

GENERAL PURPOSE STANDING COMMITTEE No. 4

Wednesday 20 June 2001

Examination of proposed expenditure for the portfolio areas

**GAMING AND RACING,
AND HUNTER DEVELOPMENT**

The Committee met at 6.30 p.m.

MEMBERS

The Hon. I. Cohen (Deputy-Chair)

The Hon. Amanda Fazio
The Hon. Patricia Forsythe
The Hon. I. M. Macdonald

The Hon. D. E. Oldfield
The Hon. G. S. Pearce
The Hon. Janelle Saffin

PRESENT

The Hon. J. R. Face, *Minister for Gaming and Racing, and Minister Assisting the Premier on Hunter Development*

Department of Gaming and Racing

Mr K. M. Brown, *Director-General*

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

Mr R. Harrex, *Director, Casino Surveillance Division*

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

Mr D. Loewenthal, *Deputy Director-General, Director of Liquor and Gaming*

Premier's Department

Mr B. Chard, *Regional Coordinator, Hunter*

Casino Control Authority

Mr B. Farrell, *Chief Executive Officer*

Greyhound Racing Authority

Mr S. Rosier, *Chief Executive Officer*

CHAIR: Thank you, Minister, for your attendance. I welcome members of the public and the media to this budget estimates committee hearing, which will examine the proposed expenditure for the portfolio areas of Gaming and Racing and Hunter Development. Before questions commence some procedural matters need to be dealt with regarding the broadcasting of proceedings. Part 4 of the resolution referring the budget estimates to the Committee requires evidence to be heard in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of the guidelines on broadcasting are available from the attendants. I point out, though, that in accordance with the Legislative Council's 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 photos. In reporting the proceedings of this Committee, you must take responsibility for what you publish or what interpretation you place 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. Witnesses, members and their staff are advised that any messages should be delivered through the attendant on duty or the Committee Clerks. For the benefit of members and Hansard, I ask departmental officials to identify themselves by name, position and department or agency before answering any question referred to them. Where a member is seeking information in relation to a particular aspect of a program or a subprogram, it will be helpful if the program or subprogram is identified. The Committee has agreed to the following format for questions: 30 minutes for the Opposition and 15 minutes for each crossbench member. We will go through that as a rotation for the length of the hearing. I would just like to ask the Minister whether that would pose any problems or difficulties for himself or his officers.

Mr FACE: No.

CHAIR: As the lower House is sitting, could you advise whether you will need to attend divisions this evening, Minister?

Mr FACE: No.

CHAIR: I declare that the proposed expenditure is open for examination. The suggestion is that we proceed first with questions relating to Hunter Development, given that the Committee expects there will be fewer questions in that area. The Committee will then proceed with questions relating to Gaming and Racing.

The Hon. GREG PEARCE: Minister, what money has been expended to date and how much money is the Government advancing to the Steel River project in 2001 and 2002 and from where are those funds being sourced?

Mr FACE: The Steel River project is not a government project but totally a private enterprise project. BHP was the original owner of the land. It was originally called West of Tourle Street and later became Steel River for marketing purposes. It has since been disposed of to a private consortium and the Government has no expenditure in it at all.

The Hon. GREG PEARCE: The Premier announced the Austeel project in February. What State funds have been expended on that project?

Mr FACE: On 14 February the New South Wales Government signed an agreement with Austeel following the company's announcement that it intended to develop a \$2.8 billion steel mill in the Hunter. I emphasise that there is a long way to go before the development becomes a reality. When many other projects have been announced in the region over a period of time people have thought that the next day workers would be on site and foundations laid. I think it will be a while before the site becomes reality. However, if it is successful, it could be the biggest single industrial investment ever undertaken in New South Wales, far less in the Hunter region. During the three-year construction period it is conservatively estimated that the project will create an average of 9,400 jobs, including 3,400 direct construction jobs.

Once the project is operational it is expected to generate 5,300 new jobs, 1,500 of which will be directly related to the actual steel mill. The agreement between Austeel and the New South Wales Government was an important step in the project if it is to become a reality; it was an important step from the early days when it was only talked about. Once again, I emphasise that there have been many of these projects. People have come to me direct or to the Regional Coordinator of the Premier's Department, the Hunter Economic Development Council or the Department of State and Regional Development. Many of them come back but others you just never see again. As I said, the project has a long way to go and neither the Government nor the company can be absolutely certain that it will come to fruition. But the determination of both sides is now very clear. The Government will certainly encourage it and Austeel will work co-operatively, professionally and, I have to say, confidently into the future.

Obviously much work remains to be done, but the Government is committed to doing everything appropriate to bring the project to reality. I have to emphasise that all these projects at the end of the day are commercial. Shareholders will be involved and obviously a commercial decision has to be made. The development agreement commits the Government to providing the land and the infrastructure on a commercial investment basis. A number of options have been considered for the steel mill site on Kooragang Island or certainly within the Lower Hunter region. The Government plans to develop sites and lease them to Austeel on a long-term commercial basis. When it has been resolved, having in mind that it is a fairly large project, it will consequently need a fairly large piece of land.

The port will be designed to accommodate vessels with a capacity of up to 140,000 tonnes dead weight and will encourage, obviously, further investment and employment opportunity in the Hunter if it becomes a reality. The Government is still considering the most suitable vehicle through which it can undertake its infrastructure investment, and that is where it is at this stage.

The Hon. PATRICIA FORSYTHE: In the four months since the Premier announced the project in Newcastle, has anything concrete happened?

Mr FACE: Yes, various things have happened. I could probably get the regional co-ordinator, Ben Chard, to add to that. I am certain he will be able to advise you of the detail of any developments since the announcement.

The Hon. GREG PEARCE: Specifically the Government's commitment is \$240 million, of which \$60 million was supposed to go for the acquisition of the site, and \$180 million towards infrastructure development. Has any of that money been allocated or spent?

Mr FACE: I will defer to Mr Chard.

Mr CHARD: No, it is certainly not in the budget for the next financial year. The only items in the budget for the next financial year relate to a number of studies that will be completed and are being completed as we talk—geotechnical investigations, studies into North Arm-South Arm options and so on—just investigative work in terms of preparing the case.

The Hon. GREG PEARCE: How much is allocated for that work?

Mr CHARD: That will be round about \$1 million, and I believe that is the amount that is in the budget.

The Hon. GREG PEARCE: Minister, how many employees in your office are delegated to do Hunter Development work? From what budget are they paid and has any money from the Hunter Advantage Fund been used to fund any operations relating to staff?

Mr FACE: The answer to the last part is that no money has been expended from the Hunter Advantage Fund. It is the first I have heard of that suggestion. They are paid by the host department, the Department of Gaming and Racing, of which the Director-General is Ken Brown. One person works on a full-time basis and one other officer works on a part-time basis. That has been much the same ever since the ministry was created. The situation has been that if resources for other government departments are needed, they have been made available. It has never been the intention of the Government, despite suggestions from the Opposition from time to time, that it should be a massive secretariat. It would be a waste of public moneys. I simply repeat, no money from the Hunter Advantage Fund. There is one full-time position and one person who works part time, and that has been, as I said, pretty much the situation since the establishment of the ministry.

The Hon. GREG PEARCE: Would you give us a break down then as to how the Hunter Advantage Fund money was spent in 2000-01?

Mr FACE: I will defer to Mr Chard, who would be in a position to give you those figures.

Mr CHARD: To date, an amount of \$8.227 million has been committed out of the Hunter Advantage Fund towards assisting a total of 38 industries. That will lead to an outcome of 1,846 new full-time positions, 235 part-time positions and 216 jobs in the construction area. The 2001-01 budget amount for that item is \$1,297,000.

The Hon. GREG PEARCE: Would you give the Committee a breakdown of those 38 allocations?

Mr CHARD: Some 38 companies have been assisted.

The Hon. GREG PEARCE: What was the criteria for selecting those companies, and can you give us a list of those companies?

