

GENERAL PURPOSE STANDING COMMITTEE No. 4

Monday 24 June 2002

Examination of proposed expenditure for the portfolio areas

GAMING AND RACING

The Committee met at 4.00 p.m.

MEMBERS

The Hon. Jennifer Gardiner (Chair)

The Hon. Ian Cohen
The Hon. Ronald Dyer
The Hon. Michael Gallacher
The Hon. John Jobling

The Hon. Ian Macdonald
The Hon. David Oldfield
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. Brown, *Director-General*

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

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

Ms J. Hunter Development

Mr B. Chard, *Regional Director, Premier's Department*

Casino Control Authority

Mr B. Farrell, *Chief Executive Officer*

CHAIR: I welcome you to this public hearing, in particular, the Minister, Mr. Face, and his senior officers. This public hearing of General Purpose Standing Committee No. 4 will be examining the proposed expenditure for the portfolio areas of Gaming and Racing. I need to attend to some procedural matters first. 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 these public proceedings. Copies of those guidelines governing the broadcasting of proceedings are available from the attendants. I point out that in accordance with the Legislative Council's guidelines for broadcasting 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. In reporting the proceedings of this Committee, you must take responsibility for what you publish or what interpretation is placed on anything that is said before the Committee.

With respect to the delivery of messages to members, there is no provision for members to refer directly to their own staff 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, if departmental officials could identify themselves by name, position and department or agency before answering any question referred to them, that would be of great assistance. If a member is seeking information in relation to a particular aspect of a program or subprogram it would be helpful if the program or subprogram is identified. I declare the proposed expenditure areas open for examination and we can start with racing.

The Hon. IAN COHEN: Minister, referring to page 7-1, the Department of Gaming and Racing budget has increased from \$35.8 million to \$36.1 million. Given that the CPI is running at more than 3 per cent and public servants working in the Department of Gaming and Racing are due to receive a 4 per cent pay rise from 1 January 2003 and, I understand, a 5 per cent pay rise on 1 July 2003, will cuts have to be made in other areas of the department to pay for the implementation of the Government's gaming reform package?

Mr BROWN: The department has in place, we believe, the necessary actions and initiatives that will effectively provide for the contribution to the salary increases that the department is required to make. We have been reporting on those on a regular basis to government and at this stage we are confident that we will be able to meet our share of those necessary salary increases without any effective cuts in services.

The Hon. IAN COHEN: No cuts at all?

Mr BROWN: No.

The Hon. IAN COHEN: Will there be a shedding of jobs in any of the areas you will be focusing attention on, or any change to the level of activity in any way?

Mr BROWN: In the ensuing year 2002-2003 it is not expected that we will see a reduction in services of the department. There will be a reduction in the following year because the department has been funded for the unit associated with the central monitoring system [CMS] for a further period of 12 months. We expect that with finalisation of that 12-month period we will be able to reduce that activity as the CMS system comes online completely.

The Hon. IAN COHEN: Does this have any impact, for example, on the Casino Community Benefit Fund? I understand it will be expiring in 2004. Do you intend to extend that period?

Mr BROWN: The costs associated with the employment of personnel to undertake their responsibilities in that regard are met from the Casino Community Benefit Fund. At the present time we receive 2 per cent of duty from the casino into that fund. It is expected that an amount of \$12.2 million will be received into that fund next year. Whilst ever that money is provided we will continue that role.

The Hon. IAN COHEN: Does that answer my question? Will it continue after 2004? Can you guarantee that? Where are we up to with this social service?

Mr BROWN: I cannot guarantee that. That is a matter for the Government's decision.

The Hon. IAN COHEN: Minister, could you enlighten the Committee as to whether you will extend this period of the Casino Community Benefit Fund?

Mr FACE: It is a matter for the Treasurer, but there is no indication at this stage that it will not be continued.

The Hon. IAN COHEN: You are saying it is up to the Treasurer to provide the funds? I understand that no guarantees are given.

Mr FACE: Let me clarify it for you. When the previous Government signed the casino agreement the then Treasury undertook to hypothecate 2 per cent of those revenues to the Casino Community Benefit Fund. If a decision was made to not hypothecate that 2 per cent again it would be a matter for the Treasurer. At this stage there is nothing to suggest that there would not be a continuation of it, but it is entirely a matter for the Treasurer to recommend to the Government as to whether or not it continues.

The Hon. IAN COHEN: In 1998 the State gaming inquiry conducted by the Independent Pricing and Regulatory Tribunal [IPART] made a number of recommendations. One of the recommendations was the establishment of an independent gambling commission. Many community groups, including the Council of Social Services of New South Wales, support that recommendation and also the recommendation that a gambling industry ombudsman be established. Does the Government have any intention of implementing either recommendation?

Mr FACE: The Government has had a range of things under consideration for some time but at this stage has not decided to have a gaming commission or an ombudsman.

The Hon. IAN COHEN: Why?

Mr FACE: It is a decision for Government and we are very happy with the way things are going at present. There are people who have continued to say that a gaming commission should be established. These calls are not new. They have been coming from a wide variety of people over a period of time. In fact, they date back a long while. Most of the time when it has been raised with me I have never been able to get anyone in the Opposition to describe a model of the gaming commission. The Government has subjected establishment proposals to scrutiny, and engaged in a review of what was said at the time of the 1998 IPART inquiry. The Government has followed various recommendations of that body and the Productivity Commission on gambling harm minimisation. That is where the matter lies at present.

The Hon. IAN COHEN: You say that the Opposition cannot describe the model of a gambling commission. Has your department, in this budget or any previous recent budget, set aside money to investigate those matters?

Mr FACE: No, we have not, but as part of the ongoing responsibility of the Department of Gaming and Racing we have been looking at a range of matters in that regard. However, to date the Government has decided against a gambling commission, for various reasons. The Government believes it is in the best interests of what is occurring.

The Hon. IAN COHEN: Can you elucidate on those various reasons?

Mr FACE: I have just said that the Government has made a decision not to progress at this stage with a gaming commission.

The Hon. IAN COHEN: You just said that the decision was made for various reasons. Could let the Committee know some of those various reasons.

Mr FACE: One reason is that a gaming commission would be master of its own destiny and remove what is obviously the responsibility of the Government. Therefore, I repeat what I said to you

earlier, there are many forms of the gaming commission and at this stage the Government is satisfied with the current arrangements. The Opposition obviously has a different view, as it is entitled to have.

The Hon. IAN COHEN: I refer to page 7-10, and to the poker machines cap. In light of the fact that there is a gaming machine freeze at the moment, could you explain the figures set out on page 7-10 specifying that 600 gaming device applications will be approved, 10 gaming systems will be approved, 5,000 club and pub applications will be processed for gaming machines, and 2,000 progressive gaming machines will be approved.

Mr FACE: Under the Liquor and Registered Clubs Act, the Liquor Administration Board must approve changes to the configuration of gaming machines operating in those venues, for taxation purposes. As you well know, we set up a central monitoring system that is now effectively on line. The Internet authorisation system, Quick Change, has been in place since November 2001. It now approves more than 50 per cent of all applications for configurational changes. I think that is what you are talking about. They are not applications for more machines.

The Hon. IAN COHEN: The 600 gaming device applications are not for 600 more?

Mr FACE: No. It is what I am describing to you as configurational changes. Any amount of those will take place from time to time. For instance, a club might want to change the configuration of its machines from one position in the club to another. Obviously, those changes have to be notified. We are not talking about more machines. We are talking about configurational transactions that have to be endorsed by the Liquor Administration Board. The figures in the budget papers show the decrease of activity undertaken by departmental officers under the delegation of the Liquor Administration Board. Once again this has been swept up by the central monitoring system, which undertakes a range of things that were previously done by manual notification.

The Hon. IAN COHEN: I refer to Budget Paper No. 3, Volume 1, page 7-10. I note that compliance notices issued have decreased from 2,130 in 1999-00 to an anticipated 800 in 2002-03. What is this due do?

Mr FACE: I defer to the director-general.

Mr BROWN: You need to read the "Compliance notices issued" together with the following item "Penalty notices issued". You will notice that from the year 2000-01 to the year 2001-02 there was a significant increase in the number of penalties issued from 60 to 500, and it is anticipated that in the ensuing 12 months 550 will be issued. The approach has been taken that it is more effective and the outcomes are more easily achieved by issuing a penalty notice rather than a compliance notice. When you take the two together you will see that the numbers are very similar.

The Hon. IAN COHEN: Same officers?

Mr BROWN: Same officers, yes.

The Hon. IAN COHEN: I refer to Budget Paper No. 3, Volume 1, page 7-8. Given that there have been numerous changes to the various forms of legislation that regulate the gaming and racing industry, including the introduction of the important gaming reform package, why were only 20 workshops conducted in 2001-02 compared to 51 in 1999-00?

Mr FACE: I defer to Mr Foggo.

