

2016 BUDGET ESTIMATES - RACING
QUESTIONS TAKEN ON NOTICE FROM HEARING
6 OCTOBER 2016

1. GREYHOUND OWNERS, TRAINERS AND ATTENDANTS

The Hon. LYNDA VOLTZ: How many owners of greyhounds are there in New South Wales?

Mr BRODIE: There are, roughly speaking, about 7,000 people who are registered in one form or another with Greyhound Racing NSW.

The Hon. LYNDA VOLTZ: How many trainers are there?

Mr BRODIE: To give you the exact number I would have to return to the data we have been provided by Greyhound Racing NSW; so it is probably better if I take that on notice.

The Hon. LYNDA VOLTZ: How many attendants?

Mr BRODIE: If you are interested we can prepare a brace of information about the number of people, based on the advice we have received from Greyhound Racing NSW.

The Hon. LYNDA VOLTZ: I would want to know how many registered greyhound owners, trainers and attendants there are.

Mr BRODIE: I think to give you accurate answers it would be better that I took those questions on notice.

RESPONSE:

I am advised:

In NSW there are:

- 2,132 active trainers
- 5,716 owners
- 967 registered attendants.

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2. IMPACT OF GREYHOUND RACING BAN ON NEW SOUTH WALES EXCLUSIVITY DEED WITH TABCORP

The Hon. LYNDA VOLTZ: The New South Wales Government signed the New South Wales Exclusivity Deed with Tabcorp on 19 June 2013. The banning of greyhound racing will have an impact on that deed, will it not?

Mr BRODIE: I do not know that I am qualified to interpret that deed.

The Hon. LYNDA VOLTZ: It would have fallen within your department, would it not?

Mr BRODIE: That does not mean I am qualified to interpret the deed.

Mr SEVERIN: That is a question we can take on notice.

The CHAIR: Instead of not answering the question, take it on notice and give us an answer. Do not tell us you cannot answer; take it on notice like Mr Severin suggested and give us a written answer later on. That would be nice.

Mr BRODIE: I am happy to provide it.

RESPONSE:

I am advised:

The Exclusivity Deed contains clauses that define an adverse regulatory event, and similarly an adverse exclusivity event. Prior to making its decision on 7 July 2016, the Government received advice that these clauses would not be triggered by its proposed greyhound racing prohibition legislation.

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3. GREYHOUND RACING BAN – RESEARCH

The Hon. LYNDA VOLTZ: Has your department undertaken or paid for any market research or perception research with regard to the ban on greyhound racing?

Mr BRODIE: As I understand it, there was some dealt with not long after the ban had been announced and that is all we have done so far. That was dealt with at the last estimates.

The Hon. LYNDA VOLTZ: Was that market research, an opinion poll or a focus group? What was it?

Mr BRODIE: It was a sample of people in the community.

The Hon. LYNDA VOLTZ: An opinion poll.

Mr BRODIE: No, it was a random sample with an intent to understand the kinds of questions that needed to be dealt with in terms of communicating to the community about the transition program that needed to be developed by government.

The Hon. LYNDA VOLTZ: You say a random sample. Did you just walk out on the street, grab a couple of people and say, "What did you think?"

Mr BRODIE: No, it was a CATI-based survey.

The Hon. LYNDA VOLTZ: A computer-assisted telephone interviewing survey. How much did that cost?

Mr BRODIE: To give you an accurate number, I would have to take that on notice.

The Hon. LYNDA VOLTZ: Will you provide a copy of that research to the Committee?

Mr BRODIE: I would have to take on notice whether or not that is appropriate. I do not see any necessary reason why it would not be provided.

RESPONSE:

Following the government's decision to give the greyhound racing industry one more chance in NSW, please refer further questions to former Premier Morris Iemma's Greyhound Industry Reform Panel.

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4. GREYHOUND ADVERTISING EXPENDITURE

The Hon. LYNDA VOLTZ: On which radio stations were advertisements run for the greyhound campaign?

Mr O'CONNOR: We would have to take that on notice.

Mr BRODIE: I would have to take the exact detail of that on notice for you.

The Hon. LYNDA VOLTZ: Can you confirm whether any ads were run on Sky Racing?

Mr BRODIE: I would have to take that on notice, I am sorry. I do not have in my mind the exact schedule.

The Hon. LYNDA VOLTZ: Sky Racing would be an important one.

Mr BRODIE: Like I said, I will take that on notice and we can provide you that detail.

The Hon. LYNDA VOLTZ: Can you also take on notice which radio stations attracted the greatest spend of greyhound advertising expenditure and the key demographics of those stations?

Mr BRODIE: Sure. No problem.

