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GENERAL PURPOSE STANDING COMMITTEE No. 4

Friday 11 August 2000

Examination of proposed expenditure for the portfolio area

GAMING AND RACING

The Committee met at 10.15 a.m.

MEMBERS

The Hon. Jennifer Gardiner (Chair)

The Hon. I. Cohen

The Hon. J. P. Hannaford

The Hon. J. Hatzistergos

The Hon. J. R. Johnson

The Hon. R. S. L. Jones

The Hon. P. T. Primrose

PRESENT

Department of Gaming and Racing

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

Mr R. Wright, *Supervising Inspector, Casino Surveillance Division*

Mr M. Duggan, *Inspector, Casino Surveillance Division*

Mr V. Mossfield, *Inspector, Casino Surveillance Division*

Mr P. Terrett, *Inspector, Casino Surveillance Division*

Casino Control Authority

Mr B. Farrell, *Chief Executive*

CHAIR: I welcome you to this public hearing of General Purpose Standing Committee No. 4. Firstly, I thank the departmental officers for attending today. This is a supplementary hearing to earlier hearings on the Consolidated Fund for the portfolio areas of Casino Surveillance, the Department of Gaming and Racing and the Casino Control Authority. Before questions commence some procedural matters need to be dealt with. As you would be aware, part 4 of the resolution referring the budget estimates to the Committee requires the Committee to hear evidence on the budget estimates in public.

Under Standing Order 252 of the Legislative Council, this Committee has resolved to authorise the media to broadcast sound and video excerpts of its public proceedings held today. The Committee's resolution conforms with the guidelines governing the broadcast of proceedings adopted by the Legislative Council on 11 October 1994. The attendant on duty has copies of those guidelines. I emphasise that only members of the Committee and the witnesses before them may be filmed or recorded. People in the public gallery are not considered to be part of the proceedings and, therefore, should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, as with reporting the proceedings of both Houses of Parliament, you must take responsibility for what to publish or what interpretation is placed on anything that is said before the Committee.

While there has been provision in previous years' budget estimates resolutions for members of a Committee and substitute members to refer directly to their own staff at any time, there is no such provision in the current resolution. Members and their staff are therefore advised that any messages should be delivered through the attendant on duty or the Committee Clerks. For the benefit of members and Hansard, and the effective operation of this Committee, it is very important that departmental officials identify themselves by name, position and department or agency before answering each question. There is wide latitude allowed in asking questions on any of the budget estimates and related documents before the Committee. However, when a member is seeking information in relation to a particular aspect of a program or a subprogram, it will help the Minister and the Committee if the program or subprogram is identified. I advise that the House has agreed to allow this Committee to conduct private hearings if it so decides.

The first witness is Mr Harrex, the Director of Casino Surveillance. Can you advise the Committee of your full name?

Mr HARREX: Ronald Lindsay Harrex.

CHAIR: What is your occupation?

Mr HARREX: Public servant in the statutory position of Director of Casino Surveillance.

CHAIR: What is your address? You may give a residential or business address.

Mr HARREX: My business address is level 10, 322 Castlereagh Street, Sydney, which is the Department of Gaming and Racing.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr HARREX: I just received a summons some five minutes ago.

CHAIR: I point out to you that the summons is to protect witnesses under parliamentary privilege. Are you conversant with the reason that this Committee is holding supplementary hearings—that is, to inform the Parliament of answers to further questions that we had arising out of the earlier estimates hearings?

Mr HARREX: Yes, I am.

CHAIR: If you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will be willing to accede to a request to go in camera.

Mr HARREX: May I make an opening statement?

CHAIR: You may, yes.

Mr HARREX: I wish to make an opening statement on behalf of myself and my staff who are attending here today. Prior to receiving the summons, we were attending here today in a voluntary capacity to assist the Committee in its deliberations. As members of the Committee are aware, the Crown Solicitor, Mr Ian Knight, has provided legal advice to the Minister concerning the application of section 148 of the Casino Control Act in divulging information to the Committee. I understand that copies of that advice have been provided to Committee members. However, I will produce a copy of that advice.

CHAIR: Yes, we have seen that advice.

Mr HARREX: As public servants we are bound to follow the legal advice provided by the Crown Solicitor. The course of action that will be followed in answering questions is for officers to assess whether an answer to a member's question would divulge information acquired in the exercise of their functions under the Casino Control Act. When that is the case officers will take the questions on notice, and responses to the questions will be prepared and forwarded to the Casino Control Authority. The authority will be asked whether it is in a position to certify that it is necessary in the public interest for that information to be divulged to the Committee.

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CHAIR: We appreciate that. We will proceed to questions.

The Hon. J. P. HANNAFORD: You may recall that questions were asked during the original hearing about positions within your division and the impact of budget cuts on employment. Will you inform the Committee as to how many positions within your division are currently vacant?

Mr HARREX: I believe at the moment we have staffing of 29. One position is currently vacant. An expression of interest has been sought to fill that position. We are waiting for the probity police checks to be undertaken under section 136 of the Act in order to place an officer in that position.

The Hon. J. P. HANNAFORD: Has there been a reduction in the number of officers within your division over the last couple of years?

Mr HARREX: There has, yes.

The Hon. J. P. HANNAFORD: Will you inform the Committee by what number the staffing of inspectors in your division has been reduced?

Mr HARREX: Certainly in the last 12 months, from May 1999 to the present period, staffing was reduced from 58 to 29. Prior to May 1999 additional staff were on board but some of those positions, probably two or three, were not replaced. Prior to that we had a number of people on board in a temporary capacity assisting primarily in the licensing investigation of casino employees to help us through the large volume of work that was involved with casino special employees. They were primarily recruited from the early days at the commencement of the temporary casino and also following on from the opening of the permanent casino in November 1997.

The Hon. J. P. HANNAFORD: Therefore, has the impact of the budget cuts within the Casino Control Authority had a significant impact on the number of inspectors you are able to place within the casino to conduct the surveillance operations that you are charged with?

Mr HARREX: I am sorry, you mentioned the Casino Control Authority.

The Hon. J. P. HANNAFORD: I take it, therefore, that the budget cuts that have occurred in the allocation of resources to your area have had the result of a substantial cut in staff in your area?

Mr HARREX: Yes, that is correct.

The Hon. J. P. HANNAFORD: Prior to this year's budget, did you make any submissions to the Director-General of the department about the need for resources to be retained within your area and the impact that those budget cuts would have on surveillance of the casino?

Mr HARREX: When you say prior to this year's budget, the cuts that we sustained came about as part of the budget that was handed down in May 1999. If we look at this year's budget, which I see as being for the year 2000-01, there has not been any further reduction in our staff. That position of 29 still remains.

The Hon. J. P. HANNAFORD: Are you able to confirm whether in the past three months there have been at least five 12-hour rosters on which only one person has been rostered? If so, for approximately 60 hours only one person has represented your entire division for surveillance purposes within the casino.

Mr HARREX: We might have had situations come about where due to personal leave or, primarily, illness a team has reduced down to only one on staff. I would have to check whether that has happened over the entire period of that shift. It is my understanding that on a couple of occasions where a shift team has reduced to one individuals have been brought in on overtime. Whether there have been five occasions I would need to check. Persons have been brought in on overtime on certain occasions, but I do not know for how many number of shifts. I would have to check as to whether it has happened on every occasion.

The Hon. J. P. HANNAFORD: As a result of the budget cuts, have you had to look seriously at whether or not you could afford to bring people in on overtime?

Mr HARREX: I do not know whether I have necessarily looked at that fact. We have not formed a definite policy as to whether we would bring persons in on overtime every time that occurs. A procedure is in place where that might occur, such as who the inspectors are to contact and whether to bring an individual in. That happens very much depending on the time of the day or the shift occasion. Since we have sustained those cuts over the past 12 months, it has not happened on a great number of occasions. At this stage I have not had to go to the extent of looking at whether I could afford to pay overtime for a shift.

The Hon. J. P. HANNAFORD: Do you suggest to the Committee that one officer from your division is sufficient to provide adequate surveillance of the whole of the casino's operations?