Mr CHARD: Yes, I can. The criteria for assessment is the economic advantages to the Hunter region and, indeed, to the State, the level of employment that would be created out of those positions, whether or not there was an import replacement component or, indeed, an export component. The Department of State and Regional Development undertakes a very detailed assessment of each one of those companies before any decision is made to provide assistance. To run through those 38 companies: Jurox Pty Limited—do you wish me to also give the nature of the business as well?

The Hon. GREG PEARCE: Perhaps we could incorporate the full list but if you could read out the significant ones.

Mr CHARD: Certainly. Jurox was significant in creating 85 new full-time jobs and 20 part-time jobs.

The Hon. GREG PEARCE: How much was the grant?

Mr CHARD: Again, that is confidential information. We have never disclosed the level of support that has gone to every individual company. We have always given the total numbers and the level of employment created.

The Hon. GREG PEARCE: Why is it confidential?

Mr CHARD: It has always been the way the Department of State and Regional Development has conducted its business in terms of dealing with individual companies. I would suggest that if you need to pursue that any further you should probably take that up with the Treasurer, the Minister for State Development or the Minister responsible for business and regional development, who drive the program. I am on the committee involved in looking at each application and providing scrutiny of each one of those applications, but it is a program managed by the Department of State and Regional Development

The Hon. PATRICIA FORSYTHE: Who makes the final decision about the choice of companies?

Mr CHARD: It is either the director-general of the department or, indeed, the Minister, depending on the level of assistance that is provided.

The Hon. GREG PEARCE: How many of those 38 decisions were made by the Minister?

Mr CHARD: That is not an answer that I could give to you.

The Hon. PATRICIA FORSYTHE: Will you take that question on notice and supply the information to the Committee?

Mr CHARD: Yes. Reverting to your question: NuLine Profiles would employ 75 full-time jobs and 20 part-time jobs. The target for Australian Marine Design and Construction was 300 jobs; Varley Holdings, 120 full-time jobs; Technology Partners Group were projecting 200 full-time jobs; Gerard Signode 44 full-time jobs; Goldfields Group, 50 full-time jobs and five part-time jobs; and the most recent announcement was by the Commonwealth Bank for the establishment of a call centre with a projected number of 325 full-time jobs.

The Hon. GREG PEARCE: Mr Chard, you said that the amounts of the grants are not made public?

Mr CHARD: That is right.

The Hon. GREG PEARCE: Where is the accountability for those grants?

Mr CHARD: Again, sir, I think that question really needs to be directed to the Minister in charge of that particular budget item.

The Hon. GREG PEARCE: It is not this Minister, though?

Mr CHARD: That is correct.

Mr FACE: The grants are only made after certain parameters have been reached. It is not simply a matter of making available the money and those companies then going on their merry way. There has been a bit of confusion as to the difference between this scheme and the one that the Federal Government set up. I am not criticising that scheme. With this scheme if employment targets and certain things have not been reached, then the money is not forthcoming. That is my understanding, if that is of assistance.

The Hon. GREG PEARCE: What sort of parameters would there be, for example, for the Commonwealth Bank? I would not have thought that the Commonwealth Bank was in dire need of this sort of support. It strikes me as being very generous of the Government to assist the Commonwealth Bank with employment.

Mr FACE: I do not make any judgment about whether it should or should not. I think Mr Chard has made it fairly clear that it has not been my jurisdiction.

The Hon. GREG PEARCE: Mr Chard?

Mr CHARD: Quite simply, it was a competitive arrangement whereby the Commonwealth Bank had a very large facility employing 325 jobs on offer. It went to a number of other States. The level of support that was provided was considered to be the minimum amount to get that development into the Hunter region. That is the nature of the beast in quite a few of these companies. Largely speaking, what is on offer by a number of the other States is usually much higher than what companies can get from the New South Wales Government, so the department goes through a rigorous sort of negotiating process. But, clearly, its objective is to try to retain these sorts of employment-based industries or attract them to regional areas of New South Wales.

The Hon. GREG PEARCE: Can you tell me how much was originally promised by the Government for the fund, what has happened in this year's budget in relation to last year's budget, and the total that has or will be allocated to it?

Mr CHARD: The amount that was approved was \$10 million, and that has been expended over a number of years since the program started. Certainly there is a little confusion about the State allocation when you look at the budget items. If you count up the allocations over a number of years, they amount to more than the \$10 million, but the Commonwealth support program, which was also \$10 million, is managed under the direction of the Commonwealth by the Department of State and Regional Development, hence if you count them up over a number of years you will find that round about \$16 million or \$17 million has come out of that particular line item.

In 1997-98, State expenditure was \$380,000; in 1998-99, \$1.532 million; in 1999-2000, \$1,261,000; and in 2000-2001, \$648,000. A total of \$3.821 million has actually been expended out of the State budget. The other amounts are committed to those industries. However, the way the program usually works is that there is a small amount of support upfront and then the bulk of the assistance relates to payroll tax to ensure that the industry does deliver the job outcomes that it predicted. In other words, if the company falls short of the job projections that it had put forward, the level of support going to that particular industry would not be as great as was originally agreed to. Those funds would then stay in the package and would be reallocated to other industries interested in establishing in the lower Hunter.

The Hon. GREG PEARCE: Does the State take any fee or commission for administering the Federal funds in that program?

Mr CHARD: That is not an answer that I could give. Again, I thought that they were negotiating in terms of covering some of the administrative costs associated with the agreements with the individual companies and so on, but I have not asked whether or not they have actually secured a fee for that purpose.

The Hon. GREG PEARCE: Are the figures that you quoted earlier funds that have actually gone to the companies or are there also payments out of those funds for consultants and administration?

Mr CHARD: Those figures that I just read out of the actual expenditure are amounts that have gone directly to industries. There are no consultancies in that arrangement, and there are no administrative costs such as staff costs or anything else that come out of that direct assistance to the companies involved.

The Hon. DAVID OLDFIELD: Minister, regarding the Austeel announcement and your mention a few moments ago of there being approximately 5,000 permanent jobs, of which about 1,500 or thereabouts will be directly related, do you have any estimate of how many of those 1,500 jobs will be taken up by people who may have been left unemployed by closures in the Newcastle area as opposed to those who will be moved in to fill the jobs from outside the Hunter area?

Mr FACE: It would probably be difficult to estimate how many people who were at BHP would now be available for employment in any proposed steel mill—bearing in mind that the Austeel proposal is only one of three projects being talked about. I must emphasise that if an industry of this type is not attracted to the region within the foreseeable future, skilled people—certainly those at the top end—will not be available and there will probably be a need to train many people to fill the positions. In fact, I would suggest that there are probably few people who were with BHP who have not found another job to go to. And that was probably achieved by the very innovative scheme that BHP itself came up with called Pathways, which found jobs for people that many thought they would not be suited to. For example, quite a few went to the university and became technical education teachers or artisan teachers, and they have all found positions within the State education system.

Much of the work that we are talking about, at least with one of the steelworks, will be very specialised and will need employees with higher qualifications than those possessed by the normal ironworker. Should the proposal come to fruition we must make certain that and other educational institutions are able to address the particular needs of an industry of this magnitude. We have continued to impress upon each of the proponents that if they reach the stage of going ahead, they should as soon as possible determine their requirements both at the top and throughout the various work classifications of the organisation.

The Hon. DAVID OLDFIELD: Given what you have said, do you think there is much likelihood of those 1,500 jobs being available to people already in the area or is what you are saying that many of the jobs will, in fact, be filled by people brought in from outside?

Mr FACE: The bulk of the unemployed in the region would probably come from—and, once again, I am only guessing or estimating—if not Newcastle itself, bearing in mind that there is the nearby twin city Lake Macquarie, but also Maitland, Cessnock, Kurri Kurri and Port Stephens, and I believe there would probably be sufficient people to fill the positions. Any industry that has relocated to Newcastle in recent times—the RTA call centre for instance—has had absolutely no problem whatsoever in getting local labour. Many of the people who took those jobs had been unemployed for various lengths of time.

The Australian Workers Union and Hunternet Co-operative Limited—a Newcastle organisation of collective employers—have, I understand, identified surplus steelworkers, and the AWU has a single-unit agreement with Austeel. That is information that has just been passed to me. Hunternet Co-operative Limited has done a good job in placing people. In other words, to some extent it is based on the English pool system where one particular apprentice might not spend his or her entire time with one employer. That is in recognition of what has always happened in the Hunter region where we have had these highs and lows. One employer might have more work than another, and it is all very much to do with the contracts and how they fall.