Mr FOGGO: The number of workshops conducted has decreased since the year 1999-00. As you rightly point out, there were 51 in 1999-00, but they were static at about 21 for the following two years and we anticipate that that will be the case for 2002-03. I am not absolutely aware of why there has been a change during that period, but these are conducted on a more strategic operational basis at the moment. We also involve some of the associations, such as the Australian Hotels Association and Clubs New South Wales, in dealing with those workshops. We have a more defined and focused approach to those workshops at present.

Mr FACE: In addition to what Mr Foggo said, during this past 12 months following the introduction of the responsible gambling legislation literally tens of thousands of people have been put through various courses dealing with the responsible service of gaming. All these models had to be formulated. Also during this period central monitoring system workshops have been held in the regions throughout the State in areas that would have been covered by other workshops. The central monitoring system is the largest of its type in the world, therefore we had to ensure that everyone was au fait with it. The responsible gambling legislation is not like the responsible service of alcohol, which is optional. The only compulsion on responsible service of alcohol is that somebody in every premise has to be trained. We may reach the stage in the foreseeable future where the training for responsible service of alcohol is mandatory.

In fact, one major body within the industry, the Restaurant and Catering Association, is asking that the Government do it. Our figures show that, although it is not mandatory, it is demanded of around 80 or 85 per cent of people working in the industry in any large hotel or club. Responsible service of alcohol has been in place for about five years. We are considering the need for refresher courses because there have been considerable changes to the Liquor Act during that five-year period. As I said, the responsible service of gaming is mandatory. Anyone who physically works in or around a gaming area, including the licensee, has to be trained. Although the figures indicate not as many workshops, which generally cover a lot of those areas, responsible service of gambling workshops has been conducted on an industry-wide basis this year through both the AHA and Clubs New South Wales.

Mr BROWN: If I may add to that, the reduction in the actual number of workshops conducted, which were effectively put in place from 2000-01, was also the result of improved industry bulletins issued to the industry on a quarterly basis. They are quite expansive and informative. At the same time we now issue legislative bulletins for all variations or significant variations to the legislation. They are also issued to our stakeholders. At the same time we have encouraged both the club and the hotel industry to meet the cost and conduct industry workshops under their auspice. I provide and encourage them to invite departmental representation to participate. The workshops conducted by the industry have been very well received. We are also making very good use, with their assistance, of the Club Industry Advisory Council and the Australian Hotels Association. They meet regularly. They are advisory bodies to the department and the Minister. We provide full information of all initiatives and changes to those bodies.

The Hon. JOHN JOBLING: To assist me in looking at the Casino Community Benefit Fund, can you tell me how much money the Government paid into that fund in the 2001-02 budget year?

Mr FACE: I am sure that the figures are available. Turnover varies from year to year, but I do not remember a year when it has gone down.

The Hon. JOHN JOBLING: It is just to give me a baseline from which the questions can flow.

Mr FACE: The 2002-03 budget indicates that \$12.2 million is expected to be received, but that is dependent on turnover during the forthcoming budget year. This money will top up the fund which, at 31 May, stood at \$20.5 million. In the past some people have been trapped into thinking that a lot of money was unused. In that figure there are exigencies for various programs that have already been started. Most of the programs, which relate to gambling counselling services, are done on a three-year basis. The lion's share of the allocations from this fund has been directed to counselling and treatment services for persons affected by gambling problems. When we first started the fund there was nowhere near the demand for allocation to gambling treatment and counselling services that there is now because they were very much in their infancy. At the moment about \$6 million per annum is provided to 60 agencies that deliver a counselling program to problem gamblers and their families. This allocation represents just less than one half of the annual income of the fund.

Funding for the 60 agencies will continue at least until 30 June 2003. The expected cost of this item for the year 2002-03 is \$7.4 million. We are now assessing the services statewide to find out the degree to which they have been accessed because there is some concern, including my own, that we may overprovide in some areas while other areas may not get the amount they need. In future

budget years the progressive implementation of the triennial funding for problem gambling counselling and treatment services, which I mentioned earlier, will provide greater surety of funding for these important services. In other words, these people can now plan over period of time, whereas previously in many cases they were living from one year to the next. The 2002-03 budget has committed more than \$650,000 to the cost of operating G Line, the New South Wales counselling service help line, which is extremely successful. We have now extended right across a broad range of multilingual areas, which has made it much more effective than it was in its early days.

Over \$1 million has been reserved for the cost of this service in future budget years, representing the largest commitment against the fund since its inception. A commitment of \$1 million has also been set aside for the implementation of a statewide campaign to promote the existence of the G-line facility as a vital 24-hour, seven-day a week helpline. The groundwork was undertaken during 2001-02 and the campaign will be launched in the first half of the 2002-03 year. Funding for the research and gambling related issues is also a major commitment from the fund in 2002-03, with \$3 million being set aside for a research program co-ordinated by the Department of Gaming and Racing. It has been claimed that many of our decisions are not evidence-based but the \$3 million research commitment includes the New South Wales contribution of \$1.4 million in funding the national research program over the next five years. I have attended all the meetings of the Council of Australian Governments and the ministerial council on gambling specifically supporting this research program. We have come a long way since the early days. Along with the Minister in the Conservative Government of Victoria, Roger Hallam, I called everybody together some years ago because there was no COAG agreement. Senator Amanda Vanstone chairs the committee now and I must say that it has been quite effective.

Other significant projects in progress on which expenditure will occur during 2002-03 include funding for community projects to alleviate the flow-on effects of problem gambling in the community, \$1.2 million, and the implementation of initiatives for better guided promotion of gambling counselling treatment services, \$194,000. Contributions will also be made toward the secretariat's administrative expenses, which include the costs associated with the implementation of the five-year strategic plan I referred to before. That was put in place last year. For the first time we have a five-year strategic plan. This is all contained in the policy framework and treatment services for problem gamblers and their families which I distributed to all members of Parliament. Implementation of the strategic plan will be the major project for the fund over future budget years. In 2002-03 these administrative costs are expected to absorb \$1.2 million. The majority of the remaining moneys in the fund is reserved for grants relating to the next funding round for community projects and services. It is hoped that these will eventually all be on three-year agreements rather than the present one or two year agreements. Applications for the new round will be invited in the first half of 2002-03 and will address the flow-on effects of problem gambling. Based on the previous funding round of these types of projects, it is anticipated that there will be a significant number of applications. There are many more than there is money to go about. This applies in most areas of social concern. I am advised that an estimated \$2.5 million has been set aside for the fund to recommend qualifying projects. This represents the most concerted effort in Australia to come to terms with gambling addiction.

The Hon. JOHN JOBLING: Thank you for that interesting answer. It covers a lot of areas. The expenditure from the Casino Community Benefit Fund in 2001-02 was \$12.5 million but this year the amount has been brought back to \$12.2 million. Is there a specific reason for the reduction in that sum?

Mr FACE: It would reflect the level of turnover. We can only estimate what we expect to be the turnover. The fund is solely funded from the 2 per cent of turnover from the casinos. It is just an estimate of the likely turnover in the 12-month period.

The Hon. JOHN JOBLING: Did you say that administration and other expenses, which are not related to approved projects and activities, are about \$1.2 million?

Mr FACE: That would be fairly close. I would not call, as a percentage, the amount of money used on administration outrageous when implementing five-year strategic plans. Currently we are reviewing all of those involved in providing services. When we started there were very few people qualified to deal with gambling counselling. Many had social worker skills but there is still no course

available in Australia for people counselling gambling addicts. That is not to say that the people doing it are not professional. Among the people making applications was a fellow from the southern part of New South Wales whose only skill was that he was a reformed gambler. I do not think that is a suitable qualification for dealing with people's addictions. I would hazard a guess that he would be likely to do more harm than good, as well-intentioned as he may have been. Nevertheless, a tremendous number of people are now out in the field, such as the Reverend Chester Carter, who is currently the Chairman of the counsellors association for the Wesley Mission. People in the area are much more skilled than they were when we started down this track.

The Hon. JOHN JOBLING: Is it possible to dissect the \$1.2 million, give or take whatever the little bit is, into the administration and other expenses? What is included under "other expenses"?

Mr FACE: I am sure my director-general can provide you with that information.

Mr BROWN: In preparing the budget for the financial year 2002-03 consideration was given to expenditure incurred in the previous year as at the end of April 2002 as well as anticipated expenses in May and June of 2002. All known contingencies were taken into account. The proposed budget for 2002-03 takes into consideration the Minister's April 2002 approval of a changed role and staffing levels for the branch. The staffing submission to the Minister also stated that it was likely that the full cost of the proposed staff structure would be roughly 10 per cent of the CCBF annual receipts. The budget for 2002-03 has been cast in anticipation that full staffing will be achieved from the start of the new financial year, hence the higher operational costs.

