

GENERAL PURPOSE STANDING COMMITTEE No. 2

Thursday 16 September 2004

Examination of proposed expenditure for the portfolio area

GAMING AND RACING

The Committee met at 8.00 p.m.

MEMBERS

Reverend the Hon. Dr G. K. M. Moyes (Chair)

The Hon. Hon. T. Catanzariti
The Hon. Dr A. Chesterfield-Evans
The Hon. P. Forsythe

The Hon. E. M. Obeid
The Hon. M. J. Pavvey
The Hon. H. S. Tsang

PRESENT

The Hon. G. A. McBride, [*Gaming and Racing*]

Department of Gaming and Racing

Mr D. Loewenthal, *Acting Director-General*

Mr M. Foggo, *Director, Revenue and Resource Management*

Ms J. Hennessy, *Director, Policy and Development*

Casino Control Authority

Mr B. Farrell, *Chief Executive Officer*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: I declare the meeting open. I welcome everyone to this public hearing of General Purpose Standing Committee No. 2 and I thank the Minister for Gaming and Racing and departmental officers for attending today. At this meeting the Committee will examine the proposed expenditure for the portfolio of Gaming and Racing. Before questions commence I will deal with procedural matters. In accordance with the Legislative Council guidelines for the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. Those who report the proceedings of this Committee must take responsibility for what they publish or for what interpretation is placed on anything that is said before the Committee.

There is no provision for members to refer directly to their own staff while at the table. Members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee clerks. We welcome you, Mr McBride. The head of the department, Ken Brown, contacted me some weeks ago and wrote to me indicating that he would be overseas in Athens for the commencement tonight of the Paralympic Games. He is the charge d'affaires for the Australian team. On your behalf I wished him and the team well and asked him to pass on the regards of the New South Wales Parliament. For the benefit of members and Hansard, I ask departmental officials to identify themselves by name, position and department or agency before answering questions. Questions will be asked on a timed basis for equal distribution. Minister, before we open the proposed expenditure for examination, would you like to make a brief opening statement?

Mr GRANT McBRIDE: No, I am happy to go straight to questions.

The Hon. MELINDA PAVEY: Minister, how much was spent by the Government or your department on advertising between 1 September and now in the fight against the club's campaign opposing the introduction of new gaming tax rates?

Mr GRANT McBRIDE: I note that the Treasurer was asked this question during estimates on Monday evening. The Treasurer advised that he believed the campaign cost \$543,000.

The Hon. MELINDA PAVEY: Where did that money come from—your department?

Mr LOEWENTHAL: The department paid \$453,000 of that amount.

The Hon. MELINDA PAVEY: What advertising company handled the campaign for you?

Mr FOGGO: The amounts of money that we paid will be to the Department of Commerce and the advertisements were placed by the Department of Commerce in various newspapers circulating both in the metropolitan and country areas. As I understand it, the payments will be made direct to those newspapers.

The Hon. PATRICIA FORSYTHE: Was the amount in your forward estimates?

Mr FOGGO: No.

The Hon. PATRICIA FORSYTHE: What program is the money coming from?

Mr LOEWENTHAL: The money will be found within the department's overall allocations and hopefully from savings. If at the end of the year we are short, we will approach the Treasury for supplementation of our budget.

The Hon. MELINDA PAVEY: If Treasury does not give you the money, may you have to sack some people to pay for it?

Mr LOEWENTHAL: That is probably early days at this stage. We will have to look at what savings can be made, if that is required.

The Hon. MELINDA PAVEY: Minister, you are not ruling out sacking people from your department to pay for that expensive advertising campaign?

Mr GRANT McBRIDE: I think the answer that has just been given is the answer that stands.

The Hon. MELINDA PAVEY: I am asking you, Minister.

Mr GRANT McBRIDE: I know. I agree with his advice.

The Hon. MELINDA PAVEY: You cannot rule it out?

Mr GRANT McBRIDE: I agree with his advice.

The Hon. MELINDA PAVEY: Minister, you agree with the advice. What was the advice?

Mr GRANT McBRIDE: He will tell you what the advice is.

Mr LOEWENTHAL: The advice is that we will monitor our budget from now through to the end of the financial year looking at where we might make savings to finance that expenditure.

The Hon. MELINDA PAVEY: Are you happy about having to find that sort of money out of your budget?

Mr LOEWENTHAL: I do not know whether I am happy or unhappy. It is not a matter for me to be happy or unhappy about decisions of that nature.

Mr GRANT McBRIDE: It is a decision of Government.

The Hon. PATRICIA FORSYTHE: In signing off on that, Acting Director-General, presumably you would have provided the Minister with briefing notes suggesting where you could make savings. What have you identified as the means to pay for this money, since you have now spent it?

Mr LOEWENTHAL: We will evaluate our overall expenditure for the year. We normally allow a certain amount for contingencies anyway. I believe that we will be able to fund that program.

The Hon. MELINDA PAVEY: According to the budget papers, your budget is about \$40 million. You are looking at about 1 per cent of your overall budget going to that advertising campaign. It is a pretty big whack. What annual growth rates of gaming machine revenue are included in the estimates?

Mr LOEWENTHAL: The estimates revenue growth from poker machines is really a matter to be provided by the Treasurer on advice from the Treasury. We provide input, usually of an historical nature. The actual forecast revenue increases are undertaken by Treasury and the Office of State Revenue.

The Hon. MELINDA PAVEY: Are you able to give the Committee what you expect the growth rates to reach, given the experience of the last two years? Will it be exceeded? You just talked about historic links. I am sure you have a good understanding of the projections that you advise Treasury about.

Mr GRANT McBRIDE: Your question relates to the growth of poker machine revenue. The advice I have is that for the August 2003 quarter—that is for the months of June, July and August—registered clubs in the State earned \$788 million from the operation of poker machines. Registered clubs paid just over \$108 million in gaming machine taxes for the quarter. This is giving the historical link and the balance you requested. For the August 2004 quarter registered clubs increased their earnings from \$788 million to \$847 million. That is, clubs received an additional \$59 million, or 7.5 per cent, compared to the previous quarterly increase. It was 7.5 per cent on the previous quarter. In the next few days clubs will be required to pay \$117 million in gaming machine taxes for the quarter. When one looks to the after State tax figure, clubs received an additional \$50 million net from their poker machines for the quarter when compared to the same quarter last year. It is interesting to

note that the Australian Bureau of Statistics reported that the consumer price index rose only 2.5 per cent between June 2003 and June 2004.

The Hon. MELINDA PAVEY: Minister, I did not quite get the answer about the expected growth rates.

Mr GRANT McBRIDE: These are not expected growth rates. These are actual growth rates.

The Hon. MELINDA PAVEY: What is it in percentage terms?

Mr GRANT McBRIDE: It is 7.5 per cent.

The Hon. MELINDA PAVEY: Minister, what is the total cost of the Temby inquiry into the Panthers Club?

Mr GRANT McBRIDE: In regard to the current inquiry the total expenditure cost is \$629,390.

The Hon. MELINDA PAVEY: At this point in time?

Mr GRANT McBRIDE: Sorry, the total cost is \$714,000.

The Hon. MELINDA PAVEY: The total cost of the Temby inquiry is expected to be \$714,000?

Mr GRANT McBRIDE: No, I said the total cost at this point in time is \$714,000. As I understand it, there is an allowance because we do not know what the total cost is going to be. It has to be an estimate at this stage.

The Hon. MELINDA PAVEY: What is your estimate?

Mr GRANT McBRIDE: I am coming to that. The current estimate for the inquiry is \$1.243 million.

The Hon. MELINDA PAVEY: What is Mr Ian Temby's remuneration? What do you expect his total bill will be?

Mr LOEWENTHAL: The budget figure that the Minister mentioned of \$1.243 million is made up of various line items. The salary estimate for Mr Ian Temby is \$360,000.

The Hon. MELINDA PAVEY: For how long?

Mr LOEWENTHAL: Eighteen weeks.

The Hon. MELINDA PAVEY: Nice work if you can get it. What is the cost for administration, staff, mobiles, telephones, printing, stationery, premises rental and other administration for the Temby inquiry?

Mr LOEWENTHAL: I will read it line by line: salary Ian Temby \$360,000, salary counsel assisting \$148,500, salary junior counsel assisting \$123,750, salary staff solicitor \$30,022, salary administration \$15,992, salary administration office assistant \$15,669, salary administration \$11,306, analyst and investigators \$83,160, forensic accountant \$50,000, media relations \$15,000, basic office space \$65,000, partitioning \$12,200, and make good \$5,000. The existing court in the Police Integrity Commission was free. However, the cost of security was \$15,000. Further costs are court monitor \$9,600, transcription services \$81,600, telephone installation and rental cost \$4,600, phone call cost with Telstra \$5,000, mobile phones \$2,000. The costs relating to computers are: server \$2,000, workstation PC and LCD monitor \$16,800, laptops \$6,000, local area network cabling \$10,000, printers \$2,400, scanners \$15,000, Internet services \$2,000, IT support staff \$4,000, installation cost \$5,000, and removal cost \$3,600. As to the rental of office furniture and equipment, the costs are furniture \$12,137, photocopier \$12,000 and waste bins \$1,000.