The Hon. DAVID OLDFIELD: Of the other 3,500 jobs of the 5,000 approximately that would be permanent as opposed to not directly related, what types of fields are they related to?

Mr FACE: Once again, it is hard to define. But it has always been accepted that steel works of all types, all those types of industries, have a multiplier effect of about three to one. There is a tendency now, and there was towards the end of BHP's time, to outsource a lot of their maintenance contracts and the like. BHP in its hey day had many thousands of maintenance workers. By the time it finally went out of the integrated steel making process, most of its contracts had been outsourced to private contractors on an as required basis. By the time you have people delivering products and moving them, it has been an accepted fact that 1,500 odd permanent jobs will probably have a multiplying effect of about three to one. Once again, there would be a very wide range of vocations. Austeel would probably have much broader job classifications than, say, the two other steelmakers, which are much more specialised—they certainly are not of the same magnitude as Austeel.

The Hon. DAVID OLDFIELD: So the projections of 5,000 permanent jobs are largely statistical, based on expectation?

Mr FACE: It is based on what is pretty well known in world steelmaking terms. The background of this particular company—and certainly the spokesperson, who has located himself in Newcastle in recent times—is steeped in steelmaking and, therefore, I would suspect that is where the figures have come from. But they would be based on experience.

The Hon. DAVID OLDFIELD: Minister, I understand that on 7 May 1997 you were apparently what one could consider to be somewhat scathing of the promoter of this project. Have you changed your view and are you now supportive of the job the company will be doing to bring jobs to Newcastle and economic benefits to the Hunter area?

Mr FACE: I would not say I was scathing. Like everyone else, I think I was fairly sceptical about it at that particular time.

The Hon. DAVID OLDFIELD: Apparently you referred to the gentleman as a white shoe salesman from the Bjelke-Petersen State. That was a comment attributed to you.

Mr FACE: That is right, and it was probably a little harsh at the time, but I was acting on advice that it would be difficult for the companies to sustain themselves. A lot of water has gone under the bridge since that time, with the principals coming forward and talking to a lot of people, including the union movement. As I said in my initial remarks, the project still has a long way to go. At that time there were considerable concern expressed by me and quite a few others but, like everything else, circumstances can change.

The Hon. DAVID OLDFIELD: Would it be fair to say that since voicing those concerns you have worked in with the developers to be certain that the people of the area will benefit as much as possible?

Mr FACE: I certainly have.

CHAIR: Minister, you discussed earlier the \$1,297,000 earmarked for the Hunter Advantage Fund. Could you inform the Committee of what, if any, consultation has taken place with the people of the Hunter about how this money was spent?

Mr FACE: I will defer to Mr Chard again. He is the person who handles all this on behalf of the Department of State and Regional Development.

Mr CHARD: In terms of consultation with the general community, probably none. All the funds that you referred to and the previous year's allocations and so on have been allocated directly to attract new businesses into the Hunter region and, indeed, encourage existing businesses to expand their employment base. Negotiations have always occurred directly with the industry and the Department of State and Regional Development, and the consultative process that goes on with any development involves the community. No development occurs without the appropriate approvals from either the council or, indeed, the Minister for Urban Affairs and Planning if it is a large development, and that is a very public process in both cases. Always in those circumstances the community has every right to raise concerns about any development or, indeed, any environmental effects and the like, and they do so.

CHAIR: I refer to pages 35 and 17 of *Budget Highlights for Rural and Regional New South Wales*, given those environmental effects could you Minister, or Mr Chard, confirm that the Government will attempt to move or remove a wetland on Kooragang Island in the Hunter region?

Mr FACE: That particular item involves an area that, from my understanding, was never a natural wetland. You are probably well aware that Kooragang Island is not one island; it is a series of deltas—namely Walsh Island, Mosquito Island, Dempsey Island and Ash Island. So some of the areas that you are talking about are not actually natural wetlands as such. The area called The Pond, which is near the major road just off the Tourle Street Bridge, has a lot of wildlife and wetlands habitat but it is not a natural pond. It has come about as a consequence of the stacking of raw materials from BHP. I will defer to Ben Chard because he knows the particular area in question; it has been spoken about for some time—not to cause any difficulty there, but rather to enhance an area that has been degraded.

Mr CHARD: The area involved is in the middle of the industrial section of Kooragang Island. It clearly is in the road of Protech Development, should it proceed, and, indeed, the Austrac development, which is a further coal shipping proposal. The idea is to relocate the pond to the Kooragang wetlands area. There has been a fair amount of consultation with the Kooragang rehabilitation project and with National Parks and Wildlife on how that can be best done and where to best relocate that pond.

CHAIR: So there has been consultation. Has there been preliminary assessment of environmental impacts undertaken with regard to the removal and the relocating of that wetland? The Pond—Australians have a way of describing such areas in a lowest-common-denominator way—is nevertheless a Ramsar site, as I understand it, and it does have protected species on it. Are you aware of that?

Mr CHARD: The area that you are talking about is not part of the Ramsar site; it is in the industrial component of Kooragang Island, and that is in the southern part of Kooragang Island. The Ramsar site is further

north, and that will not be affected by this proposal whatsoever. I believe that the area where it will be relocated is actually further industrial land that has been part of the Kooragang rehabilitation project for a number of years. It will add further value to that additional area, which will ultimately, I believe, be transferred over for conservation purposes.

CHAIR: I understand that the current wetland that it is proposed to move forms part of the Kooragang Nature Reserve and that the adjoining Kooragang wetland rehabilitation project is owned by the Department of Public Works. Is that correct?

Mr CHARD: That is correct.

CHAIR: It is leased by the Hunter Catchment Management Trust?

Mr CHARD: That is correct.

CHAIR: And is managed by the National Parks and Wildlife Service?

Mr CHARD: No, that is not correct. The Ramsar site is certainly managed by National Parks and Wildlife. The other area that you are talking about is subject to the Kooragang rehabilitation project. It is still owned by Public Works but leased over to the Hunter Catchment Management Trust, so there are two separate areas there.

CHAIR: So is it definite that there will be a steel mill actually built on the site of the present supposed wetland area.

Mr CHARD: Nothing is definite in this life. Certainly if you talk to the proponents of the steel mill, Protech Development, they are extremely bullish and believe that that development will proceed. They are starting to talk to local contractors about opportunities along the lines of contract work for building the steel mill, but the project still has a way to go before it becomes a bankable project.

CHAIR: It is the Government's intention to encourage the building of a steel mill on the site?

Mr CHARD: Again, we are certainly encouraging the development of all three steel mills that are considering locating in the Hunter region, but it is suffice to say that they still must go through the approval process. In this particular case it would be determined by the Minister for Urban Affairs and Planning because of the size of the development, and it will go through the normal public scrutiny that occurs with every major development.

CHAIR: Minister, I am wondering if you are aware that the draft local environmental plan of Newcastle City Council has earmarked the entire Kooragang wetland rehabilitation project as a conservation area.

Mr FACE: I think you will find that it refers to the Ramsar area; it does not refer to the entire island. That is why I prefaced my earlier remarks about Kooragang Island by saying that it is not simply one island. It has become Kooragang Island as a consequence of silt and other material being taken from the harbour and the North Arm and South Arm over a period of time, so that the islands have gradually connected. On my understanding, the one that you are talking about, so far as the council is concerned, is the Ramsar area, not the other areas that are referred to. However, the Government has taken the view that there is wildlife existing in an industrial site. The Department of Public Works has managed the release of the land on Kooragang Island since its inception. In some cases it has been criticised for not releasing land quickly enough, but it has to meet specific targets. Contrary to public perception, there is not a lot of available industrial waterfront land in Australia and especially in the Hunter region. That is not the case.

CHAIR: So, Minister, you say that the wetland that you are dealing with is not part of the Kooragang Nature Reserve.

Mr FACE: That is my understanding.

CHAIR: It is not covered by the Ramsar convention that we were talking about?