In relation to your question as to the components of other expenses, I will give you the estimated expenditure for the 12 months for the current year and the estimates to give you a comparison: secretariat salaries for the 12 months ending 30 June \$415,500, next year \$785,000; temporary assistance \$4,700, up to \$15,000; DGR corporate expenses \$91,500, to \$185,000; rent and cleaning \$30,000, to \$46,000; legal advice \$5,900, \$10,000; trustees remuneration \$15,000, \$21,000; payroll tax \$24,000, \$50,000; printing, including agenda papers and annual report \$4,000, \$5,000; grant assessment committees nil, \$3,500; photocopier or printer charges \$2,200, \$2,500; advertising for recruitment and rounds \$8,800, \$13,200; couriers \$1,000, \$1,200; telephone and Internet costs \$7,600, \$16,000; travel expenses \$9,000, \$5,000; stores and minor expenses \$2,267, \$5,000; electricity \$1,000, \$1,600; refreshments at GAC and trustee meetings \$1,400, \$1,500; workers compensation \$2,100, \$4,500; Cabcharge and parking fees \$800, \$2,000; postage \$700, \$2,000; insurance \$1,100, \$2,500; subscriptions \$700, \$800; audit fees \$6,300, \$15,000; contingency allowance for equipment replacements et cetera \$100, \$38,000. The totals are \$635,667 and \$1,231,300.

The Hon. JOHN JOBLING: Thank you. That indeed was a comprehensive list. It gives us some idea of what is happening. A number of the amounts seem to be very much standard but a couple interested me. Is there any special reason for the doubling for legal advice? What is the reason for the large increase for the last item, the replacement of equipment?

Mr BROWN: That item specifically relates to new computer equipment for the benefit of the fund. An additional six officers will have to be provided with computer equipment. In addition there is an update of the equipment required for the management and maintenance of the fund.

The Hon. JOHN JOBLING: So we could assume that that is a one-off expenditure in this case?

Mr BROWN: Yes, it would be.

The Hon. JOHN JOBLING: On the doubling in legal advice costs, are you expecting litigation?

Mr BROWN: No, sir. We are not expecting litigation but we are expecting the cost to increase.

The Hon. JOHN JOBLING: That is a serious worry. Minister, there is a concern about what happens to the money raised from the turnover each year. Has the money raised in the last three years and paid into the Casino Community Benefit Fund been spent?

Mr FACE: People have been critical of the fact that the money has not been spent. They fail to understand that some of the money that is in there is already committed to projects that will run over several years. This may give the appearance of a skewed figure. A former shadow Minister became a little concerned about it but Richard Bull, being a reasonable sort of person, after being informed about the breakdown and why the money was there, accepted that we were not hoarding the money. As I said, we are approving many more programs over a number of years rather than living hand to mouth from year to year. In the early days we were in uncharted waters. I referred to calls for evidence-based policies. Effectively, we are leading the world. There is legislation before the Victorian Parliament that reflects about 75 per cent of what we have done in this State. It is being accepted by other jurisdictions in Australia and in New Jersey in the United States and more recently in Nevada. They have extensively used the work that we have been doing in regard to gambling harm minimisation. In various parts of the States now there is evidence emerging on various trends and statistical information which was not obtainable even a couple of years ago.

The Hon. JOHN JOBLING: It is understandable that people who do not know the full situation would have concerns about money being squirrelled away or hoarded for whatever purpose one might allege it is being used for. In the figures that you have offered to supply to the Committee could you give a breakdown of the moneys that have been collected and not spent but which you say are put aside for an ongoing or continuing process?

Mr FACE: Before I ask the director-general to provide the information I think I need to clarify that the people that allot the money are a board of trustees. This is no criticism of the previous Minister, Anne Cohen, but each government has the right to do as it chooses in regard to how money is distributed.

I deliberately changed the legislation when I became Minister, to provide a set of trustees rather than have the Victorian model in which there was, as you have said, a squirrelling away of money. Surprisingly, in the period leading up to an election money was made available. That is not the case here. Each trustee is a person of some standing, of the calibre of the Reverend Harry Herbert, and people from the Salvation Army. They alone make the recommendations. I have no input other than to sign off at the end of the day on their recommendations. I have sought advice on a few occasions, but there has never yet been a case that I have not signed off, because it was done by a set of independent trustees. That was not the situation when I first became the Minister.

Mr BROWN: The fund balance at 31 May 2002 was \$20.5 million. If you add to that the expected fund levy for 2002-03 of \$12.2 million that will provide available funds of \$32.7 million. The current outstanding commitments are in regard to rounds 5, 6, 7 and 8 of the grants and research grants, which total \$2.9 million currently. We have other approved expenses, which are commitments against that number, of the operation of the Gline, research, national research, CCFBF database, awareness campaign, implementation, minor approvals, interpreters, and TAFE projects. That totals \$5 million.

Added to that is the expected cost of administration of the fund next year of \$1.2 million. The total of those three areas is \$9.1 million, thus leaving a balance of \$23.6 million. Against that the Minister has already approved new commitments for the year of maintenance of counselling and treatment of \$7.4 million, and administration. All up we have about \$15 million in the fund which is not committed, against which the trustees will give consideration to the provision of new grants for the year 2002-03.

The Hon. DAVID OLDFIELD: Minister, would you comment on the review of the liquor and club management laws according to the national competition policy?

Mr FACE: That is a very relevant question, something that is on everyone's lips at the moment. The committee would be aware that the Competition Principles Agreement was entered into by each State and Territory Government with the Federal Government. The New South Wales Government is undertaking a review of New South Wales of the liquor and club management laws.

Recently the Premier publicly stated that this complex legislation regulates industries and that there was an indication that the competition policy was going to come down. Of course, like so many other documents, the media reported it and people naturally assumed that that was going to happen.

As so often happens with discussion papers, people take them as gospel. In late 2000 the Council of Australian Governments agreed to the deadline of 30 June this year for the implementation of reforms. This is the last of the national competition policy documents that impact on my portfolio. Reviews of the liquor and registered clubs Act are being undertaken with that deadline in mind. The other States do not really have a club industry to talk about, when compared to New South Wales. As a consequence, we are dealing with two major changes to the liquor Act, the gaming Act and the registered clubs Act.

In an assessment of the national competition reviews, released in February 2001 by the National Competition Council, the council referred to a review of liquor licensing in this State and indicated that it would look closely at the decision in regard to the future of the needs test contained in the liquor Act. That is one of the major centrepieces of this State's liquor Act. We have always maintained the needs clause, unlike the Victorian jurisdiction that went down the path of a totally deregulated model under the Hopkinson report.

That test restricts competition in the hotel and retail sectors as it facilitates commercial-based objections to new hotel or bottle shop licences. The Government has always taken a strong view that that commodity needs a degree of regulation. Without pre-empting the findings of the National Competition Council, we have made that statement, as has the Opposition at times. We have no desire to see every corner shop selling packaged liquor. The needs test and other restrictions in the liquor legislation had been considered in the course of the review. In light of the consultation process it included a general call for submissions and has targeted direct consultation with a key stakeholders. In other words that process is now taking place.

Any changes to this State's liquor laws that flow from the review will be based on the existing harm minimisation objective. I have in mind that other Australian jurisdictions do not have the framework of harm minimisation that has been part of the liquor Act since 1996. An issue that has been looked at objectively is whether the needs test really is the best way to support that objective, or whether there is a more effective way to promote responsible service and consumption of alcohol. After all, the needs test has been around for a long time and yet it has not prevented the types of alcohol-related harm that led the Government to introduce harm minimisation legislation in 1996.

Whilst we have come a long way, there is still a fair degree of antisocial behaviour linked with alcohol abuse. From my observation quite often people blame alcohol for everything when, in many cases, the behaviour results from mixing alcohol with drugs. The issue will be carefully considered by the Government, which does not see an explosion of licensed premises threaten the viability of the existing players in the liquor industry. Most importantly, alcohol will not be sold in inappropriate venues. That is something that the Government and the Opposition agreed on.

We do not want to undermine the good harm minimisation and responsible service of alcohol work that we have achieved. We want to extend that and will be looking to ensure that the liquor laws have that component. The Government is now engaged in further consultation with stakeholders following that discussion paper. The discussion paper was released to the industry earlier this month. Comments have been invited and I do not imagine that there will be a long period taken to digest its contents; as I said, it has been around for a long time. The discussion paper will assist the Government in considering where we are going in the future. As with the Gaming Act we will now be able to proceed down the track of rewriting the liquor Act.

That will be of considerable benefit to those participating in the liquor industry. The Act has been added to and subtracted from over a long time and it is time that it came together into one plain English document that will be easier for the layman to read. The new Act will make it easier for people to understand the inherent costs involved in running a small business.

The Hon. DAVID OLDFIELD: Would you like to comment on harm minimisation changes to gambling? Do you have a response to concerns that the laws need to be evidence based?

Mr FACE: Yes, I alluded to the earlier. There seems to be a feeding frenzy on evidence-based assessments. The Government started down the track of gambling harm minimisation and creating a safer gambling environment in 1994 with the assistance of many people. There was a wide divergence of opinion even then. The Labor Party, then in Opposition, wrote a social conscience paper on gambling, which was to become part of our policy when we came to government. When we bring in harm minimisation we get a flood of people carping about the need for an evidence-based approach. That has crept into whole lot of contributions.