The Hon. MELINDA PAVEY: Can that document be tabled?

Mr GRANT McBRIDE: Yes.

Document tabled.

The Hon. MELINDA PAVEY: Which media relations firm has been employed to do the work?

Mr LOEWENTHAL: We will take that question on notice. The department engaged a person on behalf of Mr Temby.

The Hon. MELINDA PAVEY: Did Mr Temby want his own public relations representative?

Mr LOEWENTHAL: No, we may well have found a person for him. I will take the question on notice.

The Hon. MELINDA PAVEY: Why did he need a PR person?

Mr LOEWENTHAL: To handle inquiries from the media.

The Hon. MELINDA PAVEY: The question about the identity of that person is on notice. What is the timing and when do you expect the inquiry to be wrapped up?

Mr LOEWENTHAL: When Mr Temby was appointed to undertake the inquiry he was asked to report back to the director of liquor and gaming by 1 October. However, he has been ill and has spent some time in hospital. As a result, we have extended the reporting date until 1 November.

The Hon. MELINDA PAVEY: What allocations have been made—listing recipient and the amount—from the Casino Community Benefit Fund from 1 July 2003 to 30 June 2004? If it is a long list, perhaps it can be tabled.

Mr GRANT McBRIDE: Is the honourable member interested in any specific item?

The Hon. MELINDA PAVEY: All of it. If reading it will eat into our time, it would be great if it could be tabled.

The Hon. HENRY TSANG: I would like to know about it because I was a member of the fund committee.

The Hon. PATRICIA FORSYTHE: You can use your own time.

The Hon. HENRY TSANG: I am a member of this Committee and I am—

The Hon. PATRICIA FORSYTHE: It is not your time.

The Hon. HENRY TSANG: I am interested.

The Hon. MELINDA PAVEY: We will move on to the next question and the Minister can answer that question for the Hon. Henry Tsang.

Ms HENNESSY: I can provide information about the grants to the counselling services. If the honourable member is interested only in the—

The Hon. MELINDA PAVEY: I am interested in the recipients and the amounts.

Ms HENNESSY: Does the honourable member want the actual expenditure in 2003-04 rather than the amounts approved this year?

The Hon. MELINDA PAVEY: I am asking for both.

The Hon. HENRY TSANG: Perhaps the Minister can provide the total figures. I do not want the details.

Ms HENNESSY: The director responsible for the management of the Casino Community Benefit Fund is on sick leave at the moment, which is why I am having some difficulty finding the information.

The Hon. PATRICIA FORSYTHE: In that case, the question should be taken on notice.

CHAIR: That question can be taken on notice.

Ms HENNESSY: We can provide the amounts approved this year for expenditure in 2004-05.

Mr GRANT McBRIDE: We have a schedule for counselling and treatment services for persons with gambling-related problems. Grants were approved in that area in 2003-04 for the period 1 July 2004 to 30 June 2005. That is the current schedule.

The Hon. MELINDA PAVEY: That is this financial year.

Mr GRANT McBRIDE: We can table that information.

Document tabled.

The Hon. MELINDA PAVEY: Will the Minister make a commitment to provide the actual expenditure?

Mr GRANT McBRIDE: Yes.

The Hon. MELINDA PAVEY: What is the current fund balance?

Ms HENNESSY: Since the fund's inception in 1995, a total of \$52 million has been spent on organisations that provide counselling services for problem gamblers and their families. More than \$5 million has been spent on research into the social and economic impact of gambling; more than \$7 million has been spent on strategies to raise industry and community awareness of problem gambling and gambling-related minimisation issues; and more than \$15 million has been spent on community projects and services that may be determined as beneficial to the community generally.

The Hon. MELINDA PAVEY: Have any grants been made to the Department of Gaming and Racing from this fund?

Ms HENNESSY: Grants have been made for specific services. For a couple of years funding was provided for a departmental stand at the Royal Easter Show to raise awareness about problem gambling. We did not do that this year because a mass-media advertising campaign was conducted. That was seen to fill the place of the Royal Easter Show exhibit. Funds have also been allocated to develop, print and distribute a series of brochures to all licensed venues dealing with problem gambling and where to seek help. Those venues are now required by law to display that information. Through the Casino Community Benefit Fund the department provided the first batch of brochures free, but from now on they must be purchased.

The Hon. EDDIE OBEID: Can the Minister provide the Committee with an explanation of the main points in the recent Independent Pricing and Regulatory Tribunal [IPART] report entitled "Gambling: Promoting a culture of responsibility" as they relate to responsible gambling.

Mr GRANT McBRIDE: The IPART report is very significant and has been universally accepted and commended by all jurisdictions in Australia, including the Federal Government. We all know that problems have been caused by excessive gambling and we appreciate the important role

that the Government, gambling venue operators and gamblers themselves can play in attempting to minimise these problems. While much has been done in this area over recent years, I was concerned when I became Minister that we did not know what was working and what was not. As a result, I asked IPART to conduct a comprehensive review of key responsible gambling measures. On 23 July 2004, IPART released its 193-page report entitled "Gambling: Promoting a culture of responsibility".

CHAIR: Minister, may I suggest, because I do not want you to read the 193 pages of the report, that you table your answer, which is obviously prepared?

The Hon. EDDIE OBEID: The Minister is entitled to answer the question as he sees fit. We want to listen to what he has to say.

CHAIR: I am very conscious of the time.

The Hon. EDDIE OBEID: It is our time.

CHAIR: It seems to be a very well prepared answer. I thought it might be easier to incorporate it.

Mr GRANT McBRIDE: This Committee is a proceeding of the Parliament, and it is important that anything I put on the record be accurate. I have only a couple of pages to read.

CHAIR: Please go ahead.

The Hon. EDDIE OBEID: We have 20 minutes and it is all our time.

Mr GRANT McBRIDE: Overall, IPART found that the effectiveness of responsible gambling efforts in this State would be improved by developing a coherent, integrated and responsible gambling policy framework. IPART considered that the core aim of this framework should be to promote a culture of responsibility. Most of the 108 recommendations in the report are focused on three main areas; that is, encouraging informed choice on the part of gamblers, discouraging risky behaviour by gamblers, and improving the effectiveness of gambling counselling and treatment services. At the public release of the report, I invited the views of stakeholders and the general public on it and its recommendations by 31 August 2004. All comments received are being carefully considered before the Government finalises its formal response on the recommendations in the report. I welcome it as an important contribution to this difficult and complex area of policy. I expect it will be the catalyst for a much greater focus on measures and programs that are balanced and sensible, and that are supported by evidence.

As I said, every jurisdiction that has received a copy of the report has endorsed it. The Hon. Kay Paterson, the Federal Minister for Family and Community Services, who is responsible for this area federally, received a briefing on the report and she has endorsed it and its intention. The Council of Social Service of NSW assisted in designing the terms of reference. Other representatives from various interested bodies were also involved, and they all endorsed it. As you would understand, Mr Chairman, no report enjoys 100 per cent acceptance. That is also true of this report. However, every group that participated in the process has given it the stamp of approval. It is seen as a landmark document.

We did not have an evidence-based process. Every day another group would come forward with a suggestion. We had to draw a line in the sand and to work forward; that is, to examine documentation from across the world and within Australia. It was surprising that there was very little research in this area throughout the world. The officers of IPART are a very professional and academically qualified group and I commend them for their work on this report. They have come up with recommendations and have given us a way forward. I am very pleased with the report and I understand that the Opposition has endorsed it.

The Hon. TONY CATANZARITI: Can the Minister explain the arrangements that have been implemented to provide help for problem gamblers and their families in New South Wales?

Mr GRANT McBRIDE: The Casino Community Benefit Fund provides funding for services assisting problem gamblers. That was the subject of a question asked earlier by the Hon. Melinda Pavey. We all recognise that gambling can cause problems for some people. We also know that the Government, the gambling industry and the general public can play an important role in trying to minimise those problems. The Government helps problem gamblers and their families by providing free counselling services using funds from the Casino Community Benefit Fund. The Government is committed to providing an equal spread of funds across the State for these services so that problem gamblers and their families can access them without difficulty. The first regions of the State to receive funds for counselling services last year under this model were the Central Coast, the south-east and the New England and north-west regions. More than \$1.9 million will be directed to services for problem gamblers and families in these regions over the next three years. Prior to last year the allocation was for only one year. We had a range of services, and every year they would go through the problem of resubmitting. A lot of their time was taken up in the application process, and it was deemed that we would get better value by having triennial funding.