Mr FACE: That is my understanding.

CHAIR: I might beg to differ on that. Perhaps we could find that out specifically at some stage; you might take that question on notice.

Mr FACE: Yes, I will take it on notice.

Mr CHARD: Might I comment? You are talking about the Big Pond?

CHAIR: Yes.

Mr CHARD: It is certainly not part of the Ramsar area in any way, shape or form; it is part of the industrial area.

CHAIR: Could I rephrase it perhaps and say areas that will potentially be impacted upon by the proposed mill development.

Mr FACE: You are talking about Protech?

CHAIR: Yes.

Mr FACE: We will take the question on notice and get it cleared up for you. There is no problem with that.

CHAIR: You cannot tell me at this point?

Mr FACE: My understanding of it is that the areas that you would be concerned about are in the Ramsar area, and that is already covered. The other areas that I have indicated to you have come about as a consequence of the reclamation schemes that have happened over time. Water, such as the Big Pond, has just come there and, of course, habitat has come with it, but it is in an industrial area. That is where I believe there is probably some confusion. I heard a fellow called Maddocks on the radio the other day, and even though I respect his views on a lot of environmental matters I think even he, with all his knowledge, was a bit confused about where the areas started and finished and how some of them had come about. Certainly we will take the question on notice and try to get it cleared up for you.

CHAIR: There is certainly concern about that. Given that it is the International Year of the Volunteer, there have been some 48,000 trees planted somewhere around those reserve areas to rehabilitate them. Will the proposed steel mill development impact on any of those areas that have been rehabilitated?

Mr CHARD: The answer is no. The tree plantings are in the northern part of Kooragang Island. We are talking about the Protech steel mill being located in the southern part of Kooragang Island, and that is south of the railway line. There has always been a very clear line on where the industrial activity is earmarked to go, and it is south of that railway line. The plantings are way at the north of Kooragang Island.

CHAIR: Minister, could you confirm the site of any new port facilities to be developed in the Hunter or the names of port facilities to be redeveloped in the Hunter?

Mr FACE: I assume that you are probably talking about the BHP site, which is currently under consideration by the Government as a total package of four lots that BHP has made known it wants to dispose of. The major site you are probably talking about is the old BHP site where the integrated steelworks were. There is another 230-hectare site on Kooragang Island that BHP has held for a considerable number of years in the vicinity of where the Protech mill is to go. There is another sizable piece of land—I think 1,500 hectares—at West Wallsend that I understand BHP probably acquired as a consequence of mining activities rather than any designed purchase of land at West Wallsend. There is a further piece of land known as Belmont Wetlands or Belmont Sands—it seems to be called both—which is south of the township of Redhead and in the vicinity of Belmont Lagoon.

The Government has been proceeding along a path of negotiating with BHP on all those plots of land but, to be honest, the centrepiece is the BHP site which, of course, has been degraded as a consequence of activity there since 1914 or 1915. There is a proposal for a container terminal to be placed there but that is, once again, a decision that the Government has yet to make. It has been indicated by the Premier over a period of time that there is not to be an exposure of taxpayers money by entering into anything that creates further exposure down the track. Ben Chard has been working with BHP and various other people and I will get him to add to my remarks.

CHAIR: What is the nature of the Government's Belmont sands proposal?

Mr FACE: It is one of the four plots of land that the Government is being offered by BHP.

CHAIR: Do you have any specific proposal to develop that area at this time?

Mr FACE: We have not got any proposal before us.

CHAIR: Are you aware of consistent community opposition to developing that area?

Mr FACE: Yes, those people emerge every now and again. They have a lot of conspiracy theories. Nevertheless, they seem unable to comprehend that the Government is dealing with four parcels of land and not only theirs in isolation. I think we are going to have a demonstration again on Saturday.

CHAIR: How would you describe that land? Do you consider it to have any importance other than residential or industrial development?

Mr FACE: That has not been discussed. It is currently zoned as open space, so it would need to be rezoned. Lake Macquarie council is opposed to any rezoning. So I think some of the conspiracy theories that have been touted over time will fall into a hole. The land in question has been severely degraded as a consequence of sand mining and the lack of proper laws 30 or 40 years ago to rehabilitate. I do not hold a personal view that, because it has been degraded, you do do something with it to try to bring it back at least partially to where it was. There is no way that we will ever get back those semi-high dunes in the Redland area; they have been flattened. I emphasise that there are four parcels of land. BHP came to the Government on the basis that it wanted to dispose of all its land holdings in the region because it intended virtually to get out of Newcastle completely. In fact, the existing steel operations of BHP have been put into a new company called OneSteel.

Belmont Sands or Belmont Wetlands—whatever you want to call it—is part and parcel of that negotiating process. I would be hopeful that within the reasonably foreseeable future that will be decided, but it is not a case of dealing with it one by one. I think there probably has been a train of thought on the part of some people that it could be dealt with on a one-to-one basis. I even suggested it earlier, but it was not possible. I can get Ben Chard to bring you up to date on what we know without in any way impacting on what BHP has put to the Government.

Mr CHARD: Certainly the Government is aware of the feelings of many people in the community who clearly want to have the Belmont wetlands retained for conservation purposes. Considerable representations have been made to the Premier, Minister Refshauge and Minister Face, as well as local members. Lake Macquarie council has actually put through a proposed local environment plan which rezones that entire area for conservation purposes. The Government is certainly not going to offer any objections to that sort of arrangement whatsoever. We, of course, do not control it. It is still BHP's land and should the negotiations proceed to the point of those parcels being transferred to the State Government, we would clearly be taking into account all of the representations that have been made.

In terms of the earlier part of your question about port facilities, over the last couple of months approval has been given for a multipurpose freight terminal on the old BHP steel mill site. The Newcastle Port Corporation is talking to potential investors and has called for expressions of interest in terms of the level of interest from an international perspective about those sites. The reports that they are giving to me indicate that there is a lot of interest in establishing a container cum other facility port in that location. Other port facilities would clearly need to be developed as well should some of the steel mill and coal proposals come to fruition. If they develop, there would be a need for other facilities on the south arm of the channel to cater for those sorts of developments.

Mr FACE: Just to add to what Mr Chard said—and he touched on a pertinent point—the land still belongs to BHP. That is something that is continually missed by those who want it to be made available for conservation purposes. I have indicated on several occasions that, and it certainly could not in any way be seen as a threat, the Government needs to go through this process of seeing whether or not we can come to an agreement on the four parcels of land because if, hypothetically, BHP decided to walk away from it, it would be at liberty to sell it. We do not own it. It would necessitate the Government of the day acquiring the land if the wishes of those people are to be met. There has been a lack of understanding or wanting not to accept the fact that BHP owns the land, and at present we are trying to negotiate and get it into the public domain by this memorandum of understanding, working through this process so that each parcel of land can come into government hands. Then it is a different story.

CHAIR: We have many examples, particularly on the coast, perhaps with smaller owners who do not have the same clout as BHP where land historically becomes more constrained due to its newly perceived environmental values. I suggest that the wetlands of Belmont sands, despite past sand mining—and I see Mr Chard nodding his head—have been significantly degraded. I have walked those significant areas of melaleuca swamp wetlands. Would that not have an impact on the deliberations with BHP?

Mr FACE: I think the fact that BHP is still at the table is a clear indication that it wants to dispose of those parcels of land. I believe there is an acceptance that there is not a lot that BHP can do with the land but that is for BHP at the end of the day to make up its mind. People wandering around the streets waving a few flags, as some people have done—and I see that as their democratic right—will not hurry up the process. Long before a lot of these people started running around waving flags I was reasonably well known for my commitment to that area on major environmental issues, such as Glenrock State Recreation Area and the Awabakal field study area, which was the first field study area in New South Wales after our return to government in 1976.

If you think that Belmont is complicated, I remind you of Glenrock State Recreation Area, which put about seven parcels of land into seven different ownerships—into the hands of the Federal Government, BHP, and a whole host of others—but at the end of the day we achieved what is probably one of the best things that ever happened to the Newcastle-Hunter region. It can be done. I do not think there is any major city of Australia that has anything like the Glenrock State Recreation Area parcel of land, which stretches from Dudley Headland up to Merewether, close to urban Newcastle and Lake Macquarie. What I am saying to you is that my commitment is there to try to do what I can, but at the end of the day I am realistic enough to know that we have to go through this process and try to get the best possible conclusion.