People are really saying that we should not be doing anything in this area until it has all been thoroughly tested, researched and proven to work. That is the basis of the evidence base that is coming from one section of the club industry. Some people have joined in with that populist view, and I repeat that we should not be doing anything until we can say that there is evidence that harm is being done. For some people evidence-based gambling is really a way of saying do not ever do anything for the first time. I said to one industry leader, who kept on repeating that evidence-based mantra, that if he was so keen on it, how about we take all the gaming machines out of all clubs and hotels until we carry out some detailed research on his premises before deciding whether they should be allowed back in.

One does not need to be Einstein to work out the response I got. Not surprising, he did not seem too keen on the idea. I repeat that I am a firm believer in finding out what works and what does not work and making sure our policy approach is refined accordingly. But we are coming from a base of nothing. No government would have sat around, having regard to the IPART inquiry that was referred to earlier, and the conclusive evidence that came out of the Productivity Commission—which led to the State, Territory and Commonwealth COAG agreement that Amanda Vanstone chairs. That is a clear example of the work done through the liquor accords. The liquor accords were established in Dubbo and Wagga Wagga where the accord members agreed to impose curfews on entry to their premises at night.

That is good evidence that the accords had worked. Based on evidence obtained, we were able to do other things. The same could apply to gambling. As regulations are introduced, we will become party to more evidence. In the past three years we have gathered a fair amount of statistics, which is fairly good. It was not done by me, but by various people from authoritative sources. For instance, we can now find out the expenditure on gaming machines in this State—it is 70 per cent. The TAB, one would imagine, would attract considerably more than 10.6 per cent of expenditure with the number of races that are held. Bookmakers receive 0.5 per cent, Keno receives 1.4 per cent, lotteries receive only 7.7 per cent. That evidence was not available earlier. The 2001 survey showed that of the clients, people who spend their disposable money each week, 84 per cent say that gambling causes them problems. That might be on poker machines or other means, or multiple means.

Some interesting statistics emerged, information we did not have a few years ago. That information allows us to be able to make some reasonable decisions, based on evidence. We are leading the world in trying to create a safer gambling environment, and remember that only 2 per cent of people are affected. That is the accepted norm throughout the world. I have visited other jurisdictions, here and overseas, and it is accepted that 2 per cent is the norm; that is, from the person who has a problem up to chronic gamblers. What would people who talk about an evidence-based approach be asked to do? They would simply sit on their hands and do nothing until someone, somewhere else, does something and comes up with the results. We were not prepared to do that.

Should we instead be putting in place a broad range of sensible controls that we know will give warnings and other useful information to gamblers to ensure that they will be able to make an informed choice about continuing gambling? Should we provide no funding whatsoever to gambling counselling services until we know the most effective way to treat problem gamblers? Of course, the answer to that is no. Instead we are funding a wide range of counselling, treatment and rehabilitation services, which we have heard about as a consequence of questions on the Casino Benefit Fund. We know that the services will not work for everybody, but they certainly will make a difference for some. You are never going to get a 100 per cent success rate.

Having said that, there would be a lot of other addictions within our community where we would be happy to think there was a 2 per cent addiction. Certainly there are many more people in our community who are addicted to drugs in some form or another. Let there be no mistake, when there is

clear-cut evidence about any issue of gambling policy, it will be a major consideration in any action that I as the Minister or the Government take. Of course, it would be better if we did not have to have government action in these areas. But evidence-based approaches will delay and prevent action. Any responsible person would feel so, obviously. It was felt so in both Houses when the gambling harm minimisation bill went through the Parliament with only some very minor amendments. That shows the degree of concern. For those who want this evidence-based approach, yes, it will be evidence-based as we get the evidence. Clearly, there is some evidence emerging, but we are not going to sit around for another two or three years and wait for that to occur. The Productivity Commission, along with the IPART inquiry, made it clear that there is a perception in the community that there is a real problem—and there is.

The Hon. DAVID OLDFIELD: Minister, can you see any implications for New South Wales with regard to the Victorian Ombudsman's inquiry into IGT (Australia) Pty Ltd and payments to the Victorian Casino and Gaming Authority?

Mr FACE: As to the implications for New South Wales from the Victorian Ombudsman's investigation report into the circumstances associated with IGT (Australia) Pty Ltd—for those who do not know, that is a gaming machine manufacturer to the Victorian Casino and Gambling Authority—I have been briefed on the recent outcome of the investigation. I was expecting that an investigation could be raised by the Victorian Ombudsman into the circumstances of IGT. I called for a report last week or the week before. I am aware that the Victorian Ombudsman initiated its own investigation into "the alleged unreasonable action of the Victorian Casino and Gaming Authority in negotiating and accepting payment of \$US200,000 from IGT towards the cost of an investigation by the VCGA into the action of the international gaming technology". The Victorian Ombudsman's report has just been made public. That is why I called for the report. I am advised that the conclusions in the Ombudsman's report include:

The investigation by the Victorian Director of Gaming and Betting into the so-called low value invoicing by IGT in Turkey in 1992 and 1993 was initiated because of a commendable desire by the Director to pursue his statutory duties in vigour. However, the investigation suffered from poor strategic planning and management. There was, for example, no formal investigation plan and the responsibility for this situation resided with the Director and his assistant.

The available evidence has not enabled any conclusion to be reached on the question of when and by whom the proposal to settle the investigation was first raised or on the question of when and why and by whom the possibility of the payment of the money by IGT should be part of the settlement. The acceptance by the Victorian gaming regulator of the payment of the \$US200,000 by IGT as part of the cost of the investigations was inappropriate and a poorly judged decision.

I understand that the central concern that the Victorian Ombudsman expressed in the report is about the inappropriateness of a gaming regulator or a gaming investigator requiring or accepting payment of the costs of an investigation from a person investigated, or at least in the circumstances where, as was the case with the IGT investigation, the investigation involved examination of the conduct of an existing licence holder. To quote from the compete and comprehensive report, at page 48 the Ombudsman said:

It seems to me that it invites allegations of impropriety and failure to act independently and impartially. To ask or to seek such a payment from a person investigated may be perceived to be a threat that unless such a payment is made an adverse decision may ensue and to accept a gratuitous offer for the payment may be seen as an inducement for a favourable decision.

What does this mean in law and practice in New South Wales? The reason I raised it is because there has always been a great deal of comment about this particular area of gaming. Firstly, I will address the law. I am advised that there are no provisions within the New South Wales gaming legislation that would allow the regulator concerned to seek or to accept money directly from the existing gaming-related licensee in relation to the cost of a disciplinary-style investigation into conduct associated with the licensee's affairs. The gaming laws do allow for cost recovery in limited circumstances, such as section 96 of the Gaming Machines Act 2001, which enables the Licensing Court to order an applicant for a gaming machine dealer's licence and several other gaming machine-related licences to pay a specified amount towards the cost of certain anticipated expenditure in investigating the applications.

Other examples include the scope to recover reasonable costs incurred in the investigation of an application for a casino licence or an investigation of an application for a person to become a close

associate of a casino business or an investigation of an application for approval of a new type of gaming machine. I stress that none of these investigations is disciplinary in nature. That is, quite frankly, the difference. Rather, these are investigations that stem from an application or some form of licensing approval. The law also allows a body such as the Licensing Court to order a person who has brought the disciplinary action against the licensee to pay reasonable costs and expenses of the respondent to the complaint, or to order the licensee against whom a disciplinary action is taken to pay reasonable costs and expenses incurred by the complainant in making the complaint.

In these Licensing Court situations a decision to order payments of costs and expenses is made by an independent umpire having regard to submissions made by the parties. In other words, the decision is not one for the regulator to make. As to the practice in New South Wales, I advise that I have no knowledge of any action by the New South Wales gambling regulator to recoup some of the costs of disciplinary investigations into gambling-related licensees. It is a very good question in the sense that, in comparison, it is quite different to what we are doing in this State.

The Hon. DAVID OLDFIELD: I have one more question.

CHAIR: I have to ask the Government members whether they will be asking any questions at this point.

The Hon. RON DYER: Madam Chair, the Government members do not wish to ask questions at this point, as presently advised.

CHAIR: Mr Cohen?

The Hon. IAN COHEN: Minister, I refer to page 3-3. I understand that the number of poker machines is now capped at 104,000. Is that the correct figure?

Mr FACE: Yes, it is capped at 104,000. There are, of course, various hardship cases to be heard, but the relevant point is that the number will not exceed 104,000.

The Hon. IAN COHEN: When you say "hardship cases", do you mean specific clubs or venues that claim hardship?

Mr FACE: There were some people who were disadvantaged at the time of the first freeze by the clubs and subsequently a freeze on the hotels. They have to go through a due process which my ministry and department have nothing to do with. It is simply a mechanism to allow those people to satisfy the court that they have been disadvantaged. But even if they were all to be satisfied, the number still would not exceed 104,000, nor would the Government let it happen.

The Hon. IAN COHEN: Are you saying that the number is capped at 104,000 or less, depending on certain court processes?