Mr HARREX: I was not making that suggestion.

The Hon. J. P. HANNAFORD: Do you believe that one surveillance officer is adequate to provide surveillance over the whole of the casino, as is required by your division?

Mr HARREX: It is certainly not a desirable position to have only one inspector there on duty. We would prefer to have more than that. With our allocation, our numbers at the moment, we can provide a maximum staffing of four persons for all shifts. But in doing so we have to look at covering ourselves for leave requirements and illness. We do not necessarily have within the department a large number of staff that I can draw on. When appointing inspectors under the Casino Control Act individuals have to go through fairly stringent probity tests. Persons have to have been through those probity tests and been appointed as an inspector for me to basically introduce them into the division. I am not able to draw necessarily from other areas of the department at will.

The Hon. J. P. HANNAFORD: So that the Committee understands how your division works, do you provide officers to oversight the television monitoring of the casino?

Mr HARREX: We have a monitoring facility. It is sometimes not understood that the casino operator has its own CCTV surveillance system from which it monitors operations.

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The division has an adjacent monitor room within our own area, and we use that facility, as we do in allocating our duties around.

The Hon. J. P. HANNAFORD: Are your officers also engaged in on-floor surveillance of the operations of the casino?

Mr HARREX: They are at liberty to go anywhere within the casino premises and on the main gaming floor in order to conduct their functions. The allocation of duties and the undertaking of duties is something that is organised by the supervisor on a shift-by-shift basis. That includes matters in monitoring of operations through the CCTV surveillance room and also in on-floor surveillance, and then attending to issues as they arise—for example, patron complaints or other issues in which their functions involve them.

The Hon. J. P. HANNAFORD: How many people do you roster onto a shift for your surveillance purposes?

Mr HARREX: As I mentioned, we have five teams of inspectors, four persons per team, one of which is a supervising inspector. We actually have four on shift but, as I said, at times our leave requirements have to be met from that. One of the things that arises at this time of year is illness. Therefore our optimum number is four. But, as you mentioned, there have been a couple of occasions—I am not sure that it is five—when our numbers have reduced.

The Hon. J. P. HANNAFORD: As I understand it, more than 1,000 security cameras operate within the casino and they come up on the monitoring screens. You said that there was an optimum of four staff in your teams. Is that the desirable staffing level to satisfy your obligations to ensure adequate security is in place at the casino?

Mr HARREX: There are actually, I think, 962 cameras. I think about 630 of those are surveillance cameras, which basically cover the gaming-related areas. There are another 330 cameras, which are security cameras. They cover areas outside of the gaming area. There is a mixture of those cameras. They are fixed cameras and pan-tilt-zoom cameras. The inspectors are able to call up and have access to any of those cameras that they may wish. In a monitor room we basically have the facility for two inspectors to be able to work in that area. We do not normally roster two of those individuals in that monitor room. As to the security of the premises, really the security of the premises is something that falls back to the casino operator, involving security as well the surveillance of their own operations. We overlay in that in the undertaking of our functions, part of which, as I said, involves surveillance monitoring.

The Hon. J. P. HANNAFORD: You said that you have the ability to have two people in the surveillance monitoring area but that you do not now normally do so. When did you alter the practice of always having two people in the television monitoring area?

Mr HARREX: I do not believe it was ever the practice of actually having two individuals in the monitor room area. We have always looked, wherever possible—even from the commencement of casino operations in the temporary casino back in 1995—to have an individual in that monitor room. In effect, I suppose you could say it has become the contact centre, where you may look at centring your operations. It is one of the matters that came up in discussion with supervising inspectors when we looked at the circumstances where there might be only one inspector on, as to where the inspector would best base himself, whether he would operate from there or whether he would operate maybe from the casino operator's area. I think that is really a judgment call for the individual at the time it arises. That is what I would call part of a contingency plan.

Getting back to the issue you raised, it has never been a situation where we have had a standard policy to have two people in a monitor room and that being reduced to one. It has always been, since the opening of the temporary casino, that we would look at having one person based there. On occasions you may well have two people working in that area. I guess it depends on what operation or issues might be involved or how the team is addressing issues on that particular shift.

The Hon. J. P. HANNAFORD: The television monitoring process that is monitoring the monitors, if I may put it that way, is regarded within the casino security industry as an essential surveillance issue, is it not?

Mr HARREX: It is certainly one that has arisen. I think if we are looking over the casino operations in Australia, in the first generation—which I would call back in the 1970s in the smaller casinos—CCTV surveillance was not a primary issue. In fact, there were a couple of dedicated cameras around, but even from the operator's viewpoint there was not a dedicated presence in the surveillance room. I think there were probably greater levels of supervision actually on the gaming floor. As technology has emerged into your second and third generation casinos, which is really from the 1980s into the 1990s, a greater emphasis has been placed on CCTV surveillance as a result of advances in technology. In some ways, as a result more onus falls back onto that area than in what were the labour costs of on-floor supervision.

In this area I am referring primarily to the operations of the casino operator. I guess it depends on other casino jurisdictions, to the extent that they have used CCTV monitor rooms themselves, when we are talking about the inspectors and the regulator. Different jurisdictions around Australia have adopted different measures and have had different levels or access to whatever the operator's CCTV system may be, and also the operator's security system.

CHAIR: The Director-General told the Committee that the monitoring station is manned 90 per cent of the time. Would you agree with that?

Mr HARREX: I would say it is probably a bit more than that. I would not say that it is manned, currently, 100 per cent of the time, but I would say that it would be higher than 90 per cent.

The Hon. R. S. L. JONES: Are the cameras in restaurants and toilets focused to monitor drug dealing, drug use and that sort of thing?

Mr HARREX: No. There are no cameras in toilets. In some areas, for example, such as the private gaming room, while there are not cameras specifically in an eating area there—I would not call it a restaurant area—cameras would probably be able to pan and zoom into certain areas of that eating area. But as for the other restaurants around the casino, on my understanding there are not cameras there. However, the operator may have some fixed cameras, for example, above the tills in bar areas—more for their own security purposes; not so much for monitoring of patrons or, as you said, drug dealers.

The Hon. R. S. L. JONES: So drug dealing could take place in the toilets with impunity, could it not?

Mr HARREX: It could, yes. One of the issues involved here is obviously the privacy issue.

The Hon. J. P. HANNAFORD: Are you aware of any of your staff using surveillance equipment, or of casino staff using surveillance equipment, to their own personal advantage, such as for taking photographs of patrons that they might like to personally photograph?

Mr HARREX: No, I am not aware. When you say "for their own personal purposes", photographs are taken of individuals, sometimes at the request of other agencies or sometimes in the gathering of information that is operational. But I am not aware of any instances of persons taking photographs for their own personal interest.

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The Hon. J. P. HANNAFORD: Do you or does the casino keep videotapes of individual patrons at the casino?

Mr HARREX: They may in certain cases retain videotapes of incidents that may occur. Generally, videotapes are recycled after a seven-day period. They may be retained longer than that period for dealing with certain instances that may arise. They may be retained for longer than the seven days at the request of an inspector. But for the actual retaining of videotapes of a certain individual, I suppose there may be instances that arise where tapes may be retained by the casino operator and that may be because of a number of events. It might come down as a suspected cheating

event where the issue may come before court; it might come down to a matter that might go to either civil or criminal action.

The Hon. J. P. HANNAFORD: Would you regard it as a breach of privacy if a particular tape was being kept as a titled tape on an individual?

Mr HARREX: I guess it would come very much down to what the purposes were for keeping that videotape.

The Hon. J. P. HANNAFORD: Do you or do your officers keep a document that contains a schedule of breaches, details of the breaches, whether or not the evidence is kept on those breaches, the days of the incidents, the inspectors and what action is taken on those incidents—a sort of a summary statement?

