creek but were not extended to wayside inns such as us and Wycliffe Well. This explained a lot to me because in the months leading up to the incident I did notice an unusually high number of indigenous patrons frequenting our region. I did not recognise any of them which is unusual because I have been conducting business in this region for over 20 years and know a large number of indigenous people in the area.

This incident really highlighted the mobility of indigenous patrons and the lengths they will go to in order to access grog.

More recently in 2016 the Barkly Shire Council and the Ali Curung Police produced a joint submission to recommend a reduction in the off-premise hours at my hotel and Wycliffe Well. Despite my submission our hours were changed which effectively saw a 50% reduction in our off-premise hours. In my submission I indicated that all this will do is push Ali Curung residents up to Tennant Creek. We already know that they will travel to access grog and this is precisely what has occurred. Anti-social behaviour

and alcohol related crime has increased by over 20% in the last six months in Tennant Creek.

I have said all along that us as licensees don't have any issue with restrictions as long as we're all doing the same thing.

Somehow the powers at be think that pushing people up to Tennant Creek to access alcohol in larger volumes such as 30-packs and bottles of spirits is a better idea than only having access to one six-pack per person per day. Moreover these people are a significant safety risk to themselves and others on the road when they make the journey back from Tennant Creek to Ali Curung.

If we all operated under the same restrictions there would be no incentive for Ali Curung residents to travel to Tennant Creek.

Opposition to Liquor Licence Fees

We are vehemently opposed to the introduction of a licence fee. The liquor industry is one of the most over-regulated industries in the world.

The two primary reasons are as follows:-

1. Already too many Licence Categories & Fees

Under the previous CLP government I was selected to join the Red Tape Reduction Committee. One of the main outcomes of this was the recommendation to reduce the number of licences we have to hold and wrap them up in to one. For instance we currently hold a tobacco licence, a fish retailers licence, a commercial visitor accommodation licence, a dangerous goods licence, gaming licence and a food licence. The last thing any of us need is another licence and another fee. This is especially pertinent considering the recent announcement for all fuel sellers to provide more information around buying and selling price. It's another fifteen minutes in our day which a) we don't have and b) certainly won't be compensated for.

2. Excise Increases

Australia already ranks as one of the most expensive places in the world for alcohol prices. If my wife and I go out for a meal with a couple of drinks and a bottle of wine we rarely spend less than \$200. A glass of wine is now up around the \$10 mark and pints of beer at least \$10. In England pints are only around \$5-\$6 AUD.

Twice a year the government increases the beer excise tax which is making it increasingly difficult to pass on to consumers.

The introduction of a licence fee will see consumers pay even more..!!

It will get to the point where consumers will just stay at home and not bother going out.

Many hospitality businesses are marginal businesses that already operate under a mountain of compliance and statutory requirements. Hotel owners simply don't have the time to meet the additional requirements and secondly cannot afford another tax.

The Broader Liquor Industry

One cannot underestimate the dominance of two major corporate players in Australia. I refer to Coles and Woolworths. In case you're not sure what I'm talking about here's a few dot points:-

- Take Away Liquor

Coles owns 1st Choice and Liquorland, Woolworths own Dan Murphy's and BWS. When they move into a precinct they decimate any traditional bottle shop attached to a hotel. For instance at my own venue if I'm to purchase one 24-pack of Victoria Bitter via the people who make it – CUB (see screen shot below from online CUB)

Review Your Order

[Continue Shopping](#) [Clear Order](#) [Save as Order Template](#)

Image	Product	Unit Price	WET	Deposit	Quantity	UOM	Subtotal
	Victoria Bitter 375ml 4x6 Pack Cans	\$48.50	-	\$3.05	<input type="text" value="1"/>	Case <input type="button" value="v"/>	\$48.50
							Delete

[Delivery Terms and Conditions](#)

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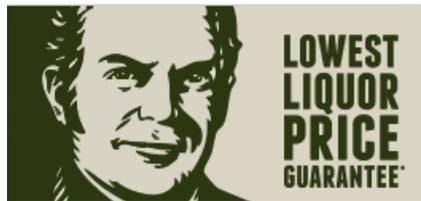
Subtotal	\$48.50
Container Deposits	\$3.05
Total ex GST	\$51.55
GST	\$5.16
Total incl GST	\$56.71

Alternatively I can visit my local Dan Murphy's in Bendigo and buy two cartons for \$82.00. So Dan Murphy's are selling at \$41 and anyone else has to buy at \$56.71..!!