CHAIR: As a committed old-time conservationist, do you support the sand mining continuing on Stockton Bight?

Mr FACE: Probably about 25 years ago I would have been considered a rampant conservationist but these days I am probably considered by some to be on the other side. In other words, there are people who have come along with more radical ideas than mine, but, yes, I think that my conservation credentials are fairly good.

[Time expired.]

[Short adjournment]

CHAIR: The Committee will now examine the proposed expenditure for Gaming and Racing.

The Hon. DAVID OLDFIELD: Minister, I imagine that you would be aware of a story run by the *Sun-Herald* in its edition last Sunday about an \$8 million win at Star City casino by a lady, Huong Huynh. My question really relates to the story, reasonably presuming it to be correct, not so much that that Ms Huynh managed to win \$8 million, but that she managed to have \$200,000 to find her way into the high-rollers Endeavour Room, \$200,000 being the minimum stake required to play there, when apparently the lady is a destitute single mother. Has there been any investigation, or in cases like this is there any investigation generally, as to where such funds come from?

Mr FACE: I am aware of the recent articles in the *Sydney Morning Herald* and the *Daily Telegraph* that referred to a woman from Adelaide having won \$8 million from playing the game of baccarat at Star City. I am also aware that one of the articles in the *Sydney Morning Herald* contained claims that Star City altered the rules of play during the course of the patron's gambling activities. The article implied that there was something sinister in what Star City did. It is appropriate to take the opportunity to clarify that point. I am advised that there is nothing fundamentally wrong with Star City adjusting betting limits before or during the course of a patron's gambling activities at Star City. It is open to the casino operator to adjust the maximum and minimum bet limits up or down at any time.

It is, of course, required that Star City inform the affected patrons whenever it makes an adjustment of this kind, and the rules of play require that a minimum of 20 minutes notification be given when the play is actually in progress. In this regard I note that the *Sydney Morning Herald* article has not suggested that the notification did not take place as required, so if the player is unhappy about the decision of the casino operator to make an adjustment of that nature, it is open to the player to cease his or her gaming activities. Before I defer to Brian Farrell from the Casino Control Authority, I have got to say that there are obligations on people to inform the Australian Transactions Report Analysis Centre in the Federal jurisdiction of cash transactions involving large sums of money. They need to do that by law. I will defer to Brian Farrell, having clarified that point about how that adjustment came about in the first place.

Mr FARRELL: Obviously we are not at liberty to talk about any particular patron. Suffice it to say that in all these circumstances, as the Minister has pointed out, if any patron conducts a cash transaction that requires reporting to the Australian Transactions Report Analysis Centre [AUSTRAC], the casino is required to do that and that will occur. The other question you asked was whether as a matter of course the source of someone's funds in this situation would be looked at. Of course, if there is a matter of interest, the relevant law enforcement agencies are at liberty to request from the authority any matter or information that may be of assistance to them.

The Hon. DAVID OLDFIELD: So as a matter of course under these sorts of circumstances, Minister, would you consider that this would be a matter of interest that should be referred to the appropriate authorities?

Mr FACE: The Casino Control Authority makes that decision. That would be a case whether or not it is requested by any of the jurisdictions because not only are the State police involved; Federal people in various jurisdictions or the authority itself could undertake as a matter of concern to notify or to ask certain questions themselves. As you would clearly understand, there is a separation of powers, quite rightly, in my not having day-to-day control of that situation. You would not want any Minister of any political persuasion to be in it. That is why in those areas I defer to Mr Farrell.

The Hon. DAVID OLDFIELD: Well, Mr Farrell, are you aware at all in this case?

Mr FARRELL: I am not about to comment on any particular patron. The Casino Control Act has strict secrecy provisions about what people such as I and other people who have functions under the Act may do with information they gain. Whilst I am quite happy to answer a general question, any question that would indicate what we would do or would not do in respect of a particular patron would be quite inappropriate.

The Hon. DAVID OLDFIELD: Then, as a general question, would you expect that an investigation in the appropriate manner would be commenced into the circumstances of a person who was apparently destitute being housed by an association, not able to even put a roof over her head, suddenly appearing in Sydney with \$200,000 to gamble?

Mr FARRELL: In those types of circumstances, if the set of circumstances to which you have just alluded were correct, as a general rule, I would think anybody would consider that to be an unusual circumstance that would warrant investigation.

The Hon. DAVID OLDFIELD: Minister, the Consumer Credit (New South Wales) Amendment (Pay Day Lenders) Bill, of course, is currently being debated in the upper House. It relates to money-lending. Has there been any study or consideration of a study to ascertain the level of use of such loans made by those with gambling problems?

Mr FACE: There have been some inquiries made within the Department of Gaming and Racing. In fact, they were at my instigation after I had heard of several people involving themselves within hotels—not hoteliers themselves, but people approaching hoteliers with business cards to direct business to them. They came into my possession. At a similar time at least one member, if not two members, came to me about the setting up of these types of cash transaction places close to licensed premises, both of a club and hotel nature. I have indicated to my colleague the Minister for Fair Trading that I thought it was an unacceptable situation. I have written to him on several occasions and I have had input in that regard to the bill that is currently before the Parliament.

To be helpful, I could give you information about the actions that I took in that regard without in any way impinging on anybody's privacy. It alarmed me right from the outset because in the two specific instances they were setting up in close proximity to clubs. In the second instance, someone came into a hotel and handed out cards containing names and addresses of people to utilise the service. The hotelier, to his credit, brought it to our attention straightaway.

The Hon. DAVID OLDFIELD: Is the Australian Hotels Association considered by you to be content with their members' access to gaming machines in comparison to the access by registered clubs?

Mr FACE: Naturally, all sections of the gaming industry from time to time would like to be able to have more access to various types of activities. Currently that is not an issue because there is a freeze on both of them.

The Hon. DAVID OLDFIELD: Are there any figures available to compare any differences in the level of problem gambling in clubs as opposed to in hotels?

Mr FACE: Not to my knowledge. I will make inquiries and take the question on notice to see whether or not there is any information within my department.

The Hon. DAVID OLDFIELD: Thank you. Given the level of revenue the Government raises through gambling, what incentive does the Government have to reduce participation in gambling in New South Wales?

Mr FACE: You would be well aware of the antigambling bill that came before the Parliament in 1999 and which has been in force, effectively, since April last year. I am not boasting but it is a world first. No where else in

the world has that been done to my knowledge. That now has been subject to my delivering a degree of success at the recent Council of Australian Governments [COAG] meeting of State and Territorial Ministers. In fact, that Federal COAG agreement did not exist until about 18 months ago, and that was as a result of the productivity commission inquiry. Going back in history, I tried to do something with the then Victorian Minister, Roger Hallam, but at that time it was quite obvious that each of the State and Territorial jurisdictions was not in a position or did not want to be involved in some sort of Australia-wide initiative. To the credit of the Federal Government, it brought about a meeting in Canberra, which has subsequently been followed up by one in Adelaide. Ostensibly, initially it was to discuss interactive gaming, a matter that is currently before the Federal Parliament—but it has moved on to other areas.

Now, one of the primary objectives of regulation and administration of lawful gambling in the State is to take into account the impacts of gambling on the community under the harm minimisation legislation. I am pleased to say that most other States now are moving completely in the same direction as New South Wales. I have had some fairly fruitful meetings with my counterpart in Victoria, and most of the other States are moving to some degree. It is interesting that recently two United States jurisdictions have requested a package of what we have been able to achieve here. We still have a long way to go but it is something that I have had strong views on since 1994. Having written a social position paper prior to the 1995 election on that issue, I must confess that I used information that was available to me from three sources. I have to say that people who really have an in-depth knowledge of the subject are pretty light on the ground. We have come a long way in that regard and it has taken longer than I would have liked. Nevertheless, yes, we are moving in that direction.