More recently I have agreed with the trustees' recommendation to provide more than \$3.8 million over the next three years for counselling services in the Illawarra, on the North Coast, and in western New South Wales regions. We were implementing the funding stage by stage across New South Wales, so there was not a major dislocation, and in the process giving opportunity to review what we were doing. Other regions of New South Wales will move towards three-year funding from next year. In the meantime, existing services that fall under this category will continue to be maintained. Over \$5 million has been provided this financial period to counselling services across these regions to ensure that help is available to all problem gamblers in New South Wales.

A further \$1.7 million has been provided this financial period for statewide services and programs. The Government looks forward to working with the services over the coming years to ensure we have the best quality services available for problem gamblers and their families.

The Hon. HENRY TSANG: Minister, in view of your participation in the New South Wales Alcohol Summit last year, what will the Gaming and Racing portfolio be doing in 2004-05 to implement commitments in the Government's response to the Summit communiqué?

Mr GRANT McBRIDE: First I wish to make some observations about the Alcohol Summit. In the order of 176 recommendations emerged from the Drug Summit. When we held that Summit, there was a lot of scepticism about its value and effectiveness, especially as a tool for developing policy for the Government. I shared that scepticism. I saw the Drug Summit as an incredibly effective way of developing policy in conjunction with community participation. I saw the effectiveness of it in my electorate of the Central Coast, where a number of programs have been implemented. Of the 176 recommendations, we hear about a few that attract media attention on a regular basis. But we do not hear about the other programs that have been put in place, have been incredibly effective, and have made a major change to how people with drug problems are treated.

The Alcohol Summit resulted in 318 recommendations, and I believe it had a fantastic result. I chaired the Summit's working group 10. In our group we had young people, representatives from the Australian Hotels Association [AHA], and Deputy Commissioner of Police Waites. The first round was basically a bruising encounter; it was like the softening up period in the grand final. To the young people's great credit, their recommendation was constructed in partnership with Deputy Commissioner Waites and the AHA. I am very pleased about the success of the Alcohol Summit.

In June this year the Government released its detailed response to the 318 recommendations from the Alcohol Summit. The response includes a raft of new and expanded initiatives to tackle problems associated with alcohol abuse. It is a comprehensive plan for the next four years, focusing on changing the culture of alcohol use in New South Wales. The plan builds on the good work done by all who attended the Summit. My colleagues were there as well.

Programs in the plan focus on important areas such as liquor serving practices and industry training, alcohol treatment services, public education, policing, and strengthening the liquor laws to protect those most vulnerable to liquor abuse, particularly young people and Aboriginal communities. Work has already commenced on many of these initiatives. For example, I drew upon regulation-making powers to require all serving staff in the liquor industry to undergo training in the responsible

service of alcohol. As another example, I commissioned a review of alcohol products and promotions deliberately targeted at young people under the age of 18.

I should point out that we receive numerous representations from members of Parliament asking for exceptions on behalf of different organisations. The policy is clear: they must have training in the responsible service of alcohol before they can participate. Regardless of the status of the organisation, we have been quite firm in not allowing any exemptions. A special feature of the Government's response is an industry partnership framework, which includes the review of alcohol products and promotions to which I referred a moment ago, a new code of practice for sponsorship of under-18 events, and an industry-sponsored retail alert system targeting irresponsible products.

The Government will work with the liquor industry and the community to enhance the liquor accord program. Liquor accords are the cornerstone of policy development to address liquor abuse at the local level. A task force has been established to review laws focusing on alcohol-related offences and penalties. We are looking right across the spectrum, from alcohol being served or sold across the counter through to policing, the imposition of penalties, and so on. There are many other initiatives included in the Government's response. I believe that the Alcohol Summit was a unique event that brought together many different stakeholders to tackle the problems of alcohol abuse. I was delighted to have taken a leading role in the Summit's working group processes.

I will give you one example of the importance of liquor accords in dealing with local communities. I recently attended the eastern beaches liquor accord. The major issue on the eastern beaches is backpackers. Last week I participated in the opening of the South Sydney liquor accord. There are different issues there, including cultural issues. Those two communities cannot be compared. The Kings Cross liquor accord also has a whole range of different issues.

The Government believes we need to have a community pact to deal with alcohol abuse within local communities. This cannot be done by way of legislation, and it cannot be done using a template that is applied to every community.

CHAIR: Who takes the lead in setting up those liquor accords—in, for example, a place like Bourke?

Mr GRANT McBRIDE: We have departmental facilitators there.

CHAIR: Do they talk to the police?

Mr GRANT McBRIDE: Yes.

CHAIR: Do they promote the accords in public meetings?

Mr GRANT McBRIDE: Yes. The council, hoteliers, retailers, police, community services groups, the Department of Community Services, and many other groups were invited to participate. If the accord is relevant to schools, they are also invited. All those groups are brought together and they decide on an accord to suit their area. They determine what they believe should be the priorities of the liquor accord in that region.

To take the Central Coast as an example, a liquor accord for Terrigal would not apply to Gosford. A liquor accord is designed as a handprint for a particular community. Most importantly, we are seeking to ensure compliance, rather than the gamekeeper-poacher mentality of the past, whereby the Government made the regulations and the industry found its way around them. We have moved away from that, and the police and the whole community are all part of the solution. The number of accords has increased by 60 per cent over the past two years. We have gone from something like 60 to 108 accords over the past two years. This demonstrates that a community-based model of managing alcohol abuse or alcohol-related negative events in communities is best handled by the broader community designing solutions for their particular group.

Recently I had the opportunity to visit the Northern Territory, where there are some complex and difficult issues, and it will be a challenge for all involved, including the Government there, to find

solutions to them. I believe that liquor accords are the way forward. We are moving away from a gamekeeper-poaching mentality to compliance by way of agreement.

CHAIR: I commend you for that. However, when the community pacts are established, it is still a matter of criminalisation of alcohol abuse—in other words, the police are the ones who have to enforce the accords. Do you have any other models?

Mr GRANT McBRIDE: The department looks at compliance as well; departmental officers look at compliance, and the police have a role in that as well. Yes, enforcement goes with it. There is also the possibility with licensing arrangements for liquor outlets and licensed premises that, by agreement under the accord, conditions can be placed on licences to deal with problems that may be specific to an area.

CHAIR: Are there any records of defaulters having their licences taken from them?

Mr GRANT McBRIDE: For breaches of the liquor laws?

CHAIR: Yes.

Ms HENNESSY: I am not aware that there has ever been a licence taken away from a licensee so far. But one of the outcomes of the Alcohol Summit was to examine all the penalties and offences under the liquor laws. A task force has been set up with representation from NSW Police, the Attorney General's Department, the Department of Community Services, the Department of Aboriginal Affairs, the Aboriginal Justice Advisory Committee, and the Department of Gaming and Racing to look at those penalties and offences. One thing they are considering is having a tiered structure of penalties for recidivists, or frequent offenders.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Minister, in view of the decision in *Kelvin Bissett v. The Department of Gaming and Racing* with regard to the release of statistics on poker machine gaming in New South Wales, will your department now release the statistics on gambling in New South Wales to bona fide gambling researchers as part of a commitment to the study of the social consequences of gambling in New South Wales?

Mr GRANT McBRIDE: In 2001 the Department of Gaming and Racing started to sell a routine set of gaming machine data for each quarter on a cost-recovery basis. The information set included comparative data for the previous three to four years. The data set was sold at a cost of \$1,100 for each quarterly set of club and hotel data, so the cost of the full data set for clubs and hotels would be \$2,200.

An annual data set was also prepared that combined club and hotel data. It also included data for the previous four years or so. The charge for the combined club and hotel annual data was \$4,400. Individual tables from each data set were sold at a cost of \$110. Concerns were expressed by a couple of parties, which includes you, Arthur, about the cost of the full set of gaming machine data. In view of these concerns the director-general arranged to have a full review undertaken of the actual costs of preparing this information, compared with the total number of sales made over the preceding period, in order to obtain a more accurate charge for each item.

The review found, amongst other things, that most clients who purchased this information were primarily interested in the latest information and had little use for the previous years' information. As a result of the review, earlier this year the director-general approved the following arrangements: the quarterly information for clubs and hotels is now combined into one report, but that report only includes information for the current quarter; a charge of \$440 applies for the quarterly gaming analyses for the current year, with \$220 being charged for quarterly analyses for previous years. So that is a charge of \$440 applying for a quarterly gaming analysis for the current year. Only current year information is provided in the annual gaming report; a charge of \$1,100 applies for the current annual gaming report, with \$550 being charged for prior years; a charge of \$110 applies—

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I do not need to know all the itemised bits of it. The fact is that this has been—

Mr GRANT McBRIDE: Yes, you are still paying; it is not free.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It is not free still?

The Hon. IAN MACDONALD: It is a significant cost reduction, but it is still not free, no.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Given that you have just waxed lyrical on harm minimisation, would there not be a public benefit in attempting to use that research information in harm minimisation?