Moreover I don't know any hoteliers who buy their Coke products via Coca-Cola anymore, They're all buying through Coles or Woolworths because it's cheaper.

Visit any Dan Murphy's or 1st Choice on Saturday between 4.00pm and 7.00pm and you'll see lines of teenage kids buying their cheap alcohol or what is commonly referred to as *pre-loading*. These kids load up on cheap wine for as little as \$3.00 a bottle then visit licensed premises late in the night. Any incident that occurs is always pegged to the licensee even though they may not have purchased one drink in the establishment. Whilst the proliferation of lock out laws is spreading throughout Australia's capital cities Coles and Woolworths simply watch from the sidelines under the

presumption of innocence whilst licensed premises are closing. How is it that hotels have to operate under strict responsible service of alcohol laws which although not limited to but include not being able to advertise drink specials or excessive drinking; Coles and Woolworths are able to shout to the world their commitment to ridiculously low liquor prices?



How can that be construed as responsible?

- Gaming

Between Coles and Woolworths they control over 12,000 Electronic Gaming Machines (colloquially known as pokies).

- Too Much Control

How our government has allowed two companies to control so many markets is incomprehensible. It's not enough they dominate the

supermarket industry, the hardware industry, the fuel industry, the hospitality industry.. now they're in to insurance..!! One has to wonder what will be next?

With my other business *Publicans On Tap* I witness the effects of this domination. Scores and scores of regional hotels are being gobbled up by this duopoly. We really hope the big box liquor barns are never permitted to trade in the Northern Territory

Conclusion

It is our hope that the impending review will improve the industry as a whole. Let us not make the same mistakes of the past. In summary we would like to see:-

1. Consistency : let's all play by the same rules. The minute you have different rules for different areas you create distortions.
2. Liquor Restrictions : when considering restrictions let's ensure they are trialled properly with the requisite amount of input from all stakeholders. Let's avoid another Thirsty Thursday debacle. Let's stop laws being created by academics in universities.

3. Tourism : what is the point of different liquor restrictions and rules between Alice Springs and Darwin? The rules should be the same right across the board. It's very embarrassing explaining to tourists the complexities of differing rules up and down the track. We all drink the same products and we all live in the NT.

4. Competition : don't allow the big box in Darwin, it will decimate numerous businesses and for what? In a region where the sale of liquor to indigenous people is so sensitive; how could anyone believe selling huge amounts of cheap wine to them is going to promote the responsible service of alcohol?

Management Experience

Here's a rundown of my hospitality experience:-

At age of 18 deferred university course after completing Year 12 at high school in Sydney.

1989 - 1993 : North Ryde RSL (www.northrydersl.com.au)

- Commenced work in early 1989 at North Ryde RSL. Started at the very bottom of the food chain as full time General Duties (GD) staff member. This role more or less consisted of picking up glasses and cleaning ashtrays full time.
- After six weeks of being a GD was promoted to the bar.

- After 12 months in bar promoted to Poker Machine Supervisor. This entailed supervising a 300 gaming machine installation, overseeing change bar operations and daily clearance and meter reads.
- Soon after commencing role as poker machine supervisor was selected for the trainee management program. This had never been done before in the club and involved an intensive three year training regime covering every aspect of club operation namely poker machine analysis, payroll, cash control, catering, marketing, cellar and beer reticulation and functions. It was complimented with attendance one day a week at college where I gained a diploma in Hospitality Management and Service.
- Successfully completed program and installed as a duty / relieving manager. In between duty manager schedules I would be called upon to cover for senior managers' annual leave including Gaming Manager, Purchasing Manager, Catering Manager and Operations Manager.