Mr FACE: I do not have a crystal ball, but I would anticipate in the fullness of time that as the various machines are returned, having in mind that 30 or 32 clubs were required to return 2 per cent each year for the next five years, in other words 10 per cent of the total number of machines they had at the time of the freeze or the announcement by the Government that we were going into a whole-of-government approach. Some machines will be returned through the process that if machines are disposed of a certain number of machines have to be relinquished. It is anticipated in the fullness of time that the total number of machines will be reduced.

The Hon. IAN COHEN: That is heartening to hear. I refer to Budget Statement 2002-03, page 3-13. It specifies that revenue from hotel and club gaming devices is to increase from \$777 million this financial year to \$941 million in 2005-06. Given that there is now a cap on poker machines, how does your department expect to obtain this revenue? Will the cap have to be removed to gain those figures?

Mr FACE: The Office of State Revenue determines those figures, not us. A similar question was asked of the Treasurer in his Budget estimates hearing.

The Hon. IAN COHEN: I was not aware of that.

Mr FACE: He does give a reasonable explanation. The suggestion was that we were one of the highest-taxed States. Certainly as a percentage of income we are the lowest. There are many other State and territorial jurisdictions whose tax rate as a percentage of their overall income is larger than ours. If you have a look at the actual taxation figures that we have in this State in comparison to our interstate counterparts, a small club in the country that is having difficulties for a whole host of reasons but has a turnover of only \$200,000 on its gaming machines does not pay any tax at all. In Victoria in that same category the club would pay 27.7 per cent tax. That follows through a whole range of situations. In the territory—admittedly there are not many there—it is 37.9 per cent.

The taxation rate in, say, a hotel where the turnover is \$200,000, category 4, in New South Wales is 14.7 per cent. That is right and proper as against a non-profit club that pays no tax. In Victoria they pay 36.1 per cent. So there is a considerable difference between the various amounts of tax paid by both clubs and hotels in this State in comparison to the tax paid interstate. As a percentage of the overall income, as I said, it is less in this State than it is in, for example, Victoria. I do not have the actual figures at my fingertips but the percentage of income derived from all of gambling in that State is certainly higher than in ours.

The Hon. IAN COHEN: I might have missed your salient point. Do you say that without removing the cap you will get an increase in revenue this financial year to \$941 million? I ask you as the Minister for Gaming and Racing. I know you are not the Treasurer. Can you point me in the direction toward understanding how you are going to make that financial increase without removing the cap?

Mr FACE: As I said, the figures come from the Office of Revenue. The indications to us are that at this stage there has been a slight reduction in income from both hotels and clubs. Where the Office of Revenue gets that figure from I am not sure.

The Hon. IAN COHEN: Would you like to take that question on notice?

Mr FACE: Yes, I will take it on notice and get you a full explanation.

The Hon. IAN COHEN: How does your department reconcile the huge increased reliance on poker machine revenue with your gambling harm minimisation strategies? How do you expect to reduce problem gambling by increasing the revenue from gaming machine devices?

Mr FACE: Gambling is like everything else in the world: people are not compelled to do it. You might come up with the opposing argument that if it were not available people would not gamble. I have news for you. Everywhere in the world where they have tried to stifle or outlaw gambling, they have had as much gambling as they had before it was outlawed or reduced. Usually criminal elements get involved in and the government misses out on any revenue that could go to worthwhile causes such as hospitals and roads.

As I said to you earlier, the timely objectives of the regulation and administration of lawful gaming and gambling in this State is to ensure the impacts of gambling in the community are closely monitored and that the harm associated with gambling is minimised. We have a situation where we are now dealing with that 2 per cent in the community that have difficulty with it through a range of programs. It has proper regulatory control and if you do not have regulatory control those sinister elements of the community will take it over. Part of it is about educating people about being sensible with the money that they spend.

Currently, we are scoping the release of four fairly effective advertisements that will shown on television hopefully within the next month and that is part and parcel of trying to get people to understand that they can do it with a degree of the enjoyment but at the same time they have to be responsible. The fact that we are getting increased calls to the G-line and the counselling services is a clear indication of this, contrary to what one journalist on a major radio station suggested, that if you are getting more calls does that mean there is a bigger problem? It is the reverse. In the past there was not a facility for people to put their hand out, so a lot more people are being dealt with by way of the G-line and are being referred to counselling services, which were not available a few years ago.

The Hon. IAN COHEN: Can we move on to Hunter Development.

CHAIR: Yes.

The Hon. MICHAEL GALLACHER: How much was lost in Newcastle this year following the mishandling of the dispute involving participants in the Newcastle show?

Mr FACE: I would not know. The show is a private agricultural society, but I understand it was substantial. They have asked for deferment of payments from a lot of organisations, including one I am involved in, namely, the pipeband. They have asked us to take a proportion and I think they were good enough to say that they would not claim anything as a fairly good demonstration of fairly responsible citizens, but I am not party to it. Mr Chard would not be either, for that matter, although he can answer for himself. It is a private agricultural association. It is sad that it happened but my understanding from what I have read in the paper—and I know nothing more than this—is that they have sold up to try to raise the debt.

The Hon. MICHAEL GALLACHER: So the Government is not trying to negotiate an outcome in relation to the Newcastle show?

Mr FACE: I think they probably have written to one of my colleagues because, bear in mind, it is a trust, but for your edification, you may or may not know, the trust is a separate entity to the show association. They are not one and the same, so the trust is bound by the Trustees Act quite obviously and it runs not only the showground but the entertainment centre and of course it is subject to normal Auditor-General requirements. The show is a separate association and I think it is called the agricultural association, but it does not own the land, unlike Maitland and Singleton, which I think are owned by the agricultural associations themselves.

The Hon. MICHAEL GALLACHER: If I am right the dispute revolved around the provision of amusement rides, primarily?

Mr FACE: That is my understanding.

The Hon. MICHAEL GALLACHER: Could you just tell the Committee how much money Osborne Amusements Pty Ltd has received out of the Hunter Advantage Fund in total?

Mr FACE: From my understanding there are two Osborne groups, but do not pin me down to that. I am only reflecting what is in the paper. You are talking about an Osborne that is domiciled in your immediate area?

The Hon. MICHAEL GALLACHER: No. I have just noticed in earlier answers mention of the establishment of a tourist leisure park and that Osborne Amusements received some funding from the Hunter Advantage Fund. However, I do not know how much they received and I am keen to know that.

Mr FACE: They never revealed those figures but I am saying to you—what Osborne are you talking about?

The Hon. MICHAEL GALLACHER: I am interested to see what the State Government, through the Hunter Advantage Fund, gave to Osborne Amusements Pty Ltd for the establishment of a tourist leisure park in the Port Stephens electorate?

Mr FACE: Tomteland?

The Hon. MICHAEL GALLACHER: Yes.

Mr FACE: There is an Osborne family but are they connected to the ones on the Central Coast?

The Hon. MICHAEL GALLACHER: I am only interested to find out how much Osborne Amusements received from the State Government, through the Hunter Advantage Fund, for Tomteland. Can you give me the amount that they received through the allocation of that money from the fund?

Mr CHARD: They did receive assistance from the State Government in terms of their development in the Port Stephens area. The amount is kept confidential, as is the case with all assistance for any industry that receives funding through the Hunter Advantage Fund because it is treated commercially in confidence.

The Hon. MICHAEL GALLACHER: Why is that?

Mr CHARD: These are decisions that are taken by the Minister for State Development in relation to the level of support that is provided to any industry.

The Hon. MICHAEL GALLACHER: How much in total was distributed through the Hunter Advantage Fund to date?

Mr FACE: The number of companies assisted is 42 and the total assistance offered is \$8,635,000. Total investment, which I imagine is the amount of money that was invested as a consequence of that contribution, is \$183,587,000. The number of new jobs is 1,953, part time jobs 249, jobs during construction 216, and number of jobs retained 82.

The Hon. MICHAEL GALLACHER: Just over \$8.5 million—and am I right in assuming that the Hunter Advantage Fund money is State money?

Mr FACE: Yes.

The Hon. MICHAEL GALLACHER: But the public is not allowed to know where the money was spent within the electorate, is that correct?

Mr FACE: I suggest that you direct your question to another Minister. I am not the Minister for State and Regional Development.

The Hon. MICHAEL GALLACHER: You are the Minister for Hunter Development though?

Mr FACE: I am not the Minister for State and Regional Development.

The Hon. MICHAEL GALLACHER: But just so long as I understand you, you are the Minister for Hunter Development?

Mr FACE: That is correct.

The Hon. MICHAEL GALLACHER: Did you supply any submissions in relation to the application by Osborne Amusements Pty Ltd for money given under the Hunter Advantage Fund?

Mr FACE: Me, personally?

The Hon. MICHAEL GALLACHER: You, as the Minister, or your department?

Mr FACE: It may have come through my office but it would have been someone just writing to me in the usual course of events. I do not process them. They are passed on to the regional coordinator or the departments of State and Regional Development.

The Hon. MICHAEL GALLACHER: So am I right in assuming that there will be no documentation with your signature on it to the Minister for State Development in relation to the Osborne Amusements Pty Ltd application for money under the Hunter Advantage Fund?