Mr HARREX: Inspectors produce a number of documents, other memos or incidents. They may relate to a number of things. They might relate to issues that come up from a complaint; they might be matters that come about from observations; they might be issues to deal with compliance matters that they observe from the operator; they might be matters that they observe from unusual or undesirable activity; or they might be matters that arise from suspected criminal activity. Those documents are kept as part of the filing system and are retrievable, particularly some of the latter ones now, from a database. Similarly I would keep a track of certain incident reports myself that might come down to what I would term as matters of interest. Those matters of interest might be issues to do with information that may end up being referred to law enforcement agencies.

The Hon. J. P. HANNAFORD: Why, then, do the records of your officers and your department have a sheet that contains reference to evidence titled the "Kerry Packer tape".

Mr HARREX: I am not aware of that.

The Hon. J. P. HANNAFORD: You are not aware of such a tape being kept by your officers and referred to as such by your officers?

Mr HARREX: I am not aware of a tape that is titled "Kerry Packer tape".

The Hon. J. P. HANNAFORD: Are you aware of such a tape being kept by the casino?

Mr HARREX: No, I am not aware of that.

The Hon. J. P. HANNAFORD: Obviously, the public's confidence in the operation of the casino, particularly in relation to gaming and the use of cards, is totally dependent upon the card packs on the tables always containing all of the cards. Would I be right in that assessment?

Mr HARREX: Yes. The various card games that are involved—we are talking here of blackjack, baccarat, mini baccarat, Caribbean stud—are played with the rules determined that they may be played with various decks of cards, and in all those games it involves those decks containing 52 cards.

The Hon. J. P. HANNAFORD: Would be concerned if all of those decks on all occasions did not contain all the cards?

Mr HARREX: It is part of the rules, as I said, that those decks are required to contain the 52 cards.

The Hon. J. P. HANNAFORD: Public confidence in the casino would be undermined if the cards were not always in the packs, and that is why you are providing surveillance?

Mr HARREX: I guess one of the issues that comes up is in the fact of, as I said, the matter of public perception. For example, if a card, for some reason, happened to be missing from a chute, if we are talking here of blackjack, and for some reason a card may be missing from a chute, it probably

would not have any effect on what the house advantage is to a casino operator. But I am of the view that a perception arises from the public if a card is known to be missing.

The Hon. J. P. HANNAFORD: If cards were missing, is that a matter that you would report to the Casino Control Authority so that it could be taken into account in its deliberations as to whether a licence should be renewed?

Mr HARREX: I could not speak for the authority on what they take into account in their deliberations, but it is an issue that when cards are missing they are reported to the Casino Control Authority, yes

The Hon. J. P. HANNAFORD: You do report it?

Mr HARREX: Yes.

The Hon. J. P. HANNAFORD: On 2 February 1998 a deck of cards was missing two spades, but no report was made to the Casino Control Authority. On 19 January 1998 new cards were issued contrary to mini baccarat rules. On 17 February 1998 card games were conducted with an Ace of spades missing, but no report was made to the Casino Control Authority. On 5 February, blackjack with a card missing, but no report to the Casino Control Authority; on 11 March 1998, blackjack with a card missing, but no report to the Casino Control Authority; on 21 February 1998, blackjack with two cards short, but no report to the Casino Control Authority.

The Hon. J. HATZISTERGOS: Is this evidence or a question?

The Hon. J. P. HANNAFORD: I just want the witness to give us some explanation as to why these incidents happened and no reports were made to the Casino Control Authority. On 18 March 1998, blackjack played with one card short; 8 March 1998, three cards missing from eight decks of cards; 31 March 1998, mini baccarat missing an Ace of hearts; 27 and 28 June 1998, blackjack with a card missing; 20 June 1998, blackjack with a card missing; 19 and 20 August 1998, blackjack with cards missing; 23 August, blackjack with cards missing; 6 September 1998, blackjack with cards missing; 14 September 1998, blackjack with cards missing; 14 September 1998, blackjack with cards missing; and 6 September 1998, jokers found in a deck used for blackjack, none of which were reported to the Casino Control Authority. Can you give an explanation as to how the public can have confidence in what is going on with card games when cards are missing and no action is taken?

The Hon. J. HATZISTERGOS: Does the witness accept that that chronology is correct?

Mr HARREX: I would not be sure of that actual chronology of events, but I think the number—I am not quite sure; you have mentioned quite a number there. I would question, without actually being able to refer back to those dates, the fact that those matters have not been reported to the authority. I believe that there were quite a number of occasions, and it would seem to tally along the number that you have mentioned there, that has been reported to the authority. I would have to check back with those actual dates that you have mentioned to see that they would match up with the ones that I am aware have been reported to the authority.

The Hon. J. P. HANNAFORD: Is it not right that the legislation places a prohibition on employees playing games within the casino?

Mr HARREX: Casino employees; licensed employees?

The Hon. J. P. HANNAFORD: Yes, they are not supposed to be gambling within the casino.

Mr HARREX: That is correct.

The Hon. J. P. HANNAFORD: There is a requirement that if action is taken against an employee that is to be reported in the annual report?

Mr HARREX: That would be a matter for the Casino Control Authority's annual report, I would imagine.

The Hon. J. P. HANNAFORD: Can you explain why the 1997-98 report—which contains, at pages 44 to 46, a number of references to disciplinary action being taken by the authority—contains no reference to a special employee being detected gambling in the casino on 26 September 1997, whereas other incidents are reported?

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Mr HARREX: I am not sure—well, I guess the authority and the requirements imposed on the authority to put matters in the annual report would come about in relation to whether they have taken disciplinary action.

The Hon. J. P. HANNAFORD: So if it is not in the report you would take the view that they have not taken disciplinary action?

Mr HARREX: As I said, it is the authority's report. I do not—that is a matter for them. Matters on which disciplinary action is taken, as the legislation requires, are required to be in the annual report. I have never checked back to see what the authority has actually done, but all those matters that they have taken disciplinary action on, they have reported.

The Hon. J. P. HANNAFORD: It could be that your office has never referred to the Casino Control Authority the detection of a special employee gambling in the casino on 26 September 1997. Is that right?

Mr HARREX: Once again, without knowing exactly the date or the incident that we might be talking about—as I said, it may be that action was not taken. It would not necessarily be a matter that would come up as disciplinary action. If a situation arose where an employee was, for example, found gaming in the casino, it would certainly raise the issue then for disciplinary action under section 59 of the Act, on which the director would make a recommendation and the authority would determine whether disciplinary action would be taken.

However, if the employment of that licensed individual had been terminated prior to disciplinary action coming about, under the effects of the termination of licence it does not proceed to disciplinary action because the individual is no longer employed there and no longer holds the licence. There are number of situations that probably occur where an employee who might be subject to grounds for disciplinary action may be terminated, or jumps, shall we say, before it gets to that stage.

The Hon. J. P. HANNAFORD: Mr Harrex, is it correct that there is a limit, under the licence for this casino, of 200 tables to operate?

Mr HARREX: There are 200 tables and I believe that there is also—and I do not know the exact date when this came about—provision for the operator to operate a further 10 tables to leave for international players as part of the International Junkets program. I understand that this came about at about the time when the Government approved International Junket and Premier Player programs at a reduced tax rate.

The Hon. J. P. HANNAFORD: If your officers recorded on 17 January 1998 that the casino had more than 200 tables operating, that would suggest to you that your officers took the view that there had been a breach of the limits imposed upon the casino?

Mr HARREX: If they had reported that, yes, it would be a matter to look at and see whether it was in breach.

The Hon. J. P. HANNAFORD: Could you explain why it was not referred to the Casino Control Authority as a breach?

Mr HARREX: The date we are talking about here is?

The Hon. J. P. HANNAFORD: It is 17 January 1998.

Mr HARREX: Well, testing my memory to that extent as it goes, I believe that there was an issue raised as to whether the operator was actually in breach by the fact of whether a table was open or not. I guess the difference is whether it was open or not or whether there was play there. The matter was reported—if we are talking about that one, to the Casino Control Authority. As to the actual circumstances, I would need to go back to examine that matter and refresh my memory on that issue.