Mr GRANT McBRIDE: Research has now been approached on both a national basis and a statewide basis, and there is significant commitment to funding on a Federal level. People—academics and others—can approach that committee, the Minco Committee, to actually obtain funding to research nominated projects, the priority set by that group.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Given that you have just waxed so lyrical on how important it was to have scientific research in your enthusiasm to mitigate harm I would have thought that this tiny amount of cost recovery would have been swallowed by the total revenue consideration.

Mr GRANT McBRIDE: There is always going to be an argument that people should not have to pay for anything and, in response to those representations and other people's representations, we have made a significant reduction in the cost of that information.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: In the IPART report titled "Gambling: Promoting a Culture of Responsibility", there were four major recommendations relating to gaming machines: on-screen prompting messaging to create a break in play; clocks on screens; credit wins expressed as dollar amounts in addition to the denomination amount; and better display of player help services, that is, the "GLINE +" machine information. What is your response to these recommendations?

Mr GRANT McBRIDE: I said in my opening remarks in regard to the question on IPART that we have only recently closed the opportunity for people to make submissions in regard to that report, and that is under consideration. So there is no determination yet in terms of the recommendations, and I think we are talking about the end of October before we will be making recommendations. So everything in the report is under consideration. As I said, we gave everyone a four-week opportunity to make submissions.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: That time has closed, has it?

Mr GRANT McBRIDE: Yes. Further information in regard to your question is that the recommendation to the Government would be scheduled for about October, with a decision by the Government around November.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Have you considered smoke-free workplaces, smoke-free gaming rooms, as another harm minimisation in effect?

Mr GRANT McBRIDE: My understanding is it is an area where people can make submissions.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: But I mean if the clocks on screens and on-screen prompting is to encourage a break in play, surely going outside for a cigarette would encourage a break in play and might be considered a harm minimisation step?

Mr GRANT McBRIDE: The whole idea of having the IPART report was for all these separate ideas to be distilled, considered, reviewed by IPART, and, at the end of the day, as I said, come October—

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It would appear that it has not been; that is why I am putting it to you. It would appear that it has not been considered by IPART in that it was not in what you read out in response to—

Mr GRANT McBRIDE: If I could just make a comment about smoking. At the moment, as you would be well aware, another Minister is looking at smoking in licensed premises. There will be a whole-of-government decision in regard to smoking in licensed venues.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: There will, Minister, but it would be possible for you to look at it from a harm minimisation perspective, would it not?

Mr GRANT McBRIDE: I do not do it personally, and what I am saying to you is that people can make submissions to the Government on that issue.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I moved an amendment to the 2002 Gaming Machines Amendment Bill that would have provided a regulation-making power to require the display of play-related gambling information on gaming machines in clubs and hotels. In its response the Government, through the Hon. Ian Macdonald, said:

The amendment is unnecessary because there are already sufficient regulation-making powers in section 210 (2) (p) of the Gaming Machines Act. Section 210 (2) (p) allows regulations to be made in relation to "information to be provided on or in relation to approved gaming machines and the display of signs on or in relation to approved gaming machines"

At the time the Liquor Administration Board had been reviewing a proposal to require certain information to be displayed on gaming machines. The board has already determined that it will require player information messages to be displayed on gaming machines in future. I am advised that the board has now turned its attention to the wording of those messages.

These were harm minimisation messages coming out of the machine. Has there been any progress by the Liquor Administration Board in developing these messages in the past two years since the Minister said that?

Mr GRANT McBRIDE: What date was that?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am not sure of the exact date. It was the Gaming Machines Amendment Bill 2002.

Mr GRANT McBRIDE: That predated a decision by the Government to commission the IPART report to do a total review of harm minimisation relating to gaming. Recommendations will come out of the report in the timetable I have already explained to you. If I could make a general comment, with regard to harm minimisation, as it was called at the time, numerous reports or suggestions came from the community, and the whole idea of the IPART inquiry was to move to an evidence-based decision-making process in regard to harm minimisation. So any of those issues or proposals in regard to harm minimisation initiatives should have been submitted by all the interest groups to IPART for its consideration. That is the process we put in place and, unfortunately, in terms of today's hearing, I cannot give you an outcome because it is still in the process of consideration.

CHAIR: Legislation passed through both Houses in March concerning Thoroughbred Racing and Racing NSW and, in particular, it had to do with what we were informed in the Houses were proposed refinements in response to changing needs over time: minor but necessary improvements. Those minor but necessary improvements particularly concerned the Racing Industry Participants Advisory Committee [RIPAC], and also the manner of the appointment of its consumer representative. On this matter I understand that there are now quite a number of competing industries which are not necessarily based in favour of the average punter or the consumer's representative. Do you want to comment on that?

Mr GRANT McBRIDE: Given my knowledge of racing I will ask Darryl Lowenthal, the racing director.

Mr LOEWENTHAL: This question probably relates largely around the consumer representative on the Racing Industry Participants Advisory Committee.

CHAIR: Indeed.

Mr LOEWENTHAL: A Mr Mayor has been the consumer representative on RIPAC since 2000. RIPAC is constituted as an advisory committee to Racing NSW under the Thoroughbred Racing Act. Five of the RIPAC members are nominated by industry groups, that is owners, breeders, trainers, jockeys and bookmakers; the other two members are nominated by the Labor Council of New South Wales and the Public Interest Advocacy Centre [PIAC]. Section 53 of that legislation provided for a normal five-year statutory review of the Act. The review involved a public consultation process, which included press advertisements and seeking submissions from interested parties. Twenty-two submissions were received all up, and the review report was tabled by the then Minister in Parliament in June 2002.

Mr Mayor made a personal submission to that review separate to the RIPAC submission: there was a collective submission and Mr Mayor also made his own personal submission. Other members of RIPAC made a submission, which included an expression of concern about the ability of the consumer representative to represent the overall views of consumers of racing and betting services. The former chair of RIPAC also made oral submissions that Mr Mayor was disruptive to RIPAC, was not maintaining boardroom confidentiality, and was damaging RIPAC's relationship with Racing NSW.

The review report recommended that the method of appointment of the consumer representative be altered to encourage the appointment of persons who were attuned to the views and needs of the consumers of racing and betting services, and to provide for the regular provision of fresh and contemporary thinking to RIPAC.

CHAIR: It sounds to me, and I would ask your opinion here, that what you are saying is that these changes were brought about in order to get rid of Mr Mayor because he was disruptive.

Mr LOEWENTHAL: Not necessarily. What the other members of RIPAC were trying to get across to the review was that Mr Mayor may not necessarily have been representing the views of racing consumers overall, and there was a need to have a continual change. Their view was that the other people who were on the board were coming from groups that experienced changes on a regular basis, and they were representing the views of the committees of their representative group. Mr Mayor was a one-off person and at that time it was felt there was a need maybe to have a change of blood.

The Hon. MELINDA PAVEY: So you changed the legislation?

Mr LOEWENTHAL: The review report recommended that the term of office of the consumer representative be restricted to a certain period. That was the published report.

The Hon. MELINDA PAVEY: But you have changed the selection process?

Mr LOEWENTHAL: The Government received further representations, including representations from Mr Mayor regarding those changes, and took heed of the recommendations and concerns expressed.

CHAIR: I do not know a great deal about the racing game but it would seem to me that the breeders of racehorses would be wanting a greater share of the money involved for their expenses, that the owners of racehorses would want a higher amount of prizemoney, that the trainers would want more horses on the courses, the jockeys would want a better return, and the bookmakers would want a better return. The only people being left out of this are the punters, and the mug punters do not seem to have a representative because the change in legislation has allowed the other areas of the industry to choose who the consumer representative is.

Mr LOEWENTHAL: The legislation, as it has been enacted by the Parliament, does not allow the others to choose directly. What it does is allow the Public Interest Advocacy Centre to put forward three names.

The Hon. MELINDA PAVEY: Who chooses?

Mr LOEWENTHAL: They will advertise in the general public seeking people to nominate for that position, and three names will be put forward.

CHAIR: Are they specifically representing the punters?

Mr LOEWENTHAL: Yes.

The Hon. MELINDA PAVEY: But then the industry chooses?

Mr LOEWENTHAL: The industry chooses from the three, but they will all be punters.

The Hon. PATRICIA FORSYTHE: Why did you move from allowing the Public Interest Advocacy Centre to make the selection?

Mr LOEWENTHAL: That was a government decision at the time, following the review report, together with other representations from various sections of the racing industry following the publication of the report.

CHAIR: It sounds to me that this is a change of regulation in order to avoid criticism.

Mr LOEWENTHAL: I am sorry, I am not quite with you there.

CHAIR: You have got a person whom one of your men described as distractive, extreme in his views, outspoken, speaking to the press. Why do you not allow the expression of those views?

Mr LOEWENTHAL: I think it got to the stage where the meetings of RIPAC, as we have been advised, were not able to be held productively because of the gentleman in question.