Mr FACE: If my signature was on it, it would have been on the basis that I passed it on.

The Hon. MICHAEL GALLACHER: So again I make the point that we have \$8.5 million of State Government money that is developed and handed out as a bit of a slush fund in the Hunter and no-one is allowed to find out how much money is given to anyone?

Mr FACE: That is your interpretation, it is not mine.

The Hon. MICHAEL GALLACHER: How many companies received money under the Hunter Advantage Fund?

Mr FACE: There were 42.

The Hon. MICHAEL GALLACHER: But we have no way of knowing if a company received \$1 and another company received \$500,000?

Mr FACE: I suggest you ask the Minister for State or Regional Development.

The Hon. MICHAEL GALLACHER: Do you know who audits it?

Mr FACE: The Auditor-General as far as I know.

The Hon. MICHAEL GALLACHER: Have you had a look at the audits at all?

Mr FACE: No, I am not in a position to be auditing what is not in my department.

The Hon. MICHAEL GALLACHER: It is funny that you are the Minister for Hunter Development but you have absolutely no understanding of how the Hunter Advantage Fund operates?

Mr FACE: I know how it operates. You are making the suggestions.

The Hon. MICHAEL GALLACHER: I am just asking what appear to be very straightforward questions about the allocation of \$8.5 million and the public of this State are not entitled to know exactly how the money was distributed.

Mr FACE: Mr Gallacher, I have answered that question on several occasions. You are putting your own interpretations on it for obvious reasons. You do what you like.

The Hon. MICHAEL GALLACHER: Is anyone in your department at all involved in the Hunter Advantage Fund?

Mr FACE: What do you mean by my department?

The Hon. MICHAEL GALLACHER: Within your responsibilities within Hunter development?

Mr FACE: No, they do not.

The Hon. MICHAEL GALLACHER: No-one has any involvement with it whatsoever?

Mr FACE: What are you suggesting?

The Hon. MICHAEL GALLACHER: I am asking you a question?

Mr FACE: I am asking you what you are suggesting?

The Hon. MICHAEL GALLACHER: Minister, I am just interested to know whether anyone who is in your department has any relationship with the Hunter Advantage Fund in an official capacity?

Mr FACE: We pass things along. I do not preside over it.

The Hon. MICHAEL GALLACHER: You do not monitor the outcomes of those passing things along?

Mr FACE: Obviously, the group that is supposed to deal with the Hunter Advantage Fund. None of my people sit on it. I do not.

The Hon. MICHAEL GALLACHER: As Minister for Hunter Development, basically it is a position by name alone. You are not involved in anything to do with the Hunter Advantage Fund in terms of assisting business?

Mr FACE: My role there is one of co-ordination and you put your interpretation on it. I hope you are not suggesting there is any impropriety on my part, Mr Gallacher?

The Hon. MICHAEL GALLACHER: I have not suggested that. Why have you raised that?

Mr FACE: You are getting perilously close to suggesting that.

The Hon. MICHAEL GALLACHER: Minister, do not tell me I have said something I should not have? What is making you believe I am asking you something improper?

Mr FACE: I am just saying—

The Hon. MICHAEL GALLACHER: Minister, when there is \$8.5 million of State Government money involved I do believe the public have a right to know how much money is distributed to the 40-plus fortunate organisations in the Hunter that are benefactors of the State Government's generosity. Who sits on the board of the Hunter Advantage Fund?

Mr FACE: Mr Gallacher, you have suggested that I do not know what is going on, haven't you?

The Hon. MICHAEL GALLACHER: No, you have.

Mr FACE: No, you are suggesting that.

The Hon. MICHAEL GALLACHER: Minister, you have.

Mr FACE: No.

The Hon. MICHAEL GALLACHER: I have asked you a very straightforward question on the distribution of \$8.5 million and you look me straight in the face and say, "I'm just a mailbox. I send the material onto the Minister. I have got no follow-up on it. I don't know how much they get and I've got no idea what happens."

Mr FACE: I know how much they get but what I am saying to you—and you have been in the witness box as many times as I have been in the past—

The Hon. MICHAEL GALLACHER: Yes.

Mr FACE: If a question is answered three times you are either one of two things. You either do not accept the answer or you do not have much intelligence. I have told you on three occasions it is the Minister for State or Regional Development who presides over that money. The next question you want to know is who presides over that committee and I will ask Mr Chard to answer it for you.

The Hon. MICHAEL GALLACHER: I actually asked who sits on the board, not who presides over the board?

Mr CHARD: It is not actually a board, it is an advisory committee that makes recommendations to the department in terms of the allocation of funds. The members of that advisory group are the chairman of the Hunter Economic Development Corporation, Dr Alan Patterson, myself

as regional co-ordinator with the Premier's Department, the regional manager for State and regional development and one of the directors of State and regional development. That advisory group looks at each application that comes in with the appropriate recommendations from departmental staff and that goes back to the approval authority, which is, of course, the department or, depending on the level of support, it may go to the Minister for approval. Could I also point out that of the 42 companies that are actually mentioned, that information is readily available in terms of who receives assistance. It is just the level of support to each company that is kept commercial.

The Hon. MICHAEL GALLACHER: Who are you accountable to in the hierarchy?

Mr CHARD: My line of responsibility is ultimately to the Director-General of the Premier's Department and my role is one of co-ordinating State Government activities in the Hunter region.

The Hon. MICHAEL GALLACHER: Do you have an official capacity within the Hunter Development portfolio?

Mr CHARD: No, I have a functional responsibility, if you like, to the Minister because of his role as Minister Assisting the Premier on Hunter Development, but my line responsibility is to my director and ultimately to the director-general of the Premier's Department.

The Hon. MICHAEL GALLACHER: Does it show in the annual report of the Hunter Advantage Fund exactly how expenditure is distributed?

Mr CHARD: It is certainly not in the Premier's Department annual report. I am not quite sure exactly what is shown in the annual report of the Department of State and Regional Development. I do not know how it is broken down.

The Hon. MICHAEL GALLACHER: On what basis does one make an application for funds under the Hunter Development Fund? I understand that the fund still contains a certain amount of money, is that correct?

Mr CHARD: Yes. These are the offers and acceptances by companies in terms of the Hunter Advantage Fund. Other offers have been made regarding additional levels of assistance, but those offers have not yet been accepted by the respective companies. In terms of offers, probably more than \$10 million was approved originally but the program, because of its success, is continuing. I have forgotten the first part of your question.

The Hon. MICHAEL GALLACHER: I asked for the basis upon which grants are made.

Mr CHARD: Applications are made by companies that are currently in the Hunter region and expanding or by new companies that are showing interest in coming into the Hunter region. Applications are evaluated on the basis of employment growth, the significance of the development to the economies of the region and the State, and whether there are components of import replacement and export. It takes into account the general significance of that development in the Hunter region.

Mr FACE: I must add a further point that has not been mentioned. Companies must meet certain criteria or moneys will not flow to them. In other words, if criteria are placed on the application and the company fails to meet those criteria, the application will fall by the wayside.

The Hon. JOHN JOBLING: Is it possible for the Committee to have a copy of that criteria?

Mr FACE: Yes.

The Hon. MICHAEL GALLACHER: To conclude on that point, do those organisations that are fortunate enough to get money from the Hunter Advantage Fund request a specific figure or does the organisation that makes the decision allocate what it thinks is required?

Mr CHARD: I am thinking back to the application form. I think in the majority of cases companies would apply for a particular amount. However, that application is evaluated by professional officers of the Department of State and Regional Development before it goes to the

Hunter Advantage Fund committee. A decision is then taken ultimately by the department in terms of the level of support, taking account of the criteria that I mentioned before.

The Hon. MICHAEL GALLACHER: Minister, when does the Government expect to announce the final decision in relation to EnergyAustralia Stadium?

Mr FACE: A formal proposal for funding the redevelopment of EnergyAustralia Stadium was lodged with the State and Federal governments on Monday 29 April 2002. There was no funding in the Federal budget handed down on 14 May 2002. Similarly, there was no funding in the State budget handed down on 4 June 2002. Both budgets had already reached the final stage before the proposal was presented. The International Sports Centre Trust and its consultant, INCOLL, made a formal presentation to the Major Venues Taskforce on 24 May 2002. The working group of the Major Venues Taskforce will inspect the existing stadium and surrounding areas in the near future. A report will then be compiled and forwarded to the director-general of the Premier's Department for consideration and a recommendation will be made to the budget subcommittee of Cabinet after that inspection.

The Hon. MICHAEL GALLACHER: Minister, have you been asked to make a submission in relation to this project?

Mr FACE: No, I have not made a submission.

The Hon. MICHAEL GALLACHER: Will you, as Minister Assisting the Premier on Hunter Development, make a submission in relation to the football ground?

Mr FACE: No. I am sitting on the committee that is deciding the matter, which is chaired by the Lord Mayor and comprises other local people.

The Hon. MICHAEL GALLACHER: Have you been asked to make a submission?

Mr FACE: The committee has placed the one that INCOLL is doing, and everyone accords with that.