The Hon. J. P. HANNAFORD: Mr Harrex, are you aware that inspectors who are under your administration are at a stage of frustration over the failure of either your agency or the Casino Control Authority to take action in relation to intoxicated persons being on the premises of the casino?

Mr HARREX: I am not aware that inspectors are, as you say, at a frustration level because of those issues. I know that they were a couple of matters that were put up for disciplinary action before the authority where a reporting inspector might have felt that the issue and the time put in may have justified a greater penalty than the authority determined, but I am sure that that happens in a number of areas with police putting cases up before tribunals and there being frustration of an individual about a decision made by an independent body.

The Hon. J. P. HANNAFORD: Particularly if the intoxication concerns a prominent person who is so drunk in the high rollers room that he passes out in the high rollers room. That was a matter of concern to your officers, was it not?

Mr HARREX: I am not aware of a situation of a prominent person or a high roller having passed out.

The Hon. I. COHEN: Mr Harrex, has concern been expressed by the liquor union about irresponsible service of alcohol in the high rollers room? Have there been recent changes in the service of alcohol on the main gaming room floor, where table service for players has been introduced? Has that increased the incidence of drunkenness at the tables?

Mr HARREX: Could you rephrase that question, please?

The Hon. I. COHEN: Have there been changes in the service of alcohol in the high rollers room on the gaming room floor, where table service has been made available? With that table service, has there been an increase in the incidence of patrons being overtly drunk at the gaming table?

Mr HARREX: Are we talking here about the main gaming floor, or the high rollers room?

The Hon. I. COHEN: No, the high rollers room—I think, in particular, pit eight and the Oasis pit.

Mr HARREX: Pit eight and the Oasis pit are on the main gaming floor and not in the high rollers room.

The Hon. I. COHEN: My mistake. I understood that there was irresponsible service of alcohol in the high rollers room. Have there been recent changes in pit eight and the Oasis pit?

Mr HARREX: I believe that the authority may have determined that pit eight, which you referred to in the Oasis area, was regarded as an area which was roped off or designated, at which table service could occur. Exactly how long ago that was—I would have thought that is not necessarily a particularly recently event. I would have thought that is a matter that the authority was trying or had allowed on a trial basis, but I would need to actually refer, once again, to the records to see how far back that related.

The Hon. I. COHEN: So that is not occurring at this time?

Mr HARREX: That those were still—

The Hon. I. COHEN: The table service?

Mr HARREX: The matter was reviewed. It may well still be in operation. I am not aware that they have actually withdrawn that.

The Hon. I. COHEN: You mentioned that Casino Control Authority [CCT] evidence was kept generally, if there was no specific issue, for seven days, if I understood you correctly.

Mr HARREX: That is correct.

The Hon. I. COHEN: Does that make it difficult in any cases that come to your attention to substantiate allegations?

Mr HARREX: It makes it difficult where we might get complaints, I guess, that come in outside that seven-day period, certainly. Should I say that if we get a complaint or an incident is drawn to our attention, it certainly makes it easier if it is within that seven-day period because there is the opportunity then to possibly track back what either the incident or the complaint may be.

The Hon. I. COHEN: Would you then not consider it inadequate to only keep a standard library of videotapes for a period of seven days? Is that not something that would be relatively easy to keep for a far longer period in case of complaints?

Mr HARREX: I guess one of the issues that comes in there—and this one we are talking about is the casino operator's operation—we are talking here about the number of videotapes they have and that they have in circulation. We are probably talking about something in the vicinity of—and I am making an estimate here because I have to work out the video cassette recorder [VCR] or the number of video cameras relative to the number of shifts for the number of days and I probably would be able to come up with a better figure—but we are probably talking about something like 12,000 tapes that are actually going through a circulation process.

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The time will come, I think, when we move to digital, and that would certainly alleviate that, and obviously the records will be able to be retained for a longer period of time. I am sure that is something that is under consideration by the casino operator.

The Hon. I. COHEN: How often does the casino and your authority identify the top high rollers and follow through to ensure that they are not putting questionable money through the casino? I understand that in the United States of America there has been identification of the top 10 drug dealers and their association with casinos. Is there any similar check with the Sydney casino?

Mr HARREX: I am not sure how often the casino operator would go through its processes in identifying who its top high rollers are and I am not aware of the extent to which the Casino Control Authority may operate in that regard. The Casino Control Authority has access to obtain, I guess, information similarly from various casino databases.

The Hon. J. HATZISTERGOS: Are you able to delineate the respective responsibilities for surveillance of the operator and your division?

Mr HARREX: The casino operator has a CCTV system, which has some 960 cameras. I have broken up those cameras before into the various areas. It actually has monitoring stations, I think 10 in number. The casino surveillance—Star City is the term I shall use, its surveillance facility—operates independently of its other departments, in the same way as an internal audit function. Its coverage primarily involves looking at gaming, asset protection, et cetera. The Casino Surveillance Division has a separate monitor room from that, albeit adjacent to it. We have access to all those cameras that the Star City surveillance operation has.

As I said, Star City has its surveillance tapes, et cetera, which it keeps in store, and as I said, we might have something in the vicinity of around about 12,000 that have been recyclable over that seven-day period. The Casino Surveillance Division has something like nine video recorders for our monitors that we work off and we use and keep separate our own surveillance tapes.

The Hon. J. HATZISTERGOS: Do you recall the questions about whether all cards were in the blackjack decks?

Mr HARREX: Yes.

The Hon. J. HATZISTERGOS: Can you indicate what procedures are taken to ensure that all cards are in the deck and how that is monitored?

Mr HARREX: It is a matter for the casino operator when they are looking at opening a gaming table. They bring out the required decks of cards. Either the dealer or the game supervisor is required to go through and check the decks to make sure all the cards are present in those decks. Once those cards have been checked and found to be there, they are then put into play. We are talking about blackjack. As I said, once play commences they are shuffled. That shuffle may be either manually or may be put into a multishuffler device. From there they are transferred when play takes place from a multishuffler device into a card shoe and the shoe is dealt.

When a table closes down for a period of time the operator may then put those cards back into the boxes. It depends on whether it is temporarily closed down or whether the table closes down for a period of some eight or 12 hours. It is my understanding that they are then put back. They might be put back into the boxes and used again at that actual table. Cards may be used for a period of time. The actual quality of the cards has improved to a situation where they are able to be kept for a longer period of time. When it comes to baccarat or mini baccarat, which is primarily played in the high rollers room, those cards are often dealt with as what is called pre-shuffled cards.

Once again they have gone through that check. They are then shuffled up and they are sealed away in shoes. The purpose of that, for the high rollers I guess, is the fact that when it comes to having finished a shoe of baccarat or mini baccarat, often if they were to go through the process again of shuffling up the cards it may cause a break of some 10 minutes or so. Often players then wander away. I guess it is a commercial decision of the operator to then bring in other cards.

Sorry, if I may go back a step, when we are talking about playing the high rollers room, they allow the patrons to actually handle the cards. They actually touch the cards themselves. Where games are played in that fashion, then the cards are used only once. In other words, once they are used on that shoe they are then taken away. So, rather than go through and check all the cards again, which would cause a period of delay, and check that all the cards are there and shuffle them all up, which could take something like 20 minutes—that is the purpose for having these pre-shuffled cards. So they are then able to bring them in and the game is able to continue without loss of time or loss of play.

The Hon. J. HATZISTERGOS: Are you aware of any circumstances amongst inspectors or other members of your staff, or former members of staff, when there has been a suggestion of a breach of the secrecy provisions of section 148 of the Act?

Mr HARREX: A suggestion by members of our staff that there has been a breach of section 148?

The Hon. J. HATZISTERGOS: Are you aware of any circumstances that have given rise to a suggestion in your mind of a breach of section 148 by any present or former member of your staff in the Casino Surveillance Division?

Mr HARREX: I was not aware of any breaches, but as to whether there is any situation, there may be. That is a matter I guess I consider. I always consider all possibilities.

The Hon. J. HATZISTERGOS: Have you seen any information in the public domain which, in your view, could not have become public in the way it has other than from present or former members of your staff?