1993 - 1997 : Bremen Hotel (Adelaide)

The General Manager of North Ryde RSL whom is more like a second father to me selected me to manage his hotel in Adelaide in 1993. He along with three other investors purchased a hotel in Adelaide just prior to gaming being introduced in South Australia.

So at the age of 23 became a licensee and was responsible for the gaming machine installation at the hotel. Managed the hotel for four years until we received an offer from a Malaysian consortium that my directors just couldn't refuse. In four short years a leasehold purchase that cost \$280,000 had turned into a sale of \$2.2M

My directors really looked after me and because I was living on site was able to save a considerable amount of money.

Although Chris had told me I could go back to the Club in Sydney I had been asked by a hotel broker in Adelaide if I was willing to go to Tennant Creek for three months to help the freehold owner re-establish the hotel.

1997 - 2004 : Tennant Creek Hotel

Within six weeks of managing the hotel with Frank the freehold owner and chef we had the place jumping. Frank was keen to get back to his core business which is remote mining camp catering so offered a great deal for me to take on the lease.

At age of 28 purchased my first leasehold hotel for \$250,000. My time in Tennant Creek was very rewarding on a number of levels:-

Installed a number of improvements including first glycol beer system in the region, refrigerated air-conditioning, award winning restaurant (had the same chef for six years), new beer garden, poker machines, TAB and Keno.

- We took a business barely turning over \$1M per annum to \$3.5M per annum.

- Sold lease just six years later for nearly four times what I paid for it at \$950,000
- Was chairman of the Barkly Regional Tourism Association.
- Was President of the Tennant Creek Racing Club for three years.

All this capped off by meeting my wife there.

2005 - 2010 : Xstrata

After selling the Tennant Creek Hotel in 2004 we decided to take a break from hospitality. We had four children aged six years and under so we decided to do something that gave me more time at home and not 100hrs a week in a pub..!!

My time with a multi-national mining company was very rewarding. Despite working full time I was able to complete a pure accounting degree by correspondence through the University of South Australia in the same time a full time student would.

After completing two years in operations I was promoted to the position of management accountant. My business unit had monthly operating costs of >\$250M.

This experience provided me with valuable business knowledge that would serve me well upon my return to the hospitality industry in years to follow.

2010 - Present

My wife is from Rochester, Victoria so considering our eldest child was approaching high school age we decided to move back to Victoria to provide the kids with a solid home base and better schooling options. We moved to Bendigo in 2010.

After consultation with the Australian Hotels Association (Vic) I started my business 'Publicans On Tap' (www.hotelreliefmanagementaustralia.com.au)

This business was spawned out of my own experience in the NT whereby I would have paid anything for someone to come in and look after my hotel with the complete comfort that everything would operate as if I were running it. Sadly, there was no one around at the time.

The AHA told me in their own words "we've been trying to provide this service to our members for years" . They said if I started the business the AHA would give me their exclusive endorsement (which they did).

Since starting the business we have helped out over 70 hotels across Australia in various capacities. The business also led me to the roadhouse in the NT which we purchased freehold in June of 2013 (www.devilsmarbleshotel.com.au).

I have taken the roadhouse from doing \$1.4M per annum to \$2.2M. We have won two consecutive Gold Plate Awards for best food in a roadhouse in the NT.

Publicans On Tap has unexpectedly evolved in to other areas such as recruitment and consultancy. I have placed over 12 venue managers in the last two years.

From a consulting perspective I have been called in on several occasions to assist prospective buyers on whether they should purchase a hotel or

not. I have also assisted with setting up internal systems for cash control and operations.

Finally I sit on the board of the Australian Hotels Association (NT) and represent the southern region for wayside inns and licensed outlets.