CHAIR: So the majority of people could not control one person, is that what you are saying?

Mr LOEWENTHAL: They could not control statements by that one person outside of meetings, that is all.

CHAIR: So the legislation had to go between both Houses because you had one disruptive person whom you could not control. Why did you not look to the chairperson of that particular committee?

Mr LOEWENTHAL: The main reason was not necessarily to remove one particular person. It was to ensure that there was a wider expression of views by people representing punters.

The Hon. MELINDA PAVEY: Chosen by industry?

CHAIR: Chosen by the breeders, the trainers, the jockeys and the bookmakers.

Mr LOEWENTHAL: Following nominations from the Public Interest Advocacy Centre.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Given that the level of tax is relatively high in the racing industry—I understand about 12 per cent of the total of punters inputs—and that this take subsidises prizes in racing, does the Government believe it can sustain this number of races and this cost indefinitely against other forms of gambling, which have lower overheads and higher returns to the punter as a percentage of money invested?

Mr GRANT McBRIDE: The way it has been structured is that the actual racing industry runs the racing industry. In terms of commercial decisions, how they run it is their decision. It is not a decision of government as to how many races they have, what the prize money is and things like that.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If there were something like Betfair, for example—

CHAIR: Can I follow up on your wording there, Minister? You said that the racing industry runs it; it is not a matter of government. I am guided into thinking that the new way in this legislation of appointing the representative from the public actually came as a direction from the Minister's office. Would you like to comment on that?

Mr GRANT McBRIDE: Not true. When I say "the industry", I am referring to representatives of the industry. The racing industry is entertainment, a culture—a whole range of things. It is not strictly an industry like a car manufacturing industry; it is much more than that. People are voted on to the boards for their interest in the industry, representing a wide spectrum of issues. When it comes to issues in regard to the industry, and again I call it the industry not in the normal sense but with respect to racing, the policy has been to have a separation between the regulatory authority and the commercial arm, that is, the racing itself. It has been done in a more formal sense in the other codes of greyhound racing and harness racing.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am asking about economic reality. If you have one form of gambling where two individuals bet—

Mr GRANT McBRIDE: Are you advocating Betfair?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: No, I am not advocating anything. I am trying to get to the bottom of the long-term future of racing. If you have two forms of betting—Betfair, where two people bet on the same race—

Mr GRANT McBRIDE: You are saying Betfair. That is your issue.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am using the example of Betfair—

Mr GRANT McBRIDE: Betting exchanges, which are run by Betfair.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Right, where a small amount is taken out to put to punters in a situation where they are betting against each other, that takes a very small percentage of the turnover. In terms of the total turnover that is taken out in order to run racing in New South Wales, whoever may be managing it—and you say it is the industry itself—the punter is getting less money back as a percentage of each \$100 he puts in. That is a fact, is it not? You are not paying attention, Minister.

Mr GRANT McBRIDE: I am. I am just getting a reply for you and looking through information. Like a good politician I can do more than one thing at one time.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I find it difficult, Minister, and I see that you do too. Racing has a higher amount of money taken out of the pool that the punters put in so they are getting a lesser yield, potentially.

Mr GRANT McBRIDE: I am no expert on racing, as most people would understand. The Government's position on betting exchanges—and it is had that position now for a number of years—is that we have real concerns about the integrity of betting exchanges. Betting exchanges do not operate in the same way as an ordinary—

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I understand that.

Mr GRANT McBRIDE: No, this is why we have this policy.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am not advocating betting exchanges, Minister.

Mr GRANT McBRIDE: The only example you have given me is betting exchanges and I am replying to the question as you put it to me, with the example that you gave. There has always been a question about the integrity of being able to actually bet to lose. In essence, the issue has been you bet to win, not to lose. This has been the policy of this Government for 2½ years or more since Betfair kicked off, and we have advocated that at every ministerial conference. We have not been able

to get agreement with other jurisdictions, and at different times elements within the racing fraternity—I will not use the word "industry" again—have actually dabbled with the idea of betting exchanges. We have pushed that position.

Earlier this year there was a situation in England in a jumps race where there was great suspicion in regard to the fact that a rider came over the hurdle—and any horse riders in this room would basically say that he dismounted when he came over the hurdle—took a little tumble and landed on the grass. They went back and found there was a major plunge with regard to betting exchanges, et cetera, because the horse was not supposed to win. More recently there was an incident in Great Britain involving major jockeys—including Keiran Fallon, who is the leading jockey in Great Britain, and has been for some time—in which 17 people were arrested and are under investigation because of issues of perceived corruption or the possibility of corruption associated with betting exchanges.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Stewards have been having that problem for years.

Mr GRANT McBRIDE: They have. You have raised the issue of stewards, and I am pleased you did.

The Hon. EDDIE OBEID: It is easier to lose than win.

Mr GRANT McBRIDE: I am doing this impartially, and not as the New South Wales Minister. The integrity of racing in New South Wales is the best in Australia.

CHAIR: Thank you Minister. Does the Opposition have any questions?

The Hon. PATRICIA FORSYTHE: I would like to follow up on a question that was asked by the Hon. Tony Catanzariti about the use of the Casino Community Benefit Fund [CCBF] in relation to areas that were chosen for allocation of funding for problem gamblers. What criteria were used for the selection of those areas?

Ms HENNESSY: The State was divided into nine regions. Those regions were based on Premier's Department groupings of local government areas. That was the basis for the way that the regions were selected. There was a notional percentage amount of funds to be allocated to each region based on a formula that had been developed during the development of a policy framework that had been prepared—and Gordon would be familiar with the background to this because it was certainly in his time. The CCBF trustees commissioned NSW Health to develop a policy framework on the delivery of problem gambling services, and as part of that a formula was established to allocate funds on a regional basis.

The Hon. MELINDA PAVEY: Minister, are you prepared to institute a review of the new increased gaming taxes imposed on clubs from 1 September at the end of the current financial year, 30 June 2005, to ascertain whether the Government's expectations of revenue have been realised or exceeded? In other words, if you get more in the till than you expected, are you going to give some more back?

Mr GRANT McBRIDE: Without boring you—

The Hon. MELINDA PAVEY: You would never bore me, Minister.

Mr GRANT McBRIDE: The simple fact is that taxation is not the responsibility of the Minister for Gaming and Racing.

The Hon. MELINDA PAVEY: But you are representing—

CHAIR: She was asking about profits.

Mr GRANT McBRIDE: Again, taxation is not my responsibility. There is a Treasurer.

The Hon. MELINDA PAVEY: But as Minister you will not be fighting to get a bit more? If there is more money than you expected, you will not be fighting on behalf of the clubs to pull some of that money back?

Mr GRANT McBRIDE: As I said, it is not my policy area. My policy area is Gaming and Racing. Taxation is the Treasurer's area.

The Hon. MELINDA PAVEY: Gaming is your area too. If the revenue from gaming has been exceeded, are you prepared to make representations to the Treasurer to adjust the new rate of gaming tax so as to ensure that only projected gaming taxes are collected?

Mr GRANT McBRIDE: This is all hypothetical. I will wait until—

CHAIR: She really wants to know whether you will say to the Treasurer, "Double your money?"

Mr GRANT McBRIDE: Taxation policy is clearly the responsibility of the Treasurer.

The Hon. MELINDA PAVEY: I have got the idea of what you are saying. Ms Hennessy, in relation to earlier questions on the Casino Community Benefit Fund, does the Department of Gaming and Racing make applications for that funding for programs or does it just get a certain amount every year?

Ms HENNESSY: For the funds that are allocated to the department for those specific projects I referred to, they have to make a submission to the trustees for consideration, as any other applicant would do.

The Hon. MELINDA PAVEY: Minister, how many jobs are expected to be lost in the clubs industry, both directly and indirectly, following the imposition of this new tax?

Mr GRANT McBRIDE: I am not in a position to actually make that estimate but can I just say—

The Hon. MELINDA PAVEY: What is ClubsNSW saying?

Mr GRANT McBRIDE: One estimate I have heard is 24,000. Given that there are only 40,000 people employed in the club industry, I think there would be some question as to the accuracy of that particular estimate.

The Hon. MELINDA PAVEY: Is that 40,000 full time or part time.

Mr GRANT McBRIDE: Their numbers are 40,000 and their other number is 24,000. They did not qualify it. The Opposition has indicated in debate that there are 24,000. All I am saying to you is that I am not in a capacity to do it. I do not do that estimate. That is an area that will be determined as time goes by. I am not in a position to give you an answer as to what the estimate is. As an example, in debate the other night in the Parliament, the member for Bega, Mr Andrew Constance, mentioned that 14 clubs had gone under as a result of the club tax, and he read the list of clubs, which I will come to in a moment. The club tax came in as of 1 September this year.

The EDDIE OBEID: It hasn't paid anything yet.

Mr GRANT McBRIDE: And the first payment is not until December of this year. I will just go through those 14 clubs.