Mr HARREX: There has been, I must admit, in looking at matters from previous hearings, from some of the questions put, as there has been today, that would certainly raise that in my mind.

The Hon. J. HATZISTERGOS: Has any action been taken by you or is any action proposed to be taken by you to investigate circumstances of the release of that information?

Mr HARREX: The issues, I guess, in whether matters have come out have not been something we have led on into a full investigation. It is a matter that in going through various issues and time, as we have also the section 31 inquiry, et cetera, that may well come out of that. But certainly when it comes to current staff, it certainly has not been a witch-hunt to see whether there have been any matters that may have come out of issues raised by current staff.

The Hon. J. HATZISTERGOS: What impact would the release of such information have on any investigations that you might be currently conducting?

Mr HARREX: On some of the issues we might be currently conducting, it may well have a significant impact.

The Hon. J. HATZISTERGOS: In what way?

Mr HARREX: Matters that we might be conducting, we might be assisting, or we might have been requested to assist or sought information from another law enforcement agency.

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The Hon. J. HATZISTERGOS: Could some of the information that may have been released have prejudiced some of your current investigations?

Mr HARREX: It is possible, yes.

The Hon. J. R. JOHNSON: The Hon. J. P. Hannaford asked questions about jokers appearing in blackjack packs. Recently I went to a very successful conference in Hobart. I observed that when packs were shuffled before being placed in the shoe, one of the patrons was requested to cut the pack and on each and every occasion there were two cuts—one by the player and one by the dealer—and on each occasion jokers were used. It was obvious that there were jokers in the pack, of course, when the cards were dealt. I take it that the cards are also cut at the Star City Casino maybe once or twice. Would that give rise to a joker being in the pack?

Mr HARREX: You are right, the cards are cut once by the player and then by the dealer. That practice continues. In the Sydney casino I am not aware that jokers are used as the cut cards. If my record is right they actually use what is called a cutting card: it is not a joker, it is a particular coloured card. In fact, once again if my recall is right, there was an incident where jokers appeared on the table—they obviously had not been removed at the time from the card box by the dealer when the packs were opened. I believe that since that time the casino operator has requested the card manufacturer to produce and provide decks of cards that do not have jokers in them so that that does not arise again.

The Hon. J. R. JOHNSON: What finishes up in the shoe will be either four, six or eight packs to make up the shoe?

Mr HARREX: Yes. Blackjack is generally played, I believe, with eight decks.

The Hon. J. R. JOHNSON: I have observed in almost every casino in which I have been that at the commence of play all of the packs are fanned out on the table before commencement of play in sequential order in hearts, diamonds, clubs and spades. Is that the procedure at Star City Casino before play commences on any table?

Mr HARREX: I do not believe it is the current practice. This is a matter that has changed over time in the casino industry in Australasia. It certainly was part of the rules in the early days and over time that cards were required to be fanned out like that so that patrons could check them. That practice may well continue in certain casinos—certainly those that close down, shall we say. There was a change, if my understanding or recall is right, once we have moved to the second and third generation of casinos where casinos stay open and operate non-stop—in other words they do not close down, they operate 24 hours a day for 365 days the year—and that change has resulted in the operator not having to fan out all those cards. That has possibly come about, at various times, with players when a table opened or was ready to kick-off for gaming, as a matter of patron demand. It is no longer

either a requirement of the rules or a procedural requirement for the casino operator to fan out all of those cards for checking by players.

The Hon. J. HATZISTERGOS: Are you are aware of any motive or reason why one of your present or previous members of staff might want to release information in the public domain contrary to section 148?

Mr HARREX: I guess one of the issues that I would immediately think of is the fact that sustaining the cuts we did meant offering a number of redundancies. There may be some frustration on the part of staff resulting from that and, therefore, it may have been an issue from a previous member of staff who may have considered taking such action. When it came to the inspectors in the inspection branch, we were looking at cutting 14 positions. People were offered redundancy packages and as the numbers worked out I think something like 12 elected to take the redundancy packages. Some elected, therefore, to seek redeployment. The 15 remaining inspector positions—keeping aside the five supervisors which we did not touch—were readvertised. It may have suited some persons to take a package, they may have elected to do so possibly thinking that they might not secure one of the 15 spots. I think some 17 persons applied for the 15 spots.

There may have been frustration or whatever on the part of those previous staff. It might even be from the current staff, I do not know. It may also be that in putting out or raising these various issues there was a belief that those staff numbers would be again funded and filled. That would be a surmise that I would make in that regard as to why information may have been released. If it has been released, it might have been in the belief that it would show that there is the necessity to recreate or return to those number of positions.

The Hon. J. HATZISTERGOS: In your view is a person who makes a decision arising from such frustration in breach section 148, a fit and proper person to be employed by your division?

Mr HARREX: In my view persons who I consider appointing as inspectors are required to be of the highest integrity, and that certainly raises that integrity issue.

The Hon. J. P. HANNAFORD: During the discussions between you and your inspectors at the time you had to reduce the number of inspectors by 14—down to 15. Was considerable concern expressed by your officers and, if I am correct, commonly expressed by yourself, that the reduction in the number of inspectors by almost half would have a significant impact upon the ability of your unit to provide appropriate levels of surveillance in the operations of the casino?

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Mr HARREX: A lot of attention seems to be focused on the inspectorate branch but those cuts were across all the branches in the division. There were very heavy cuts in the numbers in our licensing branch and our audit branch. I guess a decision I had to take in looking at that restructure was how to get the best balance and still be able to undertake my statutory functions. Our audit branch used to conduct special audits of a financial nature and of the internal controls.

I made the decision that it would probably sustain the greatest cuts in percentage terms because I believed that as we moved to a more risk-based approach inspectors in the inspection branch would be able to pick up those functions in conducting audit programs, integrating them into their functions as well as their other statutory matters, far easier than the persons who were in the audit branch. The people in the audit branch were primarily accountants, bean counters—whatever you wish to call them—and I could not see them being able to expand into handling patron complaints, dealing with patrons and handling enforcement type issues. But I could see that the inspection branch would be able to take on those functions, still retaining some of our key audit persons.

The legislation in New South Wales probably puts greater obligation on inspectors than any of the other jurisdictions do, certainly around Australia. In my previous experience I had found that often inspectors tended to fall into certain areas. I could see that a wide range of functions had to be undertaken here, ranging from enforcement issues to financial issues. It was my decision to establish an inspection branch and an audit branch. At that stage the funding was there to do so. The purpose of doing that was so that I had specialist teams and we were able to concentrate on those specialist areas. It came about partly from some of my previous experience. Inspectors in some cases tended to

become jack of all trades, masters of none. So when the resources were available to do that, that is how I set it up.

When the Auditor-General's staff came through that was one of the areas they looked at in moving to a more risk-based approach. In then having to look at restructuring and work within the budget that I had been allocated and set, that is where the audit branch sustained the highest percentage of cuts. A fairly high percentage of cut was also taken in the licensing area, fairly significantly. But in part of the streamlining of the process they were the issues that I had to make judgments on and balance. I was looking at cutting back and retaining, and how to best manage my numbers within the budget that had been set and still be able to undertake statutory functions.

The Hon. J. P. HANNAFORD: I understand that they are budgetary issues, Mr Harrex, that is why we have an estimates inquiry into it. If my recollection is correct, in 1995, when you were setting up the surveillance division, an issue was that you wanted to establish a casino oversight authority which was so comprehensive that you could minimise the possibility of criticism being raised about the integrity of the operation of the casino. That was an underlying theme of its operations at that stage. Am I right in my recollection?

Mr HARREX: I am sorry, I did not quite understand what you were talking about there. The casino oversight—

The Hon. J. P. HANNAFORD: When your surveillance division was set up in 1995 with extensive staffing to provide surveillance of the casino, part of the philosophy you adopted was to provide such comprehensive surveillance that the chances of allegations being made of inappropriate conduct at the casino, or allegations about the integrity of the casino, would be minimised if not completely eliminated. Is that not why you had such a big staff at that time?