RESPONSE:

I am advised:

Radio stations that ran the greyhound campaign were STAR FM, HILLFM, STAR FM, ZOO FM, 2ZZZ, 2NX FM, NEW FM, 92.9FM, I98 FM, 2GB, 2CH, 2DAY FM, 2MMM, 2UE, 2WS FM 101.7, KIIS FM, NOVA 96.9, 2ME, 2MORO, SBS (AM), SBS Sydney, 2LND - Koori Radio, 2NCR, 2REM, 2SER, 2VOX. These stations were selected for a broad reach strategy across the top rating stations targeting P18+ across the whole of NSW.

No ads were placed on Sky Racing.

Expenditure with any individual radio station is commercial in confidence.

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5. WENTWORTH PARK ADMINISTRATOR

The Hon. LYNDA VOLTZ: When were you first informed that an administrator was being appointed to Wentworth Park?

Mr BRODIE: After the appointment had been made by the Minister for Lands and Water.

The Hon. LYNDA VOLTZ: How long after the decision had been made?

Mr BRODIE: We were aware of it when it got made and it was announced in the public domain.

The Hon. LYNDA VOLTZ: But that was before the McHugh report was released?

Mr BRODIE: There has been an administrator in place since before that McHugh report, correct, yes.

The Hon. LYNDA VOLTZ: Did you ask any questions at the time as to why an administrator was being put into Wentworth Park?

Mr BRODIE: I am sorry, but I was not involved in the Office of Racing at that time, so I did not have any role in that process.

The Hon. LYNDA VOLTZ: Are funds from Greyhound Racing being used to pay the salary of the administrator at Wentworth Park?

Mr BRODIE: I do not know.

The Hon. LYNDA VOLTZ: Will you find out and take the question on notice?

Mr BRODIE: Yes, I am happy to take that on notice.

The Hon. LYNDA VOLTZ: And also what is the salary of the administrator?

Mr BRODIE: Sure. I will have to take all that information on notice.

RESPONSE:

I am advised by the Minister for Land and Water:

The salary of the administrator at Wentworth Park Sporting Complex is not paid by Greyhound Racing NSW. The administrator's salary is paid by the Wentworth Park Sporting Complex Trust.

The administrator performs the role and accepts all the responsibilities of a fully appointed board of management.

The remuneration is commercial in confidence.

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6. ELECTRONIC GAMING MACHINE NUMBERS

Mr JUSTIN FIELD: Mr O'Connor, in the initial hearing I asked questions of the Minister and since then I have found it a little difficult to get information on local government area breakdowns of gaming machines and revenue and things like that. I believe that information can be purchased from the department but it is not available publicly and I want to ask questions in relation to that matter. There seems to be more information available publicly about the breakdown of gaming machines, licences, revenue, taxi take in other States than in New South Wales. What is the rationale for that?

Mr O'CONNOR: I will take the question. I am not aware if that is factually the case. Nor am I aware of any policy reason why we would be taking a different position on that kind of material.

Mr JUSTIN FIELD: A form is available to be filled in to request information about local government level statistics around gaming machine numbers, revenue, tax and those sorts of things. Expressly on the form it says that that information is able to be purchased—I think it is about \$300 for a local government area—but it is not allowed to be made public once it is purchased. It is confidential to the person who purchases it. Who purchases such information normally?

Mr O'CONNOR: I could not tell you. I will have to take it on notice.

Mr JUSTIN FIELD: Is there any reason why that information could not be made public?

Mr O'CONNOR: It sounds to me from your question that it probably relates to business activities of commercial enterprises. That may be what is behind that restriction.

Mr JUSTIN FIELD: At the top line level, in the pre-amalgamation boundaries because that information would be available, is there any reason why the number of electronic gaming machines in each local government area could not be provided to the Committee?

Mr O'CONNOR: I will take it on notice. It may relate to more the detail questions around revenue and tax bases and things like that.

Mr JUSTIN FIELD: I would appreciate it if you could provide that level of information.

Mr O'CONNOR: Absolutely.

RESPONSE:

I am advised:

Crown Copyright restrictions limiting the use of data previously applied to recipients of reports provided by Liquor and Gaming NSW. This practice was amended in September 2016 so that a Creative Commons Attributions licence now applies to these reports. This licence permits the public distribution, reuse, remix and enhancement of data in Liquor and Gaming NSW reports, as long as the original source of the data is acknowledged.

Liquor and Gaming NSW is currently assessing the data it releases to identify how the scope of data and its availability can be improved, consistent with the NSW Government's Open Data Policy.

Liquor and Gaming NSW is subject to legal restrictions which prohibit the disclosure of certain information obtained in the exercise of functions under gaming and liquor legislation.