The Hon. MELINDA PAVEY: Minister—

Mr GRANT McBRIDE: No, in terms of information that is used in regard to this debate—

The Hon. MELINDA PAVEY: We have only a certain amount of time and we would like to get through some questions so that we do not have to waste the officers' time by having them come back.

Mr GRANT McBRIDE: Certainly.

The Hon. MELINDA PAVEY: Thank you. I wanted to clarify something you just said. You point out that clubs will lose 24,000 jobs out of the 40,000 jobs. I want to make it clear that ClubsNSW and the club movement are actually saying 24,000 jobs will be gone, which includes direct, indirect and contractors. It is important that we all get our facts right on this one. Minister, how many new inquiries or witch-hunts like the Temby Panthers inquiry do you intend to initiate in the next 12 months?

Mr GRANT McBRIDE: It is not in my capacity, as Minister, to initiate an inquiry. It is a recommendation of the-director-general whether there is an inquiry or there is not an inquiry.

Mr LOEWENTHAL: Following up the Minister's statement, in so far as the Director of Liquor and Gaming is concerned, at present there are no indications that there are any section 41 inquiries in the near future.

The Hon. MELINDA PAVEY: In the near future. What about the long-term future?

Mr LOEWENTHAL: I cannot see into the future. What I am saying is that we do not have any on the books that would require a section 41—

The Hon. MELINDA PAVEY: There are no red lights flashing that would suggest that you might—

Mr LOEWENTHAL: We are continually monitoring the operations of various clubs. We have a registered clubs unit, and it is looking at the activities in various clubs around the State. If we were unable to conduct the investigations utilising the powers that are with the department and ordinary inspectors, that may lead to the section 41 but, as I say, that is somewhere in the future.

The Hon. MELINDA PAVEY: Mr Loewenthal, are you concerned with the principles involved in the new legislation that will be before the Parliament this week forcing the costs of these inquiries onto clubs—the retrospectivity?

Mr LOEWENTHAL: That is a matter of government policy which is currently being debated in the Legislative Assembly, and I am not in a position to comment on that.

The Hon. MELINDA PAVEY: Minister, are you worried about that?

Mr GRANT McBRIDE: My understanding—I might the corrected here—is that the legislation is in the Parliament at the moment. It is under debate, and the debate has not been completed.

The Hon. MELINDA PAVEY: Is this the equivalent of forcing clubs to fund your department's normal operations, or are you intending to have so many inquiries that it would be a blow to your budget?

Mr GRANT McBRIDE: There are amendments that relate to the question that you have raised and those have not yet been debated in the Parliament.

The Hon. MELINDA PAVEY: Have you, the director-general or any of your staff had any meetings with former Minister Richard Face in the past 12 months?

Mr GRANT McBRIDE: In the back of the room here you will see the shadow Minister, George Souris, who asked me this question in Parliament earlier this year. There is no change to the answer I gave to him in the Parliament.

The Hon. MELINDA PAVEY: So you have not met with Mr Face since Mr Souris asked that question.

Mr GRANT McBRIDE: I made the point in that response that I have had no professional interaction with Richard Face at all other than in the—and this is the answer I gave in Parliament—interregnum in between the outcome of the first report, when it was deemed that there were no problems associated with Richard, and the subsequent inquiry. That is the only time I have ever met Richard in terms of my role as Minister.

The Hon. MELINDA PAVEY: Do you have a policy in place for your department and all agencies within your portfolio not to have any dealings with Mr Richard Face?

Mr LOEWENTHAL: The question put to the Minister referred also to the department so I will answer on behalf of the department in relation to any meetings or conversations with Richard Face. Since November 2003—I have used that date because I think that was the last occasion that the department appeared before this Committee; I think information was given to the Committee on that occasion.

CHAIR: The same questions were asked.

Mr LOEWENTHAL: That is right. Since November 2003 the former Minister for Gaming and Racing, Mr Richard face, has had limited contact with officers of the department. Late last year he made written representations on behalf of a hotelier client, which resulted in a meeting between that hotelier and a departmental officer. Mr Face did not attend the meeting. He has since made further written representations to the director-general seeking a follow-up meeting with his client. No further meeting has been held to date.

In May and June of this year Mr Face telephoned me and two other officers of the department on behalf of clients in the New South Wales snowfields. The Minister had also received representations from the local member on this same issue. Subsequently, the Assistant Director, Compliance and the manager of the legal and licensing branch visited the area to meet with licensees and the local police to resolve the issues under consideration. Mr Face attended both of those meetings. The issue was subsequently resolved to the satisfaction of the department, the police and the licensees.

Apart from these matters, two other officers of the department have received telephone calls from Mr Face relating to interpretations of liquor and gaming legislation. Based on legal advice available to it, the department will continue to deal with Mr Face in a professional and impartial manner. I might add that the department's dealings with Mr Face are not dissimilar to dealings it has had, and will continue to have, with several other former Ministers and shadow Ministers, including Michael Cleary, Bob Rowland Smith, Joe Schipp, Chris Downy and Richard Bull. In this regard, the department's code of conduct is important. Section 17A of the code of conduct provides:

You must ensure that you do not give, or appear to give, a former NSW Minister or Shadow Minister favourable treatment or access to privileged information.

A former Minister or former Shadow Minister should be permitted the same level and nature of contact with the Department as any member of the general public. When a former Minister or Shadow Minister seeks a routine service from you, you should treat him or her in the same manner as any other person. Routine services include any services that are provided at one of the Department's customer counters, such as lodgement of applications or purchase of signage or other goods. A routine service would also include answering a straight-forward telephone inquiry about the operation of any legislation administered by the Department.

In delivering a routine service to a former Minister or former Shadow Minister, you should ensure that your official dealings are conducted in accordance with recognised Departmental procedures.

All contacts by a former Minister or former Shadow Minister to be reported to your Director.

The Hon. PATRICIA FORSYTHE: Are you saying that you treat contact with former Minister Face in exactly the same way as you treat other former Ministers?

Mr LOEWENTHAL: I am, and, as I said, that is based on legal advice we received from the Crown Solicitor as to how we should deal with Richard Face.

The Hon. MELINDA PAVEY: Going back to earlier questioning about the amount of money that the department will now have to pay to the Department of Commerce for the advertising campaign to justify the increase in tax revenues, which is not the responsibility of Mr McBride, given that in 1999 there were 350 staff in your department, how many staff were there as of 30 June 2004, at the end of the financial year?

Mr FOGGO: Full-time employees at 30 June 2004 were 223.

The Hon. MELINDA PAVEY: So basically you have 220 staff, which is about 130 fewer than there were four years ago. There are incredible demands on the department in terms of industry requirements with responsible service of alcohol and responsible gaming, yet we have just thrown away about 1 per cent of the department's budget for a silly advertising campaign. Is that fair on staff?

Mr FOGGO: I think that question has already been answered by the Deputy Director-General.

The Hon. MELINDA PAVEY: It is probably not a fair question to ask you. I will ask the Minister.

Mr GRANT McBRIDE: There was a steady decline in the number of people in the department. Some of them came out of revenue raising, which used to be dealt with by the department itself but was moved to the Office of State Revenue. So there were major changes in that regard. But I cannot tell you the exact numbers because I was not the Minister at the time. More recently, for the first time we received a budget enhancement of \$1.67 million. It is the first time in recent years that there has been an expansion of the budget over the savings that had to be made. That was in the compliance area, recognising the issues that you raised in your question.

The Hon. PATRICIA FORSYTHE: I return to the question I was asking you about contact with former Minister Face. Can you clarify whether there was any post separation exclusion period in relation to dealing with the Minister either from the Minister's office or the department?

Mr GRANT McBRIDE: We would have to check. The advice I am receiving is that there is no policy. There has been discussion of a policy post—

The Hon. PATRICIA FORSYTHE: Post separation exclusion.

Mr GRANT McBRIDE: Yes but post the issue involving Richard Face.

The Hon. PATRICIA FORSYTHE: The Premier gave a commitment. I simply wondered whether it was—

Mr GRANT McBRIDE: No. The commitment was post the last election.

The Hon. PATRICIA FORSYTHE: You might like to check that and let us know.

Mr GRANT McBRIDE: That is what I am saying, but my recollection is that the issues you have referred to arose out of the issue involving Richard Face. Subsequently, the Premier made a statement, with regard to that issue, that we would be looking at developing a policy in regard to post separation. My best recollection is that there is no such policy in place at this point in time, but your question is how that relates to the policy when Richard ceased being a member of Parliament. There was no policy then and there still is no policy, to the best of my knowledge.

CHAIR: Mr Farrell, have there been any discussions by the Casino Control Authority at all concerning any evidence of the infiltration of organised crime at the casino?

Mr FARRELL: That issue of organised crime in the casino is dealt with both by the Casino Control Authority and the authority in conjunction with NSW Police. NSW Police has, since the McClellan report of 2000, set up a specific unit, the casino investigations unit, which has as part of its charter dealing with the issue of systemic or organised crime.