Mr HARREX: One of the issues we dealt with at the time when we took off was what you might call the conservative approach. Coming in with a new operation and a very large one at that, as Sydney casino is with 200-odd tables, with a conservative approach in a number of the internal controls we involved the inspectors in. Probably this went back to the early days of casino regulation that had come in back in the Wrest Point days, the first generation.

Inspectors had an involvement in maintaining a permanent presence in account rooms. They had joint custody of the equipment stocks. In fact, if I recall, in the early days the inspectorate actually controlled the stocks and dished out how many packs of cards would go et cetera. In other words, it was still maintaining that situation where the operator could not really make an operational move without an inspector being present. This also included joint control of keys et cetera. As I said, it is what I would call a conservative approach. It was one I put in deliberately and maintained until operations would be able to be bedded down. That generally takes something like three to four years.

The decision was made to establish a temporary casino. Whether having the temporary casino and then moving to a permanent casino, as well as a change at different times in casino operators, allowed that bedding down to occur as quickly as we would have liked is probably a matter for debate and some review. However, when the Audit Office people came in to look at the performance audit on surveillance activities, the activities of the casino surveillance division and the authority, they felt that we should have been moving quicker to a more risk-managed approach. They may well have made that judgment after looking at other jurisdictions such as Queensland and Western Australia that had been operating for something like 12 or 13 years and had bedded down their operations. We had also looked at not requiring such an extensive period of time. In effect I suppose you could say that it certainly hurried up the process. I would still maintain that conservative approach that I set off with, certainly having those budgetary funds. The cuts and their extent came in quicker than I had anticipated perhaps.

The Hon. J. P. HANNAFORD: There is no doubt that the comprehensive security approach that you had initially adopted had a significant impact in securing public confidence in the integrity of the operations of the casino, did it not?

Mr HARREX: As I said, that was an approach that I deliberately set out upon.

The Hon. J. P. HANNAFORD: Were you not successful in giving the impression that because of your oversight and the Government's oversight the public could be confident about the integrity of the operations of the casino?

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Mr HARREX: We were successful on a number of fronts, which also included the fact of getting both the temporary Casino and the permanent casino open on schedule, which no other jurisdiction had been able to achieve of the last six or seven casinos that have opened in other jurisdictions.

The Hon. J. P. HANNAFORD: That was part of providing security related to keys and other matters. You have now cut the security as a result of Government decisions on budget. That is why your incident reports now refer to things such as "inadequate procedures in place to ensure cards are securely stored for collection", on 9 March 1998, or that there had been a breach of section 16 regarding "security and dual access to key safes", on 12 January 1998. Those problems are now arising, are they not?

Mr HARREX: Those situations will come up from time to time. There are a lot of areas in an operation that size where human error is a factor. A number of people are involved there. It occurs from time to time. It will continue to occur from time to time. I think the important things are that those matters still come to light, and the controls are there. Those controls identify when those issues and errors come about, and then they are able to be examined and, the important thing, rectified.

The Hon. J. P. HANNAFORD: You would minimise the chances of those incidents occurring if you had your budget restored and you were able to employ the level of surveillance staff that you originally started out with, and that you intended to have in order to ensure public confidence in the integrity of the casino. Is that not so?

Mr HARREX: I do not know that we would minimise them any further. I think one of the important things is that the operator is able to conduct its functions without necessarily the division, the regulator, actually having to have a hand there in assisting with those functions—the regulator still being able to be there to look at matters, to oversight things. But the onus comes back on the operator. I guess one of the dangers, it could be argued, with that conservative approach under which we had played a joint part in some areas, such as keys, equipment, stocks, et cetera, is that you are in fact partly doing the casino operators' job for them, and almost at times an internal audit role. I think one of the things that we have endeavoured herein to move to—which, on one hand, adopts a more risk-management approach—is for the operator to conduct its operations and for the division to oversight those operations without being a necessary part of those operations.

The Hon. J. P. HANNAFORD: I have just one other matter, Mr Harrex. The death of Mr Dalamangas at the casino was a matter of some concern for your officers and yourselves at the time the incident occurred, if I have correctly recalled comments at that time.

Mr HARREX: That would be correct.

The Hon. J. P. HANNAFORD: Earlier you gave information about the keeping of videotapes so that you would have information about serious incidents.

Mr HARREX: Yes.

The Hon. J. P. HANNAFORD: Are you able to explain why 20 of the tapes, provided by the authority, your division and the casino, on the Dalamangas issue had been erased before they were given to the police?

Mr HARREX: I am not aware of tapes having been erased.

The Hon. J. P. HANNAFORD: You have not looked into the evidence, made available to the coronial inquiry, that 20 tapes held by the police and taken from the casino in relation to the Dalamangas matter, those tapes having been made available to the Dalamangas family, had all been erased?

The Hon. J. HATZISTERGOS: By whom?

The Hon. J. P. HANNAFORD: Let us find out. You are not aware of that issue at all?

Mr HARREX: I am not aware of that issue, no.

The Hon. J. P. HANNAFORD: The police have never drawn that matter to your attention?

Mr HARREX: The police have not drawn the matter to my attention, no.

The Hon. J. HATZISTERGOS: Why would the authority hand over erased tapes?

The Hon. J. P. HANNAFORD: Very good question, Mr Hatzistergos—a very good question! Mr Harrex, in relation to one tape of the seven minutes of the death of Mr Dalamangas on the front steps of the casino, have you addressed your mind as to why one minute and 17 seconds of that tape, being the critical period of Mr Dalamangas' death, has been erased from the tape? Have you or your officers addressed your minds to that issue and the security of tapes at the casino?

Mr HARREX: That is a matter that was raised somewhere in a letter of complaint. It is not a matter that was investigated. That is my understanding of it. I would probably have to take that question on notice, Mr Hannaford.

The Hon. J. P. HANNAFORD: But the erasing of tapes of a serious incident at the casino, or the disappearance of parts of the tapes of a serious incident at the casino, would be a matter of concern to your agency.

Mr HARREX: I am not aware of tapes having been erased.

The Hon. J. P. HANNAFORD: If they were, would that be a serious matter for your agency?

Mr HARREX: If they had been erased, it would be a serious matter.

The Hon. J. P. HANNAFORD: And it would be a matter that you would draw to the attention of an appropriate inquiry in relation to the renewal of a licence.

Mr HARREX: If I was aware of such an issue that had been, certainly, for example, committed by a casino operator, yes, I would.

The Hon. J. P. HANNAFORD: You are saying the police have never raised these issues with you.

Mr HARREX: No, the police have not raised those issues with me.

The Hon. J. P. HANNAFORD: I would ask you as to whether or not there are differences in the rules for the blackjack tables in the high rollers room and the rules that apply for the blackjack tables in the general area at the casino. Are there different rules for the two areas?

Mr HARREX: The actual approved rules of the games for blackjack? There is only one set of approved rules of the games for blackjack.

The Hon. J. P. HANNAFORD: And they apply equally in the high rollers room as well as in the general casino area?

Mr HARREX: Certain of the rules may give the casino operator some discretion as to what they may wish to introduce.

CHAIR: And that discretion has been exercised?

Mr HARREX: Well, those examples may be as to whether they allow players to handle the cards or not, for example. That would be, as I said, an example of a discretion, where the operator may allow players to handle the cards. That is, for example, something that they might look to grant to a high roller but not necessarily to a table on the main gaming floor.

The Hon. J. R. JOHNSON: Or the minimum and maximum bets.

Mr HARREX: That is correct. But, once again, the rules specify that the minimum and maximum debts may be established by the operator, and there are supposed to be signs on the table. But minimum and maximum bets are a commercial decision for the casino operator.

The Hon. J. R. JOHNSON: Yes, but that is on the general floor and in the high rollers room. I would not like your chances of going into the high rollers room and placing down a chip for two bucks! I think you would soon be shown the door.