Various things have emerged with the freeze linked with the G-Line. We have seen some small turn around in that 12-month period from April last year to April this year and, hopefully, it will get better as time goes by. There are controls on advertising, and we probably still have some way to go there. There is legislative framework for self-exclusions which did not exist before, and that has been accepted by both the major stakeholders, namely the clubs and hotels in New South Wales. Doubtless the freeze has had some effect. The social impact assessment situation has slowed things down. In other words, if you want to have the gaming component of a party licence, you have to run a social impact statement. As far as I am concerned, it would need to stop there. In the past, people acquired machines on the basis of what they thought they needed. Recently, the clubs of New South Wales on their own admission indicated that they believe that the dependency on gaming is about 72 per cent and that is a long way from the early days of machines—which was mainly their secondary purpose rather the primary situation.

There is a prohibition on machines in shopping centres, a matter I took an active interest in as a consequence of what I saw emerge in Victoria. Whilst I have received a few bleeding heart letters on that topic, I have not resiled from it because shopping centres are not a suitable place for gambling machines. We have a world first, in that it is mandatory for persons who work in areas where slot machines are installed to be trained. It is not like training for the responsible service of alcohol under harm minimisation, which, I might say, is well into the eighties. In fact, I do not think you can get a job in a hotel or a club without having undertaken a responsible service of alcohol course. Nevertheless, I did not take the attitude that I would make it non-mandatory and, therefore, that is now proceeding. Many tens of thousands of people have been through the course, and that is being adopted by other jurisdictions in Australia. In fact, we are supplying information on those training modules to other States. So I think we have made reasonable headway. But, as I said, there is always room for improvement. We have come in from a base of nothing to where we are now.

The Hon. DAVID OLDFIELD: With regard to your undertaking to address on notice the comparisons between problem gambling in hotels and clubs, could I ask you to give the Committee an understanding of where the casino fits into that equation as well? I do not mean now because we are running out of time.

Mr FACE: I do not necessarily have knowledge that we have any information. To save time I can ask Mr Farrell after we leave here. I am not certain that we do have that information within the department. We are in uncharted waters with a lot of this but we have amassed a lot of information even in the past 12 months as a consequence of various factors. One of them, of course, is G-Line. Recently someone indicated that they were concerned about the fact that there had been this dramatic increase in the use of G-Line and that indicated that chronic gambling was on the increase. They did not stop to think that previously there was no G-Line service. It was not displayed on machines or exhibited as it is now even in TABs. It is now in prominent places statutorily where gambling takes place.

The other day the TAB, and all racecourses, embraced harm minimisation and exhibited G-Line. People are ringing the G-Line about their concerns. In many cases they are family members, but if G-Line were not there, we would not be able to deal with them. Therefore, it has been much more successful than anyone thought it would be. Once again, it has taken a period of time. We have had G-Line Mk I and G-Line Mk II and we worked out that we needed a multilingual component in it because specific ethnic groups have gambling problems different from those

associated with mainstream gambling, and it has been a very big task to detect that. Nevertheless, the second time round I think we have been more successful. As I said, we are in uncharted waters, but in 12 months time we should be in a position to be able to give you more information.

CHAIR: Minister, I take it that you are taking that question on notice?

Mr FACE: Yes.

CHAIR: On 17 June the *Sun-Herald* reported that the casino had lost some \$13 million in its high-roller operation in the last financial year. Where in the budget papers does it specify these financial losses due to high rollers?

Mr FACE: It would not be a loss to the Government. Whether they lose or win, the Government still gets its percentage, so that would not appear in any budget paper. If they lose on the turnover, we still get our percentage of the actual revenue that is applicable to that rate of tax, including the 2 per cent that goes to the Casino Community Benefit Fund.

CHAIR: With this kind of loss, will it put pressure on the casino to allow criminal elements in, particularly those who have made their money through drug dealing, to enable the casino to make up for these losses?

Mr FACE: They certainly will not be there if I have anything to do with it. That is why we have introduced legislation to try to overcome it. But, unfortunately, like everything else, where there is money, alcohol and gambling, there will always be someone trying out the system. The very complex legislation that was agreed to with amendments by both Houses of Parliament today will, hopefully, overcome some of the problems that exist.

CHAIR: What kinds of programs are provided for in the budget to deal with the issue of the criminal element and corruption in the casino?

Mr FACE: I think it would be better to have Mr Farrell bring you up to date with some of the initiatives that have been taken. Some of them, of course, I think you have to accept cannot be implemented until such times as the actual legislation is promulgated, but some measures have been taken. Other measures will be staged in now that the legislation is being moved through.

Mr FARRELL: There are two aspects here. First, there are the in-budget items and then there is, of course, a separate element. In terms of the in-budget items, the budget of the Casino Control Authority for next financial year, you will note, now incorporates former aspects of the Division of Casino Surveillance, which has been moved within the Casino Control Authority. In terms of the off-budget items, back on 31 August last year the Minister and the Premier jointly announced that casino surveillance would be increased by 12 additional surveillance inspectors funded by the casino. Since that time, the casino agreed in principle in December to meet the cost of providing those 12 additional resources. I understand that the negotiations between Treasury and the casino operator on the actual amendments to the taxation deed or agreement to effect that have either been completed or are very close to completion, and my understanding is that once that agreement is executed by both the Treasurer and the casino operator it will be tabled within a specific period of time in the Parliament.

Mr FACE: I can add a bit more to it now that I have the actual figures in front of me. The McClellan inquiry identified a number of matters in relation to which what he described as corrective surgery was needed that when implemented should improve the management of the casino. In all, Mr McClellan made 25 recommendations and they have been endorsed and accepted by the authority and the Government, as Mr Farrell has said. As a result, I have introduced amending legislation which I have just referred to and which has gone through both Houses. I am advised that in the light of the McClellan report Star City has developed an access policy regarding the Endeavour Room, where the bulk of the difficulties were detected. The policy position came into effect on 1 March this year with a transition period for full implementation of approximately two months. In other words, that is supposed to be by the end of May.

In accordance with the policy, Star City wrote to all existing members requesting that they complete a fresh application form for membership, and it was a condition of the membership that an identification card with a photo be issued and used to gain access to the room itself. In another important development the Government and the New South Wales Police Service are establishing a Casino Intelligence Unit [CIU] as recommended by Mr McClellan. The CIU will comprise eight police officers and four civilians and will be the largest specialist unit of its kind in Australia in any jurisdiction. The CIU will focus on major and systematic criminal targets, conduct high level intelligence investigations and prepare intelligence packages for specialist crime areas. It will also act as a contact and

liaison point between the Police Service, the authority and the casino management, which was one of the matters said to be found wanting in Mr McClellan's report.

As well, I wrote to the Federal Minister for Justice on 22 December last year to seek the Commonwealth's views on a number of recommendations in its sphere of activity. More than five months later I unfortunately have to tell the Committee that I am still awaiting a response despite follow-up action in that regard. The issues the Commonwealth should be addressing include: permission for the Casino Control Authority to access information held by the Australian Transactions Report Analysis Centre, known as AUSTRAC, to which I referred earlier, concerning Star City; and the international transfer of funds undertaken from or by Star City being subject to Federal draft legislative reform. Action on other recommendations is well progressed, as I said, in addition to the legislation that has gone through.

I am advised that Star City is currently reviewing its complimentary system and it anticipates having a new system developed and in place. Senior staff at both the Casino Control Authority and Star City meet on a regular basis now to address internal action regarding staff obligations in relation to patrons' use of alcohol, which in no way could be excused—it certainly had a very bad track record—and the requirements of a satisfactory culture within the casino. The Government will continue to closely monitor the adequacy of the response of Star City casino to the concerns identified in the McClellan report—and, of course, as you would know, there was to be a further review at the end of 12 months.

CHAIR: Minister, I refer to Budget Paper No. 2, Volume 2, page 8-10, subprogram 46.2.1, Liquor and Machine Gaming Compliance, line item "Gaming devices inspected". In 1999 the Government introduced the responsible gambling and harm minimisation package, to which you have already referred. The budget papers specify that the number of gaming devices inspected will increase from 750 in 1998-99 to 1,600 in 2001-02. Given that staff have decreased from 189 to 130 in the same period, how would you anticipate that this work would be carried out?