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7. GAMBLING RESEARCH AUSTRALIA REPORT & FUNDING

Mr JUSTIN FIELD: In 2014 after an inquiry into electronic gaming machines a number of recommendations were made. In particular it noted some research being undertaken by Gambling Research Australia at the time into the impact of the structural characteristics of gaming machines, so the technical aspects. In particular some of the concerns around technical features, near-wins or near-misses, and trying to disguise losses as wins and some of those technical characteristics. I believe you have a prohibited features list in New South Wales, a list of features that machines cannot have. There are a range of features, but the Government at the time mentioned that once that report had come out Liquor and Gaming NSW would look at any recommendations or findings and consider whether some of those features should be included on the prohibited features list. Do you know if there was ever a review of that report, whether there was research conducted internally, and whether there was consideration of elements of those features being included on the prohibited register?

Mr O'CONNOR: This predates my involvement. I might have to take that on notice.

Mr JUSTIN FIELD: Could you take on notice the question of whether or not the Department considered that report? I can provide the details of that report, but it was done by Gambling Research Australia and it was specifically highlighted as a recommendation in the 2014 inquiry.

Mr O'CONNOR: If you would not mind, I would like to take that on notice.

Mr JUSTIN FIELD: Do you know how Gambling Research Australia is funded at the moment and what contribution New South Wales makes?

Mr O'CONNOR: No; I am afraid I would have to take that on notice.

RESPONSE:

I am advised:

The findings contained within the Gambling Research Australia report Impact of Structural Characteristics of Electronic Gaming Machines have been considered by Liquor & Gaming NSW as part of its ongoing assessment of gaming machine design issues.

It is essential that any proposed changes in this area are subject to rigorous assessment. While the Gambling Research Australia report provided indicative findings, the authors also identified the need for further in-depth research into the impact of gaming machine features on gaming machine play.

Liquor and Gaming NSW will commence a review of the Gaming Machines Prohibited Features Register in 2017. To support the review, research will be undertaken to explore the impacts of immersive gaming machine design features on gambling play and harm. The research will focus on determining whether immersive gaming machine features such as headphones, surround-sound seats, televisions and 3D features increase the risk of gambling harm and/or exacerbate existing problems. The research will inform future consideration of the types of gaming machine features that are permissible, and will commence in 2017.

The five-year Gambling Research Australia research program (2009-2014) was established via a Memorandum of Understanding signed by Australian gaming/gambling ministers in June 2009. This agreement has now expired and the future of Gambling Research Australia is currently being considered by Commonwealth and State Governments as part of the response to the recent Commonwealth Review of the Impact of Illegal Offshore Wagering.

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8. REVIEW OF THE LOCAL IMPACT ASSESSMENT SCHEME

Mr JUSTIN FIELD: That would be wonderful. That same committee report recommended that the local impact assessment process be reviewed. Did that ever take place.?

Mr O'CONNOR: I believe there is a review on foot.

Mr JUSTIN FIELD: Do you have any idea when that is likely to report?

Mr O'CONNOR: I think it has been, to an extent, moved a little bit to the right by some of the council mergers, which have altered some of the risk assessment techniques that we use by changing the demographics inside some of the LGAs [local government areas]. I might have to come back to you about the detail, but I believe it is still ongoing.

...

Mr JUSTIN FIELD: Has there been any preliminary assessment on whether or not there will need to be an effort to reduce machines in certain jurisdictions as a result of the amalgamations?

Mr O'CONNOR: I am not sure about necessarily moving towards a view about reducing the numbers. As I understand it, it is more about having to look at the risk assessment tool that we are using, which is based around balancing out populations and so on. When you apply the risk assessment to the pre-existing local government areas and then you merge them you may or may not get a different result.

Mr JUSTIN FIELD: There is a deeper level of assessment required if the risk is considered higher in certain places. If a jurisdiction that was not considered high risk before has merged with a high-risk jurisdiction, might that mean that the whole risk profile for that local government area has increased?

Mr O'CONNOR: There could be a change up or down, yes.

Mr JUSTIN FIELD: Could you give us, on notice, an idea of when that review is likely to conclude? I would really appreciate that.

Mr O'CONNOR: Yes.

RESPONSE:

I am advised:

The review of the Local Impact Assessment scheme has commenced and terms of reference for the review were developed in consultation with key stakeholders.

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9. RESPONSIBLE GAMBLING FUND

Mr JUSTIN FIELD: Do you know how much is currently held in the New South Wales Responsible Gambling Fund?

Mr O'CONNOR: I might have to take that on notice, if you don't mind.