Mr HARREX: Well, there is a difference to that extent, yes. But, that is not necessarily something that comes about from the rules of the game. It is more, as I said, a commercial decision of the casino operator as to what table limits they offer, and where.

The Hon. J. R. JOHNSON: The rules of the game. Do I take it the same packs make up the shoe?

Mr HARREX: The rules?

The Hon. J. R. JOHNSON: There are eight decks used on the general floor. Are eight decks, or six decks or four decks used in the high rollers room?

Mr HARREX: It is my understanding that, with blackjack, while the rules provide that they may use somewhere between four, six or eight decks, primarily they use eight decks, whether it be in the high rollers room or on the main gaming floor.

The Hon. J. R. JOHNSON: Mr Harrex, do staff or patrons have access to compliance officers, or ethics officers or protocol officers if they suspect alleged breaches of any of the rules, regulations or bylaws by either patrons or staff?

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Mr HARREX: Could you please repeat the question?

The Hon. J. R. JOHNSON: Do staff or patrons have access to compliance, ethics or protocol officers—or officers by any other name—if they suspect that patrons or staff have breached any bylaws or regulations?

Mr HARREX: I am not sure what you mean by "compliance officers". Do you mean compliance officers within the casino operation? Patrons can certainly access inspectors if they have any complaints about breaches, and the same applies to casino staff. They could come forward and speak to casino inspectors if they have any concerns in that regard. It is part of the legislation. Section 110 of the Act deals with complaints and states that inspectors will receive and investigate complaints with regard to the conduct of gaming. Inspectors also make complaints about issues that probably might be regarded as broader than the conduct of gaming.

The Hon. R. S. L. JONES: Mr Harrex, as Director, Casino Surveillance, can you guarantee that the casino is operating free from criminal influence?

Mr HARREX: Can I guarantee that? If we are talking about the casino operator, at present there is a section 31 investigation. An inquiry is being conducted by Mr McClellan, first, to look at the suitability and fitness of the casino operator to continue to hold a licence; and, secondly, to determine whether it is in the public interest for a licence to be in place. I am not aware of there being any criminal influence involved with the casino operator.

The Hon. R. S. L. JONES: Are you prepared to give that sort of guarantee?

Mr HARREX: I do not know whether I can give guarantees; I can give only my views and opinions.

The Hon. J. P. HANNAFORD: To take that point further, I noticed the qualification in your answer regarding the operator. The Hon. R. S. L. Jones's question related to activities within the casino. Are you able to assure the Committee that, to the best of your knowledge, no criminal activities—such as prostitution, drug dealing, extortion, money-laundering and other related activities—have been undertaken in the casino?

Mr HARREX: That matter is currently before the McClellan inquiry. That inquiry is continuing and I am providing information to it. We should wait for its report to come out.

The Hon. J. P. HANNAFORD: Have your officers not prepared and given you incident reports in relation to such matters?

Mr HARREX: I have received reports on various issues from time to time. We have mentioned before issues that have been raised.

The Hon. J. P. HANNAFORD: Have your officers not expressed the view to you that the reduction in the number of surveillance officers or inspectors in your division has minimised their ability to reduce the number of incidents of the nature that I have described in the casino?

Mr HARREX: An issue that came up when I followed up, looked at various areas of operation, what has been observed and what might have been heard on the gaming floor is that the information and various reports may not have been at the same volume as before. One example is whether we had detected a continuing trend in certain matters, but I do not appear to have seen reports. One of the answers is that, with the cutback in shift numbers, we no longer have the opportunity to get about the large complex or to look at all of those issues as regularly as we used to. That is a fact.

The Hon. J. P. HANNAFORD: Your officers have complained to you that, because their presence cannot be seen within the casino, it is no longer inhibiting criminals who might want to base their activities in the casino.

Mr HARREX: I have not received any complaints in that regard, no.

The Hon. J. P. HANNAFORD: Your officers and the union have discussed that with you, have they not?

Mr HARREX: When we talk about what is a fact, the only issue that has come up is that, if we have fewer people on the ground covering a period of time, I would probably expect to get fewer reports.

The Hon. J. P. HANNAFORD: That is right, and the crims have more access.

Mr HARREX: I do not see how you are tying that in necessarily.

CHAIR: Thank you, Mr Harrex.

Mr Harrex withdrew.

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Mr Mossfield, Mr Terrett, Mr Wright and Mr Duggan appeared before the committee.

CHAIR: I am going to go through some formal matters with each of you in turn. Mr Mossfield, what is your full name?

Mr MOSSFIELD: Vince Paul Mossfield.

CHAIR: What is your occupation?

Mr MOSSFIELD: Inspector.

CHAIR: What is your address? You may use a business address.

Mr MOSSFIELD: Level 10, 323 Castlereagh Street, the Department of Gaming and Racing.

CHAIR: In what capacity are you appearing before the Committee?

Mr MOSSFIELD: Voluntarily, as an inspector.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act 1901?

Mr MOSSFIELD: I have just had this placed on the table just now. I assume that is what you are referring to. In that case, I have received it.

CHAIR: You may be sworn in or you may make an affirmation, whichever you prefer.

Mr MOSSFIELD: My understanding is, on advice from the department and the Crown Solicitor, that we are here on a voluntary capacity and, as a result, section 148 comes into play, in which case any matters referring to information gained in the function of our duties we are not obliged to divulge, is that correct?

CHAIR: But I am going to swear you in. The Committee has agreed to issue a summons.

Mr MOSSFIELD: How does the swearing-in relate to our requirement to maintain secrecy of information under section 148?

CHAIR: It offers parliamentary protection to witnesses under the Parliamentary Evidence Act.

Mr MOSSFIELD: My understanding is that we also have obligations under section 148 regarding secrecy. Does taking the oath—

The Hon. J. HATZISTERGOS: You have to get your own legal advice.

Mr MOSSFIELD: Our legal advice from the Crown Solicitor is that section 148 takes precedence, in which case any oath I take may not be relevant, I guess. That is our advice.

CHAIR: We intend just proceeding as we did with Mr Harrax. He answered every question that we put to him.

Mr MOSSFIELD: I understand that. It is just that the advice I have from the Crown Solicitor in writing is that section 148, in relation to secrecy, takes precedence of this hearing. So, I believe I am bound by that.

CHAIR: Sure, but that does not preclude you taking an oath or making an affirmation.

Mr MOSSFIELD: Is that a legal opinion?

CHAIR: I am not here to give legal opinions, but I would ask you to indicate whether you want to make an oath.

Mr MOSSFIELD: I do not wish to make an oath if it brings into question my obligations under section 148.

The Hon. J. HATZISTERGOS: Do you want to take some advice on that?

The Hon. P. T. PRIMROSE: With respect, we do not know either.

The Hon. J. P. HANNAFORD: I think we do.

The Hon. P. T. PRIMROSE: We do not.

CHAIR: If we ask you a question that you believe breaches your responsibilities under the Casino Authority Act, if you just indicate that to us we will take that into account. We will deal with it as we go along. As you can see from the questions to Mr Harrax, our questions are primarily about the budget implications, and that is what this hearing is largely about.

The Hon. P. T. PRIMROSE: With respect, I understand witnesses are not obliged to take either an oath or an affirmation.

The Hon. R. S. L. JONES: He has been summoned.

The Hon. P. T. PRIMROSE: Yes, but he is not obliged to take an oath or affirmation.

The Hon. J. R. JOHNSON: Indeed, it was not even sought from Mr Harrax.

CHAIR: Normally we would have you swear an oath or make an affirmation, but if you are not going to, I will just move on and we will proceed as we did before. I need to ask you, are you conversant with the terms of reference of the inquiry, it being a supplementary hearing to our earlier budget estimates hearing?

Mr MOSSFIELD: Yes.

CHAIR: I need to just advise you that if you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will be willing to accede to a request to hear in-camera evidence.

The Hon. J. R. JOHNSON: However, it can be made public.

CHAIR: The Hon. J. R. Johnson is quite correct in indicating that Parliament and, indeed, the Committee can determine that such evidence be made public. I just give you that warning.