Mr FACE: There has been a lot of uninformed comment about the budget allocation to the Department of Gaming and Racing but before I deal with those specific issues let me outline what the Government has achieved in relation to the administration of the department's responsibilities—something that has been conveniently forgotten along the way.

CHAIR: You disagree with those figures that I just quoted?

Mr FACE: I will give them to you as we go along. Is that okay?

CHAIR: Yes.

Mr FACE: In 1995 when the Government came to office, it amalgamated the racing division of the former Department of Sport and Recreation into the former Chief Secretary's Department. The new responsibilities of the department were to ensure proper conduct and balanced development in the public interest. In 1999, following the privatisation of the TAB and the introduction of the centralised monitoring system for gaming machines, the department implemented a staged program of internal operational reforms. These reforms were aimed at improving the efficiency of targeted programs and better aligning activities with service requirements, not only of the clients but of the stakeholders. One of the strategic directions underlying these reforms was to move the department from an agency that undertook a large range of processing operations to an agency that could become more analytical and strategic in its approach to regulation of the respective industries. In other words, the Department of Gaming and Racing is a regulator, but it is also a compliance organisation. Many of the activities were, in fact, ones that should quite rightly be done by the Office of State Revenue.

The transition is just about completed and ultimately will involve the transfer of the machine gaming duty assessment function to TAB Limited, as licensee for the centralised monitoring system, involving the assessment of nearly 100,000 gaming machines in over 3,000 venues each quarter; the transfer of the revenue collection functions for the racing, keno and machine gaming systems, which I have just spoken of—one of the bills went through the House today, and I gave notice of another one this afternoon; the implementation by TAB Limited of an Internet application for authorisation of changes; and the introduction over the next few years of a range of electronic interfaces with clients to improve efficiency. This will include the ability for various applications to be lodged via the Internet, further implementation of e-commerce, et cetera.

In line with these changes there has been an involvement of people now on activities. Previously they were bound by the fact that they were dealing with all sorts of paperwork and not doing what they needed to do in the

compliance division to enforce liquor and gaming legislation. Just to give you an idea, in the last year they instituted 30 disciplinary and prosecution proceedings before the Licensing Court; they resolved 1,140 complaints concerning the conduct of licensed premises; they conducted 1,900 inspections, examinations and audits; they issued 1,500 compliance notices and more than 100 penalty notices; and, most importantly, now they are working cohesively with the New South Wales Police Service and the industry's peak bodies on about 30 special projects. In plain English, these figures highlight the Government's strategic perspective and dedicated commitment to ensuring the proper enforcement. I think probably now you need to know about the figures and I will ask the director-general to give them to you.

Mr BROWN: Mr Chairman, the question related to a projected increase from 750 in 1988-89 as to whether we will be able to undertake the number of field inspections of 1,600 in the next year. The answer to that is yes. There are 18 positions attached to the particular branch known as our gaming technology branch. Four specific positions have been identified and are working in the area to inspect and install gaming machines in the field. That group of four also investigates player complaints and response to questions of a technical nature from the public. In previous years we have been able to loosen up a number of our staff in that particular area. It is as a result of our contracting out of the examination of devices by what we know as machine gaming evaluation companies, and as a result we have been able to make better use of our staff in that regard. It is one of the areas that we felt needed bolstering and as a result we believe we will undertake the 1,600 in the next 12 months.

The Hon. GREG PEARCE: Mr Brown or Mr Loewenthal, have you had cause to consider or intervene in any way in an expedited liquor licence application or any prosecution involving the Cranbrook Hotel at Rose Bay or its licensee?

Mr BROWN: I have not, sir.

Mr LOEWENTHAL: Neither have I, sir.

The Hon. GREG PEARCE: At the end of last year, Minister, did you hold a Christmas party or a number of parties for industry groups?

Mr FACE: Only the one here at Parliament House.

The Hon. GREG PEARCE: Who paid for the alcohol and food?

Mr FACE: My ministry would have.

The Hon. GREG PEARCE: Was any of it donated?

Mr FACE: Not to my knowledge.

The Hon. GREG PEARCE: Have you received any benefits in terms of gifts of alcohol or other gifts in the last 12 months?

Mr FACE: I certainly have not had gifts of alcohol, and any gifts that I have had in the past that have been of any substance I would have declared.

The Hon. GREG PEARCE: Minister, do you currently use an alternative driver?

Mr FACE: No.

The Hon. GREG PEARCE: Is Terry Walker still your driver?

Mr FACE: No, and never has been.

The Hon. GREG PEARCE: Are all of your ministerial staff permanent employees?

Mr FACE: Yes.

The Hon. GREG PEARCE: You do not have any temporary employees?

Mr FACE: No.

The Hon. GREG PEARCE: Was your ministerial car involved in any accident in the past 12 months?

Mr FACE: No.

The Hon. GREG PEARCE: Minister, would you be kind enough to table your overseas travel diary for the last year, including destinations, flights, accommodation expenses and so on?

Mr FACE: No, I would not because they are all in compliance with what I am obliged to do under the conditions.

The Hon. PATRICIA FORSYTHE: Why would you have a problem in providing the details?

Mr FACE: Because they are all in compliance with what I am entitled to. There is no problem with them.

The Hon. PATRICIA FORSYTHE: But that is not just for you to say. That is surely for others to judge?

Mr FACE: I have indicated that I have complied with what I am supposed to do.

The Hon. PATRICIA FORSYTHE: Details of travel are required to be tabled in an annual report so why would you have difficulty in supplying them to an estimates committee?

Mr FACE: There will be certain figures that will appear in the annual report. In regard to my overseas travel, I have complied with all of the conditions that are set down.

The Hon. GREG PEARCE: How many trips did you make overseas in the last 12 months?

Mr FACE: Only the one.

The Hon. GREG PEARCE: Where did you go?

Mr FACE: I went overseas to various destinations involving my portfolio.

The Hon. GREG PEARCE: I am mystified about why it is such a secret where the Minister went, when he was there and what he was doing. It does not seem to me to be something that ought to be withheld from the Committee. The Minister does not seem to want to tell us.

The Hon. PATRICIA FORSYTHE: Minister, may I return to an answer you gave to the Hon. Ian Cohen a moment ago? You gave a figure which I think was 30 for the number of complaints dealt with through the compliance division, and I think you gave a figure of 1,140 for disciplinary actions dealt with through the court and 1,140 as the figure for complaints that have been dealt with. Is that correct?

Mr FACE: Just wait while I find it. This is what I said: In the forthcoming year, the primary objective of the compliance division is to enhance liquor and gaming legislation and harm minimisation programs for a professional, efficient and effective compliance program in that in the year 2000 it is anticipated that compliance officers will institute 30 disciplinary prosecutions proceeding before the licensing court, resolve 1,140 complaints concerning the conduct and licensing of club premises, conduct 1,900 inspections, examinations and audits of licensees, issue 1,500 compliance notices and over 100 penalty notices.

The Hon. PATRICIA FORSYTHE: I do not think that you gave all those figures. I think you have answered the question I asked. How many staff do you have in the compliance division at the moment?

Mr FACE: I will defer to Mr Brown.

Mr BROWN: For the year 2000-01, the average staffing in the various units of the compliance division were: compliance division, 57; Liquor Administration Board support, 1; keno branch, 2; court registry, 17; corporate total, 14; a total of 91. While they were the numbers that were anticipated for this financial year, the actual numbers resulted in being: compliance division, 65; Liquor Administration Board support, one; keno branch, two; court registry, 13; corporate support, 15; a total of 96. In comparing those two sets of numbers, the figures show that nine additional average staff members were employed during this financial year than previously anticipated. This was as a result of staff being held until redundancies were offered, job search leave being provided, et cetera.