The Hon. MICHAEL GALLACHER: I have a question about an old chestnut that continues to hang around: the Austeel project. Mr Chard, you answered some questions about this last year. Where is that project up to?

Mr FACE: I will give details of all the steel projects—the Newcastle steel mill proposals and associated development opportunities. As you know, the Newcastle BHP operation closed in September 1999, resulting in the loss of 2,500 jobs. In response to interest expressed by a number of potential steel firms, the Government is facilitating a new steel mill development at Newcastle. In addition, the Government is working with a possible coal and bulk terminal proposal, and BHP is in negotiation with the Government about the transfer of land—which has now been concluded. It is anticipated that approximately \$4.8 million will be spent in 2001-02 to advance the steel and associated projects.

The Government moved quickly to address the issues confronting Newcastle as a result of the BHP closure. In March 1998 the Government established the Steel Industry Steering Committee, chaired by the Director-General of the Premier's Department, to facilitate the establishment of new iron- and steel-making companies in the Newcastle area. The Steel Industry Steering Committee is currently working with three firms that are interested in establishing iron- and steel-making activities in the Hunter. Those firms are Austeel, Hunter Specialty Steel and Protech Steel. Hunter Specialty Steel has applied for land in the industrial buffer adjacent to Macquarie Generation. Protech is on Kooragang Island. The committee is working with the Newcastle coal and bulk terminal project for Kooragang Island and is negotiating with BHP for the transfer of four parcels of land to government ownership. As you know, that has already taken place.

The committee has also undertaken investigation of environmental planning and public infrastructure issues that need addressing to enable any steel mill or other developments to take place. Significant progress has been achieved by the iron- and steel-making proposal over the past 12

months. The Newcastle component of the project is for a 3.8 million tonne per annum electric arc steel mill—the Austeel one—which is estimated to cost a total of \$2.8 billion. If it comes to pass, it will employ 1,500 people directly. Since February studies have been undertaken, including geotechnical and flooding assessments, to assist in determining the port and steel mill sites. In October 1998 the Government entered into a memorandum of understanding with Protech Steel to advance its steel project. The project involves the construction of a 1.2 million tonne per annum steel mill on Kooragang Island. Stage one will be a 500,000 tonnes per annum rolling mill. At full production, 700 jobs will be created and capital investment is estimated to be \$1.5 billion. A planning focus group meeting held in November 1999 dealt with issues to be addressed in the environmental impact statement. Protech's environmental impact statement and development application was lodged and approval was given in May 2002.

In September 2001 the Government entered into a memorandum of understanding with Hunter Specialty Steel Consortium, which is situated near Muswellbrook. It will be located at Bayswater on Macquarie Generation's power station buffer land. That project is to construct a 260,000 tonne per annum steel mill to produce stainless steel and quality specialty steel. The total estimated cost of that mill is \$700 million and it will create 340 direct jobs. Negotiations are well under way with the Government about the provision of water, electricity, road and rail infrastructure. The study is also under way on the provision of a gas pipeline for this project. In November 2000 the Government allocated land at Kooragang Island to enable the Newcastle coal and bulk terminal to proceed. This project will introduce competition into the coal terminal market—this is yet to pass—and will provide for the shipping of bulk minerals and agricultural products. I have some more information.

The Hon. MICHAEL GALLACHER: That is sufficient. I am mindful of the time and do not want to deprive other honourable members of their opportunity to ask questions. Minister, when did you last meet with proponents of the Austeel project?

Mr FACE: It is some time since I have met with them.

The Hon. MICHAEL GALLACHER: How long is "some time"?

Mr FACE: It would be some time.

The Hon. MICHAEL GALLACHER: Approximately how long would that be?

Mr FACE: I would not like to put a figure on it, but it is some time.

The Hon. MICHAEL GALLACHER: Are we talking six months or 12 months?

Mr FACE: It would be more like 12 months. Do not read too much into that. People do not run to my door to give me cheerio calls all the time. The Government has dealt with this matter quite a lot. If anybody wants to see me, my door is always open.

The Hon. MICHAEL GALLACHER: What about the 1,500 jobs? I thought you would have been beating on their door trying to get those jobs up and running.

Mr FACE: Of course I am. I dealt with one of their personnel probably as recently as a few months ago. I talked with him at a function and he has always been quite happy to see me. If he wants to do that, he will. I would not write too much into it.

The Hon. MICHAEL GALLACHER: I do, Minister.

The Hon. IAN COHEN: Minister, as Minister Assisting the Premier on Hunter Development, were you party to the approval of the local environmental plan to rezone the Tomalpin rural lands for industrial use?

Mr FACE: I did no more than was asked of me, as usual. On 21 March the Minister for Planning approved the rezoning of land at Tomalpin. The project is expected to attract investment of \$2 billion and the spin off up to 10,000 jobs. The zone balances the economic, social and environmental needs of both local businesses and families, especially around Kurri Kurri and

Cessnock. I welcome the development for that reason. At one point concerns were expressed about road access. The council took up the matter with me and I think we were able to resolve it with the Roads and Traffic Authority. A common misconception about the Hunter is that we have ample industrial land at our disposal. In fact, we face a severe shortage of industrial land and the Hunter employment zone will play a large role in addressing the problem.

The original draft plan was substantially reviewed in response to public submissions raised during its initial exhibition. As a result, strict environmental guidelines were strengthened and definitions were tightened. Further, the amount of land set aside for conservation purposes was increased by 50 per cent from 1,320 hectares to the present 2,100 hectares. The vast bulk of Hunter residents believe this has been a fairly big win for both the environment and employment. A development application for stage one was lodged with Cessnock City Council in April. The National Parks and Wildlife Service advised in May that delays of up to 12 months may be experienced due to the requirement to submit an additional species impact statement—which I think you are probably aware of. This further delay has the potential to deter future investors and discourage those who are already committed to the project.

The Hon. IAN COHEN: Are you aware that the land was rezoned without a regional assessment of industrial land needs and opportunities?

Mr FACE: I have no knowledge of it.

The Hon. IAN COHEN: Has this been done to your knowledge? Has there been an assessment of industrial land needs and opportunities?

Mr FACE: There has been an overall assessment of industrial land throughout the region, as I said initially .

The Hon. IAN COHEN: Will a regional assessment of industrial land needs be done?

Mr FACE: There has been a regional assessment of land.

The Hon. IAN COHEN: My information is that there has not.

Mr FACE: I said earlier that it became evident at a very early stage of my tenure in this portfolio that the public perception that there was a lot of industrial land in the region was wrong, especially deep-water harbourside land and heavy industrial land.

Having identified the fact that there was a shortage of that land, we then surveyed the entire land mass to determine what it could be applied to. That is not only Tomalpin but also the industrial zone adjacent to Macquarie Generation in the Upper Hunter.

The Hon. IAN COHEN: So you are saying a regional assessment of industrial land has been done?

Mr FACE: My understanding is it has been, a whole lot of it. We are not talking about land for the next couple of years, we are talking about land for—

The Hon. IAN COHEN: I understand it has not been done so perhaps you could provide me with information which we will be interested to see. If in fact I am mistaken, I will be happy to apologise next estimates. Are you aware that Cessnock Council is seeking to revise the new local environmental plan [LEP] to allow certain clearing without council's consent in this area of Tomalpin?

Mr FACE: No, I am not aware of it.

The Hon. IAN COHEN: Does that concern you, given that you did tout your environmental credentials over the Stockton Bight issue last year?

Mr FACE: They have not shared it with me but I can make some inquiries for you.

The Hon. IAN COHEN: I appreciate that. Given the high environmental sensitivity of the area, including a major foraging habitat for the migratory Superb Parrots, would you consider refusal of the proposed changes to the LEP which will allow clearing for survey work, fencing and fire breaks without prior notice to council?

Mr FACE: That would not be for me, that would be for the Minister for the Environment, or it might be for the Minister for Planning, or both. I suggest that you question them. As I said, the council has not shared any of your concerns with me.

The Hon. IAN COHEN: They do not know about it. They did not receive notice. Does that concern you? Council has not received notice of any of these potential events. I am asking if that concerns you?

Mr FACE: I need to clarify that for you. As I said before, I have no knowledge of it.

The Hon. IAN COHEN: You were talking about deep water facilities and areas of land, what is your Government doing to address the findings of a report, which I understand is at least in draft format being circulated by the Healthy Rivers Commission following an independent inquiry into the Hunter River system, which claims it could take \$1 billion and 200 years to repair the damage to the river?

Mr FACE: Once again I have no knowledge of that particular document. I would not say that it is or is not in existence. The only dealings I have had with the Hunter River in recent times is the negotiations with the land and the possible leaching of various industrial activities left from the BHP sites, which of course the Government has not accepted as part of the overall deal with regard to the handing over and the payment of moneys for those four parcels of land, namely Kooragang, the BHP site itself, what is known as the West Wallsend site and Belmont wetlands. But the Government did not accept the responsibility for the contamination of the river. I can get you a report on it.

The Hon. IAN COHEN: Perhaps this contamination of the river is part of this issue.