CHAIR: I understand that. I asked you whether there have been any discussions in meetings of the Casino Control Authority concerning organised crime?

Mr FARRELL: Are you talking about specific instances, or are you talking about in general?

Mr FARRELL: No, systemic organised crime, infiltration within the casino.

Mr FARRELL: Do we believe there is any? No.

CHAIR: No. I said, "Have there been any discussions", not what you believe.

Mr FARRELL: Any discussions within the authority?

CHAIR: Yes.

Mr FARRELL: In a general sense we are always talking about issues such as that. I am trying my best to understand the question.

Mr GRANT McBRIDE: I attended one of their meetings and in that meeting I raised the issue that you have just raised—they operate and all that sort of thing. I simply wanted an overview of the issue. I was concerned about that specific issue. It was pretty clear; we had the police there advising. They have some special groups—Brian would know the names of these people—that look at that. They identify people who come to the club, those people who are known to be linked to other criminals, et cetera. They go through that.

CHAIR: If Mr Farrell said no, there have been no discussions, the question is whether he is doing his job. If he said there were specific instructions and you are doing your job, I want to know more details.

Mr FARRELL: In terms of all matters relating to criminal activity at or associated with the casino, the structure is that there is a series of groups that are put together in order to ensure that all information that is available reaches the appropriate place.

The sources of information in regard to this are obviously the casino operator, particularly the casino operator's staff, the Casino Control Authority's on-site inspectors and the police. So, a structured set of meetings occur fortnightly with the police, the authority and the casino operator. Then there are a series of overview meetings. The purpose of all that is to ensure that any relevant information gets to the appropriate place, whether that be the casino intelligence unit, which will then pass that on to whoever it deems to be appropriate. And that could be a range of people, including people from CentreLink, the Department of Housing, and, in particular, the Crime Commission and the Australian Crime Commission.

CHAIR: The security guards at the casino were involved in a number of highly publicised events. What have you done to ensure that security is properly trained to deal with some of those issues?

Mr FARRELL: As a result of an investigation that was conducted after a particular incident in the late 1990s, the authority required the casino operator to develop a complete new training course. The casino operator did that in conjunction with external consultants. It designed its security training courses from the ground up, basically because there was nothing you could take off the shelf that would get it to the level we expected of it. It did that and all those staff now, we believe, are trained in a course, in relation to which there is none better available.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Minister, if the take from betting for the running of racing in New South Wales is higher than a betting exchange, do the industry and the Government believe that they can maintain racing indefinitely against those other forms of betting, which take a lower amount of the punters dollar?

Mr GRANT McBRIDE: Under the current arrangements, if you had a hypothetical licensing and betting exchange, the return to racing would be less in that they pay a lower return. It would be less to racing than it is now.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: But that overhead is the point I am making. If betting exchanges are marketed aggressively by a big player—and that is suggested—would that make it difficult for racing to survive?

Mr GRANT McBRIDE: In principle we are totally opposed to betting exchanges because we believe they compromise the integrity of racing. In Great Britain, where they are quite extensive—or where they started—we are now seeing real concern in the industry in regard to that issue. Other jurisdictions in other countries have adopted or have the same policy as we have here. There is a general view in the industry now—and this is not just in New South Wales; Victoria came out very strongly with this view last week—that is totally opposed to it. Western Australia is opposed to it. South Australia is opposed to it. From a minority point of view three years ago we have now moved to the majority point of view.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Why has the value of grants under the Casino Community Benefit Fund fallen in the 2004-05 budget?

Ms HENNESSY: Is this in the Treasury figures?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Yes. In the figures on page 8-10 of Budget Paper No. 3, Volume 1. They drop from \$13.2 million to \$11.1 million.

Ms HENNESSY: I think the actual expenditure for 2003-04 was in excess of the income received during that period. Some cash reserves had been accrued in previous years and that was being used for expenditure on grants. According to Treasury estimates, I think it is expected that something of the order of \$12 million per annum will be received as income from the casino. I am sorry, I do not have the figures in front of me.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: \$11.1 million is the expected payout.

Ms HENNESSY: Of that \$12 million, approximately 10 per cent is allocated towards the administration of the fund. That 10 per cent is consistent with other grant programs of this size. That leaves roughly \$11 million for expenditure.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Minister, when harm minimisation is introduced, will the Government mandate harm minimisation technology or will it "grandfather in" existing machines?

Mr GRANT McBRIDE: I do not have the report here but my recollection is, and my advice is, that times for implementation would vary according to different aspects of the technology.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The idea of messages on the screen would require, I understand, augmenting technology that can be retrofitted. If it is not retrofitted, there will be a big lag while the machines that do not have it are replaced. That may be seven years or perhaps longer?

Mr GRANT McBRIDE: The advice I am receiving is that it is five years, and that tends to correspond with my recollection. It was recognised that certain things can be done straightaway with regard to the technology associated with the machine, like bolt-on items. Other things were more structural and required major changes. It was recognised that there would be different introduction times for the different components.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: These will be a mandatory retrofitting, perhaps?

Mr GRANT McBRIDE: As I said, every component. There will be different times. I do not know the technology to the point where I can give you a definitive answer. When it happens, it will happen. There will be times set where you must make the changes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Yes, but I understood some wanted to grandfather in the machines, and if some clubs are introducing harm minimisation technology to warn patrons and some are not, the ones that do not will presumably have higher stakes and, therefore, a competitive advantage?

Mr GRANT McBRIDE: The advice I am receiving is that there will be fixed times. They will be determined relating to the different aspects of the machine. There will not be a "grandfathering" in the sense that it will be unlimited.

The Hon. MELINDA PAVEY: Minister, you stated earlier that you are not renowned for your knowledge of the racing area of your portfolio. I find it concerning that harness racing, horseracing and greyhound racing are all major sports contributors in New South Wales, and the racing industry in regional areas and the city is a big economic generator. Considering all the pressures on these areas of the racing industry, what is your vision for it?

Mr GRANT McBRIDE: That is a great question, and I thank you for it. When I came to this portfolio my major concerns about racing were diminishing attendances and also the consolidation of prize-winnings to the central areas. There was not enough money going to the lower levels in the industry; there should be a moving away from a concentration on metropolitan Sydney downstream to the regions and to the country. We should be encouraging the maintenance of services and racing in regional and country areas.

I will give you an example. When I went out to Broken Hill the proposal was that there would not be harness racing in Broken Hill. By coincidence, I met the then president of the club—Edward Cutjar—and that same week, on the Friday, his daughter was having her first drive at Harold Park. That was all I needed to convince me to maintain facilities strategically throughout the State.

CHAIR: There are other facilities for harness racing, such as Bankstown. Would you like to make a comment on Bankstown?

Mr GRANT McBRIDE: In the racing industry both greyhound and harness racing have been going through a restructure process. In a restructure process, as you will appreciate, there are winners and losers no matter what decision is made. The commercial arm of Harness Racing New South Wales and Greyhound Racing New South Wales will make those decisions. If representations are made to me or I take a view from those representations that I should make my views known to the organisation, I will do, but at the end of the day it is their commercial decision.

CHAIR: Have not those two authorities merged?

Mr GRANT McBRIDE: No. The commercial arms will remain independent. We are merging the regulatory authorities, the stewards, and so on. The amalgamation is not complete at this stage. From 1 October the two regulatory authorities will be merged.

The Hon. MELINDA PAVEY: Why is Victoria leaving us for dead in terms of the racing industry?

Mr GRANT McBRIDE: That is a myth.

The Hon. MELINDA PAVEY: Why?

Mr GRANT McBRIDE: Turnover in New South Wales is something like 40 per cent.

The Hon. MELINDA PAVEY: What is Victoria's?

Mr GRANT McBRIDE: It is 30 per cent. But we in New South Wales do not go around beating our chests. Victoria likes to see itself as the premier racing organisation or State in Australia.

New South Wales, in its normal humble way, allows Victoria to do that because it gets upset if you point out it is not first.

CHAIR: We do not have a national holiday for the Golden Slipper.

Mr GRANT McBRIDE: That is right, we do not, but the Melbourne Cup is the Melbourne Cup, and we like to let Victoria think it is the premier State. We have all the major studs in the Hunter region. We have the Darleys, the Coolmores, the Inghams.

The Hon. EDDIE OBEID: What about the Emirates?

Mr GRANT McBRIDE: The Emirates are the Darleys. They are the biggest horse racing establishments in Australia. We win! I should point out that the shadow Minister represents that area, and he will be well aware that we lead the other States in Australia in this regard.

The Hon. MELINDA PAVEY: He is also concerned about the closure of Singleton Greyhound Club.

Mr GRANT McBRIDE: As I was explaining earlier, there is a rationalisation—sorry, a restructure, going on in both those areas.

The Hon. MELINDA PAVEY: Maybe the first one was right?