Mr JUSTIN FIELD: That would be great. Also, how much has been received by the fund in the last three years?

Mr O'CONNOR: I will take that on notice.

Mr JUSTIN FIELD: My understanding is that The Star casino is the only source of revenue for the fund. Does that remain the case, even with Barangaroo coming on line?

Mr O'CONNOR: It is not on line yet.

Mr JUSTIN FIELD: Is the intention for the new casino to contribute to the fund?

Mr O'CONNOR: I think so, yes.

Mr JUSTIN FIELD: Could you confirm whether that is the case.

Mr O'CONNOR: Yes, sure.

RESPONSE:

I am advised:

The current available balance for the 2016/17 year is \$5.27 million.

In the last three years the fund has received:

- 2013/2014: \$14.4 million
- 2014/2015: \$16 million
- 2015/2016: \$18 million

The *Casino Control Act 1992* provides that a responsible gambling levy is to be paid in respect of each casino licence, and Barangaroo Restricted Gaming Facility will be included when it comes on line.

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10. COMPLIANCE ACTIVITIES

Mr JUSTIN FIELD: That would be great. Do you have any idea how often officers from the Independent Liquor and Gaming Authority inspect venues with electronic gaming machines regarding compliance with signage? Is there a routine inspection program?

Mr O'CONNOR: Just to clarify your question, the merger of the Independent Liquor and Gaming Authority [ILGA] entity and the Office of Liquor, Gaming and Racing [OLGA] entity into Liquor and Gaming NSW means that ILGA does not exist anymore except to the extent that there is an independent board. The compliance staff from the old ILGA staff agency are now merged with the compliance staff from the old OLGR staff agency into one unit. Compliance has been one of the key priority areas and policy objectives for Government in that reform. We are moving very much to a risk-based approach to the compliance operations. It is not based on quotas or anything like that.

Mr JUSTIN FIELD: Would that mean that you focus compliance activities in those jurisdictions that are deemed higher risk generally? Do you look at how much money is going through the machines and say, "Something has changed out there; let's go and have a look at it"?

Mr O'CONNOR: Obviously, we have access to statistics around reports from the police of violence and so on and other sources of information. It all goes into a mix. It is not specifically around revenue take or anything like that.

Mr JUSTIN FIELD: Would you be able to come back to the Committee and give us an idea of how many staff are currently involved in compliance activities with the merged entity?

Mr O'CONNOR: Yes.

Mr JUSTIN FIELD: In particular, how many compliance activities—whether they are inspections or going to speak to the particular venue or whatever—have been undertaken in the last 12 months? I am particularly interested in activities in relation to signage.

Mr O'CONNOR: Signage; yes.

RESPONSE:

I am advised:

Liquor & Gaming NSW currently has 71 inspectors who oversee compliance monitoring of licensed premises across the state. Recruitment is underway to employ a further 32 inspectors to bring the full complement to over 100.

Liquor & Gaming NSW has conducted the following compliance activities over the 12 month period spanning 6 October 2015 to 6 October 2016:

- 1,071 general compliance activities were undertaken.
- 703 compliance activities were undertaken in relation to premises with the right to keep gaming machines, including checks of gaming signage.
- Two strategic projects were completed focusing solely on testing compliance with gaming harm minimisation measures including gaming signage.

In this context, 'compliance activities' include:

- on-site inspections;
- desk audits; and
- engagements with licensees and/or other relevant parties.

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11. GREYHOUND NUMBERS

The Hon. LYNDA VOLTZ: I have one more question, which you might need to take on notice. Could you provide for us the figures that Greyhound Racing NSW provided to Dr Keniry for the number of greyhounds, alongside what you have as the registered ones?

Mr BRODIE: They are all the same numbers, so I am happy to provide that.

The Hon. LYNDA VOLTZ: Thank you.

RESPONSE:

I am advised:

The Special Commission of Inquiry into the Greyhound Racing Industry in NSW reported that, based on information provided by Greyhound Racing NSW (GRNSW), there were 6,809 registered greyhounds in NSW.

In July 2016, GRNSW advised the Greyhound Transition Taskforce that based on the same methodology, as at 22 July 2016, there were 7,045 registered greyhounds in NSW. This figure includes dogs that were whelped in any jurisdiction, have been named, have had a race start in any jurisdiction in the previous two years and were attached to a registered owner.

GRNSW noted its caution about the certainty of these figures to the Taskforce, due to the long running, systemic non-compliance with notification requirements by industry participants and its own inadequate regulatory oversight.