Mr FACE: Mr Chard might be able to shed some light on it because he was involved in negotiations with the Government regarding the land. My clear understanding is that there is still a responsibility on BHP. We did not accept responsibility for the river itself and what was likely to leach into the river.

Mr CHARD: That is correct. Certainly in relation to the transfer of the BHP lands, the responsibility in terms of cleaning up the river is still left with BHP, and we are talking to BHP at this stage about what is required and the costs associated with that clean up.

The Hon. IAN COHEN: Mr Chard, are you aware of a draft format of a report circulated by the Healthy Rivers Commission following an independent inquiry into the Hunter River system which claims it could take \$1 billion and 200 years to repair the damage to the river? Are you aware of that draft report?

Mr CHARD: Yes, I have certainly read that report but I personally do not have any responsibility in terms of the implementation of that report.

The Hon. IAN COHEN: Who does?

Mr CHARD: I would suggest the Minister for Land and Water Conservation.

The Hon. IAN COHEN: Not Hunter Development?

Mr CHARD: No. It would fit into the portfolio of Land and Water Conservation.

Mr FACE: You may be thinking about the report that went for the entire section of the river, that includes the sections up around Seaham and Clarence Town where there is considerable erosion by powerboats and the like. There is a report in existence which relates to the whole of the river. I think that is the one you are probably looking for.

The Hon. DAVID OLDFIELD: With regards to the Government allowing extended trading hours for special events, most recently for example, the World Cup soccer final and other related significant events, where does the Government see its position in allowing these types of extensions? What would be the positive approach? Are there any downsides to it?

Mr FACE: I do not think there is a more vexed question at the moment in the gaming or liquor portfolio than that of trading hours. Community opinion is divided as to whether we have gone too far or we should extend further. It is one of those situations of competing interests. The Government allowed extended trading hours—as you would know, through the Parliament activities over the last couple of weeks—for the 2002 FIFA World Cup final, which takes place next Sunday night. As I said in the Legislative Assembly, I would not like to be the hotelier or the policeman trying to drag somebody out of a hotel at 10 o'clock next Sunday night. I think I know the answer I would get, and it probably would not be very nice. That would be understandable for somebody who is halfway through watching such an important game.

I have always tried to take a fairly sensible attitude with regard to liquor licensing and balancing the competing interests, and I am thankful that both Houses saw it that way—although I see, from reading *Hansard* that a few members had a pretty vivid imagination. Last year I amended the Liquor Act so that rugby league fans could enjoy a particular event because it took place on the Sunday of a long weekend. The amendment was agreed to with the support of the Opposition, which, I must say, to its credit on both these issues, has been quite reasonable. I think it recognised that there are competing interests, and we were concerned with an event that you are not going to see every night of the week.

The Hon. IAN COHEN: You even got the support of the Greens on that one. It must have been reasonable.

Mr FACE: I found your comments quite edifying too. I went a little bit further this time. Obviously some guidelines will need to be drawn up so we do not have to keep racing back to Parliament all the time for these sorts of events. I had in mind that we will host the rugby union world cup here next year and this situation will arise again. I realised that we needed to do this. Standard hotel hours are until 10 p.m. on a Sunday night, although about a quarter of the hotel owners in New South Wales days have—and quite rightly—gone to the court for an extension of their trading hours until 12 midnight. We are talking about 75 per cent of hotels in the State. It can be difficult, as we all know, at times to try to get people to behave. Clubs do not have this problem because they already enjoy 24 hour trading, unless they have a court endorsement on their licence as a consequence of a community complaint.

This was done to assist local authorities and, importantly, transport operators to get people away from premises in those staggered times. In other words, I did not want the trading time to finish immediately after the event. With closing at approximately at 11 p.m., people have at least another hour to gradually saunter out. That is one of the problems with liquor licensing; you tend to get all the people on the street at the one period of time. So I have allowed 2 hours for that. But I am not allowing off-licences, and therein lies the problem. At present people spill onto the street but then want to take another carton of stubbies with them. If you have a day like today, there would not be too many people hanging around the street. But if it summertime and there is a function on, that is when the difficulties start.

For some time I have been looking at the possibility of some sort of shutdown time—this has been very successful in Dubbo and Wagga Wagga—and at the same time off-licences. That is what it is all about: trying to balance competing interests. I believe that next Sunday night will be another good time to gauge the effectiveness of the proposal. It will be pretty much as happened during the Olympics, when we did a lot with live sites and there were major public events. With the responsible service of alcohol and the fact that we ensured that certain conditions applied and security was right, we had very few incidents. I have to say though that I think the general frame of mind of people during the Olympics was very positive and, consequently, there was little antisocial behaviour or aggression.

So once again, you have to balance it when you get special events. But you cannot dismiss the fact that several sections of the community do not want to accept that much of the antisocial behaviour is not all alcohol-related; there is a fair amount of drugs mixed up with it, especially recreational drugs. That is another difficulty that we have to face as a community.

The Hon. DAVID OLDFIELD: My friends in the hotel industry have been extremely happy with the way the portfolio has been managed by you. With your plans to retire, how do you see relationships with the Government continuing?

Mr FACE: I have not finally made up my mind. I have kept my options in abeyance. We will leave that to another day.

The Hon. JOHN JOBLING: Given the time constraints I will be brief, and Minister you might considered being brief with your responses. Looking at taxation revenue, gambling, betting and racing, can you indicate how much of the \$139 million that the Government collected from racing taxation in the last financial year was returned to the racing industry by way of funding assistance to the three codes?

Mr FACE: I will let the director-general answer that but I think there is a bit of a misconception about where funding comes from with regard to the racing industry. Having in mind that TAB Limited have certain responsibilities, it is not the Government as such that determines that—although I concede that the formula was set up by the Government.

The Hon. JOHN JOBLING: Just how much of the \$139 million?

Mr FACE: I should be able to get it for you.

Mr BROWN: The answer is none.

The Hon. JOHN JOBLING: Minister, having regard to the program description "Advice to the Minister on the development, management and operation of the galloping industry", have you received a report from the Thoroughbred Racing Board into the state of the inner track at Randwick Racecourse and what, if any, implications this will have for future race meetings at the track, given that legal action was entertained, as you may recall, between TAB Limited and New South Wales Racing over the Warwick Farm transfer?

Mr FACE: We called for that report and we are waiting to see what the outcome is.

The Hon. JOHN JOBLING: So once you have got it you will be able to release a copy to the Committee?

Mr FACE: Once again, I do not have jurisdiction over what the Thoroughbred Racing Board can and cannot do, but as the Minister responsible for licensing the racecourse—

The Hon. JOHN JOBLING: I am sure they would listen to you, Minister.

Mr FACE: I will peruse it. If it can be released without creating difficulties, I would certainly be quite happy to make it available. I certainly have an interest in it because it could have a very big effect on racing at that venue.

The Hon. JOHN JOBLING: Again, looking under the program objective to support and enhance the viability of racing organisations, can you tell me what, if any, government funding is allocated to facilitate the promotion of country racing? What, if any, funding is made available, especially to country race clubs, to operate and maintain their racetracks?

Mr FACE: I presume you are talking about the galloping code?

The Hon. JOHN JOBLING: Yes, I am.

Mr FACE: The Country Racing Council is an organisation under the umbrella of the Thoroughbred Racing Board. It is new in concept in the sense that it was part of the readministration. It presides over the day-to-day activities, but I refer it to the director-general.

Mr BROWN: During the TAB privatisation process the Government reached agreement with the racing industry over the level of tax to be paid to government and the level of racing paid to the racing industry. In each of the financial years since the privatisation, the racing industry has received significant increases in revenue, and prize money has risen accordingly. As part of the privatisation process, the Government significantly reduced its tax. In turn it set the operation of what was known as the Racecourse Development Fund and in turn those funds were provided to the industry. It was then a matter of their decision as to the level of funds they would provide for those purposes in the future. Each of those development funds is now overseen by the respective bodies.

The Hon. JOHN JOBLING: Can you give me, or take on notice, the average amount of prize money for a race on the metropolitan courses across the three different codes of racing, and can you compare that to the prize money available at country race meetings? Does the Minister have, or would you like to have, some discretion to assist in subsidising prize money available to non-TAB racing clubs in all three codes?

Mr FACE: It has never been the discretion of the Minister, even under the old regime with the Australian Jockey Club.

The Hon. JOHN JOBLING: I know.

Mr FACE: I do not think any Minister would want to referee the wars, because that is what it would end up being.

The Hon. JOHN JOBLING: Could you obtain the answers to the other questions?

Mr FACE: Of course, yes.

Mr BROWN: We will endeavour to obtain the information and provide it.

The Hon. JOHN JOBLING: If we want to put questions on notice, will the Minister accept them? What is the timeframe for responses?

CHAIR: The Minister has already indicated that he will accept some on notice. We are grateful for that. The Committee has decided on a 35-day deadline. If you can provide them faster than that, that would be great.

Mr FACE: We will do our very best.

The Committee proceeded to deliberate on the recommendation of the vote.