Mr GRANT McBRIDE: No, it is not. I point out that the Government is not responsible for that commercial arm and those decisions; they are being made by Greyhound Racing New South Wales. The person in charge of that is Percy Allen. I do not think you could get a more highly qualified person to make such decisions. And I assure you, Percy does not take advice from me.

The Hon. PATRICIA FORSYTHE: Minister, what is being done to address the crisis of the shortage of prizemoney in the racing industry?

Mr GRANT McBRIDE: There is no shortage of prizemoney.

The Hon. MELINDA PAVEY: Do you want to check again?

Mr GRANT McBRIDE: No. I have a horseracing expert behind me and I appreciate his advice on these matters. I think it is responsible for a Minister to take advice from an expert.

If you look at the spring carnival, the Golden Slipper and everything else the actual prize money is absolutely enormous. What is now happening is that there has been a change at the galloper's level, the thoroughbred level. They have brought in Peter V'Landys, who was the manager of harness racing at Harold Park. He has done a blueprint for thoroughbred racing in New South Wales, and that is, as I said, about moving the money downstream. So what we are trying to do and what he is trying to do is build participation, ownership, regional racing and country racing. I have been involved with him in terms of that policy.

The Hon. PATRICIA FORSYTHE: What is the total amount of taxation paid by TAB Ltd for totalisator operations in the past 12 months and what is expected in the next 12 months?

Mr GRANT McBRIDE: I understand all the actual collections moved out of our department some years ago. The collections now go directly to Treasury. We can take the question on notice and give you that advice.

The Hon. PATRICIA FORSYTHE: Thank you. I refer to an answer you gave very early about the Sydney casino community benefit fund and the fact that the department used some of the funds last year for a stand at the Royal Easter Show and this year on some brochures. Why did the money for that display come out of the benefit fund? Why would that not be a normal expenditure of the department?

Ms HENNESSY: The department had not previously had any resources to undertake any sort of education program. Education awareness strategies for problem gamblers and their families are among the objects of the casino community benefit fund. Previously there had been methods of getting information out to licensed venues through the industry, but there was no other mechanism prior to that for getting problem gambling messages out to the broader community. The trustees considered the department's application and considered it was a useful way to get the message out to the large numbers of people who go to the show every year.

From our experience of running it—I think we did it for two, perhaps three years—the most positive aspect of it was that our staff who were out there manning the display reported that quite a few children were coming forward. In fact, as you would expect at the show, a large number of children were coming forward talking to our staff about problems their parents were having. It was probably a unique opportunity to get advice out to children about telephone numbers they could call to get assistance for their parents. I think overall for those few years the trustees thought it was a worthwhile activity. As I said, until this year when the trustees turned towards television, radio and print education campaigns, it was the only opportunity for getting information out to the broader community.

The Hon. PATRICIA FORSYTHE: Does it show up as part of the normal revenue of the department?

Ms HENNESSY: I am not sure how it is accounted for.

Mr FOGGO: It certainly shows in the expenditure items of the department, yes.

Ms HENNESSY: The net effect would be zero because it comes in as revenue and goes out as expenditure.

CHAIR: I was part of the decision-making process about going to the Royal Easter Show. I also visited that particular display. By way of interest, one of my sons won a T-shirt there, which he still wears. Three years later I see G-line advertising when he is working in my garden.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The Federal Government did not take any national action after the interactive gambling review, is that right?

Mr GRANT McBRIDE: Our proposal was that we wanted the Federal Government to ban interactive gambling.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It has not done so?

Mr GRANT McBRIDE: No.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Is the State likely to do anything in that area and, if so, what?

Mr GRANT McBRIDE: I want to clarify an issue about betting exchanges, as in betting on the Internet, and interactive gambling. The advice I have just received in terms of interactive gambling—which means you can use your remote control and your TV to place a bet—is that it is not licensed in Australia at this point in time.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The State is not considering doing anything about that?

Mr GRANT McBRIDE: I am saying that interactive gambling is not available anywhere in Australia. The Federal Government has not approved interactive gaming. The technology is there. On a personal level I can say to you that the Government's policy is that we would be totally opposed to interactive gambling. I can give you the reason why: because it would turn every TV in every home into a tote. I am totally opposed to it on a personal level.

CHAIR: On cricket and on soccer.

The Hon. PATRICIA FORSYTHE: On two flies crawling up a wall.

Mr GRANT McBRIDE: I could give you an example. You could be watching a cricket match, and the players go off for lunch. When they come back you could bet on how many are wearing short sleeves and how many are wearing long sleeves. It would lead to a massive expansion of gambling and the number of opportunities would be limitless if you did that. Couple that with betting exchanges and you would get a double dose.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I do not advocate it. I am asking you what you would do about it.

Mr GRANT McBRIDE: The situation is that we as a Government are opposed to it. We made a submission to the review in which we opposed it.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Similarly, will you do anything about Internet gambling?

Mr LOEWENTHAL: Are you talking about wagering?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Yes.

Mr LOEWENTHAL: At the present time the TAB offers an Internet wagering service. It provides an online service to be able to bet on the normal range of events that it operates on. That is a small percentage of its overall operation. Bookmakers are not permitted to provide an interactive wagering service. Insofar as betting exchanges are concerned, as the Minister indicated, there is no need to ban them on the basis you cannot license them. There is no provision to license them at the present time, which is the case right throughout Australia.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If gambling information were provided on New South Wales races, would that not allow gambling to go outside New South Wales? Is there a ban on information being provided from outside on New South Wales races?

Mr LOEWENTHAL: At the present time there is a legislative prohibition against any wagering operator displaying race fields by any means, including on the Internet, without the approval of the particular racing club conducting the meeting. That is a section in the Racing Administration Act. So a company such as Betfair presumably providing the New South Wales race fields on its Internet site, even though it is out of its London-based headquarters, may well be in breach of New South Wales legislation.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I understand the ban has been upheld in a recent legal decision.

Mr LOEWENTHAL: There was initially a decision by a single judge of the Federal Court, then on appeal by the appellant to the full bench of the Federal Court. All of the provisions of the Racing Administration Act with regard to the advertising of racing services, the prohibition against the advertising of betting services into New South Wales by people not licensed in New South Wales, together with the provision I mentioned on the display of race fields without the approval of the race club were all confirmed by the full bench of the Federal Court. The particular person in question has now sought leave to appeal to the High Court. We are awaiting a decision as to whether he will get before the High Court. That presumably is some months off.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Presumably you will defend the integrity of the decision through this process?

Mr LOEWENTHAL: Most definitely.

The Hon. MELINDA PAVEY: What work has your department done about developing a code of conduct for security staff and bouncers at licensed premises?

Mr GRANT McBRIDE: The New South Wales Summit on Alcohol Abuse recommended extending mandatory responsible service of alcohol [RSA] training to security officers working in licensed venues. Security officers undertake important activities that support responsible serving practices. These include checking young people's evidence of age, detecting potential second party sales to minors, monitoring patron behaviour and preventing access by drunk and disorderly persons and, if necessary, removing them from venues. Following consultation with key industry groups, new laws are now in place to implement this recommendation from 1 January 2005. The extension of the RSA training scheme to security officers will enhance the knowledge of these workers in terms of the responsible serving laws. It will also assist venue managers and their serving staff to comply with the liquor laws and operate safe and secure venues. We recognise the recommendations of the alcohol summit. The alcohol summit made a recommendation and we have implemented the recommendation so that they get training.

The Hon. MELINDA PAVEY: They have to get the RSA certificate?

Mr GRANT McBRIDE: To understand how to deal with people who are inebriated.

The Hon. MELINDA PAVEY: That is through an RSA certificate?

Mr GRANT McBRIDE: Yes.

The Hon. MELINDA PAVEY: Do you think that is adequate?

Mr GRANT McBRIDE: It was a recommendation and we have implemented it. It came out of the summit.

The Hon. MELINDA PAVEY: You are happy with that?

Mr GRANT McBRIDE: I am saying you can always improve on anything.

The Hon. MELINDA PAVEY: As the Minister are you not concerned that as charges are pending with the Director of Public Prosecutions with regard to the Independent Commission Against Corruption investigation into Mr Face it may be appropriate that there be no contact between the department and Mr Face until the issue is cleared up one way or the other?

Mr GRANT McBRIDE: The director-general of racing indicated that they had sought Crown Solicitor's advice in regard to the particular question you have asked. That is the policy at the moment.

The Hon. EDDIE OBEID: Innocent until proven guilty.

Mr GRANT McBRIDE: Could I make one comment about post-separation? It is an issue that obviously has been debated at the Federal level as well. As yet the Federal Government has no policy on post-separation for Ministers.

The Hon. MELINDA PAVEY: I do not think there are any Department of Public Prosecution charges pending in the Federal Government.

CHAIR: Thank you Minister and departmental officers for attending tonight's hearing.

The Committee proceeded to deliberate.