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12. TAX ADJUSTMENT MONEY

The CHAIR: Turn your mind, Mr Brodie—if you are the appropriate person—to the tax adjustment that went through Parliament last year, when the New South Wales Government adjusted and, in theory, made New South Wales tax competitive with other jurisdictions such as Victoria and Queensland. At the time the Minister said that he would put aside in trust for Greyhound Racing NSW the 10 per cent—the pittance that they did get in the end—as opposed to what they should have got, which was the 22 per cent. How much of that money still sits in trust, do you know?

Mr BRODIE: I would have to provide that to you on notice.

The CHAIR: Can you find that out for me and come back to us? Do you know or are you aware of what will be done with that money?

Mr BRODIE: The Act is very specific about how that money can be used.

The CHAIR: And it is?

Mr BRODIE: There are three mechanisms for expenditure from that. There is a mechanism for expenditure that is related to the operation of the greyhound industry through Greyhound Racing NSW. There is a provision for expenditure to be made in relation to the transition to closure of the greyhound racing industry, and there is provision for a regulation to be made about other things that can be used for expenditure in relation to that. At the moment there is a regulation that provides for activity that might be related to the special commission of inquiry conduct.

The CHAIR: So the regulations, when they were put through, foresaw the closure of the industry and the using of tax adjustment money, which was meant to be provided for competitiveness, for the closure of the industry?

Mr BRODIE: No.

The CHAIR: Is that what you are saying?

Mr BRODIE: The provision that provides for expenditure in relation to the closure of the greyhound racing industry was an amendment to that Act that was carried in the Greyhound Racing Prohibition Bill, and the regulation providing for expenditure in relation to the special commission of inquiry was made after the special commission of inquiry was commenced by Government.

The CHAIR: You have cast your mind back to the questioning by Ms Voltz in relation to advertising. Did any of that advertising money come out of that pool?

Mr BRODIE: That pool is not being used for that money, no.

The CHAIR: It is not being used for that at all? So that money is sitting intact and accumulating still? If you do not know, you can take that on notice.

Mr BRODIE: I would have to take on notice the exact amount of that fund.

The CHAIR: All right. Can you shed some light on the reasoning around why, at the time that that bill went through Parliament last year, greyhound racing ended up with only 10 per cent when it should have got its 22 per cent market share?

Mr BRODIE: I am sorry, I was not actually involved in the Racing portfolio at that stage. It would be something that I would have to take on notice.

The CHAIR: Is there anyone in your department that can?

Mr BRODIE: I believe that there would be.

Mr SEVERIN: We would have to take that on notice.

The CHAIR: Can you take it on notice? I would like to know why there was some cock and bull about State significance as another reason why the greyhound racing industry should be robbed of fair market share revenue and that should be paid across to the thoroughbreds and/or harness racing. That then leads me to the question—again thinking back on the accumulation of funds in the greyhound trust account, as I think the Deputy Premier called it—of those allocated funds that were not received by greyhound racing, how much in the same period has been paid across to the thoroughbred and harness racing codes? I do not expect you to have that in your head.

Mr BRODIE: We will take it on notice, yes.

The CHAIR: Can you take that on notice and let me know too, please?

RESPONSE:

I am advised:

In the Second Reading Speech for the Betting Tax Legislation Amendment Bill 2015 on 11 November 2015, the Minister for Racing stated that the relevant percentages for the proceeds of tax parity are based on each code's proportion of the total value added to the NSW economy as estimated in the 2014 report by IER Consultants entitled *Size and Scope of the New South Wales Racing Industry*.

The percentage that each controlling body receives is prescribed in the Totalizator Regulation 2012. The rates are 77.3 per cent for Racing NSW, 12.7 per cent for Harness Racing NSW and 10 per cent for Greyhound Racing NSW.



The Hon Troy Grant MP

Deputy Premier
Minister for Justice and Police
Minister for the Arts
Minister for Racing

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1. ADVERTISING COMPLIANCE CERTIFICATE

The Hon. LYNDA VOLTZ: Just one, which is probably for you, Mr Severin. I have in front of me an advertising compliance certificate that is signed by Mr Andrew Cappie-Wood on 28 July 2016 in regards to the Dogs Deserve Better advertising campaign, which states that he certifies that they contain accurate information that is supported by analysis and research. Given what you have just heard from Mr Brodie and my statements, could you go back and reassure this Committee on notice that that advertisement actually complies with that certificate?

Mr SEVERIN: I certainly can.

RESPONSE:

I am advised:

- the Dogs Deserve Better advertising campaign complies with the certificate and represents facts and information available in the public domain;
- the facts and information can be referenced within the report of the Special Commission of Inquiry into the Greyhound Racing Industry in NSW.

TROY GRANT MP
Deputy Premier