The Minister indicated that I, as director-general of the department, was considering a proposal that would see the division restructured to 57 positions. I have undertaken that review. As a result, average staffing numbers in the compliance division are estimated at 60 for 2001-02. The three additional positions relate to redeployed staff. For 2001-02, the department's budget programs have been changed with three previous subprograms, liquor machine gaming, technology services and liquor and machine gaming revenue now being incorporated into the compliance program. The full detail of the 130 average staff attributed to this program are: compliance division, 60; Liquor Administration Board support, one; keno branch, two; court registry, 19; gaming technology branch, 18; CMS business unit, eight; revenue and assessments, five; corporate support, 22. That is a subtotal of 135. Working on what was known as equivalent full-time staffing for the purposes of the budget papers, you deduct from that number an estimated turnover of savings. In this particular case it numbers five, thus bringing you to a total of 130 for that particular program.

The Hon. GREG PEARCE: Minister, what was the staff reduction in the assessments branch and the compliance division until the last financial year in order to achieve the savings in those divisions?

Mr FACE: I defer it to Mr Brown..

Mr BROWN: In answer to the first part of the question in regard to assessments, there have been no reductions at this stage. The proposed reductions will relate to when the commencement of the central monitoring system is operating. Whilst ever that system was being developed it was necessary for us to retain the staff necessary for authorisations and for assessments. There were a total of 30 people in the compliance area during 2000 and 2001. That will reduce. In regard to the numbers for the compliance division itself, I gave a full explanation of those numbers in the previous answer.

The Hon. GREG PEARCE: Minister, do you believe that the savings that were initially identified at \$2.4 million in 2000-01, which have obviously not been achieved, and originally \$4.8 million in 2001-02, through the introduction of the central monitoring system, will be achieved?

Mr FACE: All of the savings have been achieved. There has been a redirection of staff into a lot of areas as a consequence of various things that have been transferred to other areas. I think that you will find that the moneys for this year's budget have been achieved. I defer to Mr Brown, who will be able to give you an update.

The Hon. GREG PEARCE: I am just concerned about that. Mr Brown just said that the implementation of the central monitoring system has not occurred, so I cannot see how the savings would have been made unless they were made somewhere else.

Mr BROWN: First, might I add that with the exception of the costs associated with assessments, in all other areas of activity of the department we have met budget. The budget for 2000-01 was based on the assessment branch not being required as and from 1 January. It was, however, understood that if the central monitoring system was not in place, that activity had to be conducted and maintained by the department. In turn, the proposition is that we would receive supplementation of the funds for the current year to meet that cost and, in turn, our budget will have to be amended or supplemented for the ensuing period for whatever period it requires those staff to remain in place.

The Hon. GREG PEARCE: Minister, do you now believe that with the reduction in those staff that general compliance within the liquor and machine gaming industries can be reasonably enforced?

Mr FACE: Yes, I believe it can. The 2000 strategic assessment was made by the Liquor and Gaming Compliance program. It was clear that there was a new business industry environment and this was the impetus for the restructure of the compliance division. One of the things that has happened is a completely new approach, and there are different compliance program strategies that did not exist in years gone by, bearing in mind that this is a new department. It was once the Department of Finance and it went back to being the Chief Secretary's Department, so the restructure was really very badly needed. It was effected in November 2000, with the overall responsibility for the compliance division given to the deputy director-general now under a restructure.

The division is formed by the enforcement branch and the legal and licensing branch, which are the responsibility of the Assistant Director (Compliance) and Manager (Legal and Licensing) respectively. For the first six months it was evident that the restructured compliance division was performing well above expectations. Notwithstanding that, the restructure was achieved by downsizing. The compliance division's enforcement branch has increased work volume in a number of key areas of the compliance program. That is being evidenced in matters that are now coming to fruition and certainly it has been highlighted in the recent "Liquor and Gaming News". This

is attributed to the compliance division's implementation of improved business practices and benchmarking programs, which underpin the strategic plan, and these just did not exist some years ago.

Of course, the primary objective of the compliance division is to enforce liquor and gaming legislation and harm minimisation programs through a professional, efficient and effective compliance program. Previously, the people who were in the compliance division would go to clubs and hotels and it was a bit hit and miss. Now, clubs and hotels will have a tick list that they can relate to, and therefore a great deal of time will be saved. It is not a matter then of just going around pinching people for the sake of it. They will then be able to meet those parameters. The compliance division's environment is constituted by nine core programs: registered clubs, other licensed premises, gaming, liquor, Internet commerce, complaint management, quality assurance, special projects and the central monitoring system.

In the year 2001-02 it is anticipated that the compliance office of the enforcement branch will institute 30 further disciplinary and prosecution proceedings. I will go through those particular figures that I gave you before. There is no doubt that the compliance division through the nine core programs and associated strategies can regulate the industry in an effective and professional manner as demanded by the stakeholders. I must say that those in the major industries, say, Clubs New South Wales, the Australian Hotels Association, the Restaurant and Caterers and the Liquor Stores Association, are quite complimentary of the way things have been going. They have been able to achieve much greater productivity and at the same time detect many matters that previously went unnoticed, at the same time doing away with issues that were trifling to some extent. Therefore, I believe they have done a fairly good job in achieving it. The restructure, with the deputy director of compliance, who has a new deputy under him with tremendous abilities in law enforcement and investigatory experience, has been of considerable benefit.

The Hon. PATRICIA FORSYTHE: Minister, what is the current state of play in the Licensing Court that you referred to? Is there a backlog or delays in relation to applications or prosecutions?

Mr FACE: I understand there is, but I will defer to the director-general or Mr Foggo. The answer is, yes, I understand there is a backlog.

Mr BROWN: Yes, I would confirm that. There are quite a number outstanding. Additional funds were provided by the department through the Government to assist in the provision of additional magistrates for the last three months of the current year. We are looking then to the means and how we might be able to provide a similar amount in the ensuing 12 months to see if we can assist in that area of activity.

The Hon. PATRICIA FORSYTHE: There has been a suggestion that a figure of about \$200 million of development work is being put on hold because of the delay in approvals. Would that be a figure that you could confirm?

Mr BROWN: I personally would not be in a position to confirm or otherwise that particular number. I am not too sure where it has come from. I could endeavour to see whether it has any status.

The Hon. PATRICIA FORSYTHE: Could you take the question on notice?

Mr BROWN: I could take that on notice and seek advice through the liquor court.

The Hon. GREG PEARCE: Minister, could you explain how the new computerised horse betting game, which I believe is called Trackside, was approved and under what regulation it was approved? Could you just explain to us how many people can play Trackside at any one time?

Mr FACE: I will defer to Deputy Director-General Darryl Loewenthal, who is au fait with it.

Mr LOEWENTHAL: Trackside is currently operated at only one venue in New South Wales, I understand, and that is at Star City casino. It was approved by the court, to the best of my recollection, approximately 12 to 18 months. It has been approved on the basis that it is a multiterminal gaming machine similar to other types of games that you see at various venues around New South Wales such as roulette and blackjack. As to the number that can play it, I could not give you a definitive answer. I would suggest it is basically the number of people who can get to a window and place bets in the two-minute period or three-minute period allowed between the running of the various imitation races.

The Hon. GREG PEARCE: So it is a race every two or three minutes?

Mr LOEWENTHAL: Yes. People go up to a window, similar to a TAB window, and fill out a ticket and place their bets in the same manner that they would on a normal horse race.

The Hon. GREG PEARCE: So how many windows are there, I suppose, is the question?

Mr LOEWENTHAL: Mr Farrell might correct me on that but I think one or two.

Mr FARRELL: Two windows. It is a terminal into which you feed the tickets and at the moment there are two.

The Hon. GREG PEARCE: Minister, would you be prepared to take some questions on notice? I have a number of other questions that I might hand to you, given the time.

CHAIR: Please ask any questions you have, Mr Pearce.

The Hon. GREG PEARCE: There are 35. They are all very short.

CHAIR: Minister, as I understand it, with questions on notice, the rules at present are such that we cannot compel you to answer although it might mean we would need to arrange a supplementary hearing. I can request that the questions of the Hon. Greg Pearce and the number that I have to be taken on notice in preference to coming back again.

Mr FACE: I have no problem with that.

CHAIR: Minister, would one week give you sufficient time to answer the questions?

Mr FACE: We will not know until we see them, with all due respect. They may require only yes or no answers or they may need some explaining.

The Committee proceeded to deliberate.