Mr MOSSFIELD: So it may appear in *Hansard*?

The Hon. J. R. JOHNSON: It will appear in *Hansard*.

Mr MOSSFIELD: Okay.

CHAIR: Mr Terrett, you could also give us your full name?

Mr TERRETT: Paul Francis Terrett.

CHAIR: Your occupation?

Mr TERRETT: Inspector.

CHAIR: Your address?

Mr TERRETT: Level 10, 323 Castlereagh Street, Sydney.

CHAIR: In what capacity are you appearing before the Committee?

Mr TERRETT: Voluntarily, as an inspector.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act?

Mr TERRETT: Yes, I did.

CHAIR: Are you prepared to make an affirmation or swear an oath?

Mr TERRETT: Because I have not sought any legal opinion in relation to section 148 and the summons, I would prefer not to at this stage.

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CHAIR: The Parliamentary Evidence Act section 10 states that every witness attending to give evidence before the Council, Assembly or Committee of the Whole shall be sworn at the bar of the House, and every witness attending to give evidence before a committee, other than a Committee of the Whole, shall be sworn by the chairman of such committee. Therefore, I insist that you do that, in compliance with the legislation. Mr Terrett, are you prepared to proceed as normal?

Mr TERRETT: I am looking at the Crown Solicitor's advice in relation to this. It was emphasised in that advice that the hearing may only voluntarily divulge to the committee information that I have acquired in the exercising of my function.

CHAIR: You will be provided with the opportunity to not volunteer to answer a question. We will proceed as we did with Mr Harrex, and you can invoke the Crown Solicitor's advice at any time.

Mr TERRETT: I am happy to take the affirmation.

Mr Terrett made an affirmation.

CHAIR: Mr Wright, what is your full name?

Mr WRIGHT: Robert Eric Wright.

CHAIR: What is your occupation?

Mr WRIGHT: Supervising Inspector.

CHAIR: What is your business address?

Mr WRIGHT: Level 10, 323 Castlereagh Street, Sydney.

CHAIR: In what capacity do you appear before this committee?

Mr WRIGHT: Voluntarily as an inspector.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act?

Mr WRIGHT: Yes, a few minutes ago.

The Hon. R. S. L. JONES: Madam Chair, I point out that the witnesses are no longer voluntary, they have been summonsed.

CHAIR: I acknowledge that the witnesses have been invited, and have arrived. Mr Jones is correct in pointing out that they have now been summonsed. Mr Wright, would you prefer to make an affirmation or take the oath?

Mr Wright made an affirmation.

CHAIR: Mr Duggan, what is your full name?

Mr DUGGAN: Marc Gerard Duggan.

CHAIR: What is your occupation?

Mr DUGGAN: Government Inspector.

CHAIR: What is your business address?

Mr DUGGAN: Level 10, 323 Castlereagh Street, Sydney.

CHAIR: In what capacity do you appear before the committee?

Mr DUGGAN: Inspector.

CHAIR: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act?

Mr DUGGAN: I did, five minutes ago.

CHAIR: Will you take the oath or make an affirmation?

Mr DUGGAN: Affirmation.

Mr Duggan made an affirmation.

CHAIR: Mr Mossfield, your colleagues have been sworn. Would it suit you to take a short adjournment for you to consider whether you would like to join them?

Mr MOSSFIELD: Yes, I would like to consult.

CHAIR: I would be happy to allow a few minutes for you to do that so that you are comfortable with your position.

Mr MOSSFIELD: Can I consult with persons other than those at the table at the moment?

CHAIR: You can consult with whomever you like, and that applies to the other three gentlemen. If they want to take advice, I would be happy with that.

[Short adjournment]

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CHAIR: Mr Mossfield, would I be correct in saying that you are now happy to make an affirmation or to take the oath?

Mr MOSSFIELD: I am happy to take the oath on the understanding that it does not influence my responsibilities under section 148.

CHAIR: Correct, and you will invoke that section if you feel the need during the course of questioning.

Mr MOSSFIELD: Okay.

Mr Mossfield took the oath.

The Hon. J. R. JOHNSON: Madam Chair, perhaps you might remind the other witnesses that their former oath or affirmation stands.

CHAIR: Yes. For the other three gentlemen, the situation is as it was before the break. We do not need to deal with you again in that regard. Members should feel free to ask our witnesses questions either singly or in a batch. Are there any questions?

The Hon. J. P. HANNAFORD: I address my first question to Mr Wright, the supervising inspector. Mr Wright, Mr Harrex gave information that the number of inspectors that are within your surveillance division has been reduced by 14, from 29 down to 15.

Mr WRIGHT: Yes, that is right.

The Hon. J. P. HANNAFORD: And he has given evidence that from time to time the number of people on shifts may not be what he has described as optimum, which is a supervisor and, I think, three. That is usual.

Mr WRIGHT: There are four people in a team.

The Hon. J. P. HANNAFORD: As a supervisor—perhaps to understand what your role is, Mr Wright—normally in allocating people to surveillance duties within the casino, on an optimum basis you would have one person in the monitoring room?

Mr WRIGHT: That is right.

The Hon. J. P. HANNAFORD: What would be the other officers' duties?

Mr WRIGHT: It depends on their work load as to accumulated work from previous shifts' investigations and anything that arises during the shift. For instance, there may be what we call a re-entry, when an excluded person may enter the casino, or a complaint. Then I tend to delegate the different duties to those people. But, as you were saying, we try to have one person in what we call the monitor room all the time.

The Hon. J. P. HANNAFORD: As a supervisor, what are your particular duties within the casino?

Mr WRIGHT: I tend to receive reports or the work from the inspectors in my team and see whether there are issues still to be followed through or followed up. I allocate the tasks to my inspectors and I do monitoring duties and general administrative things that we need to do for the day-to-day functioning of the office.

The Hon. J. P. HANNAFORD: So when someone takes a meal break you might go and look after the monitoring room or reallocate duties like that.

Mr WRIGHT: Yes. We tend to set out a roster, which is fairly loose. One person will do the first two hours and the next person is rostered for the next two hours, and we just keep rotating that through. If someone has to do something in particular I might go and sit in the monitor room while he or she goes and fulfils that function.

The Hon. J. P. HANNAFORD: What is the impact on your operations if you do not have your full complement of staff, whether through sick leave, general leave or whatever?

Mr WRIGHT: We just naturally reduce what we can do, and I guess it keeps reducing down. The monitor room tends to be our primary area of operation in that sort of situation, so we would just keep reducing other aspects. You would obviously drop off the more minor issues, administrative things, photocopying—I do not know what specifically—and then if we get more numbers those people tend to concentrate or do longer hours in the monitor room too.

The Hon. J. P. HANNAFORD: How long have you been a supervisor and working for the authority at the casino?

Mr WRIGHT: I work for the Department of Gaming and Racing, not the authority.

The Hon. J. P. HANNAFORD: Sorry, the department.

Mr WRIGHT: In July 1995 I started with the division, and I have been a supervisor for about two years.

The Hon. J. P. HANNAFORD: So you kicked off with Mr Harrex?

Mr WRIGHT: That is right.

The Hon. J. P. HANNAFORD: Mr Harrex has given evidence about optimum levels and the numbers that existed when he set up the system.

Mr WRIGHT: Yes.

The Hon. J. P. HANNAFORD: Within the teams that you supervise, what has been the reduction in numbers in your particular teams? You said it is three now. What was it when it was at its maximum?

Mr WRIGHT: I think at its peak we possibly had a supervisor and six inspectors, perhaps seven, depending on each team, I guess, but in that sort of area.

The Hon. J. P. HANNAFORD: Basically you have halved your surveillance team sizes?

Mr WRIGHT: Yes.

The Hon. J. P. HANNAFORD: At present I think you are seconded to undertaking work on the computer network.

Mr WRIGHT: I have actually stopped doing that; but up until recently, yes.

The Hon. J. P. HANNAFORD: How long were you away undertaking those duties?

Mr WRIGHT: Three or four months.

The Hon. J. P. HANNAFORD: So the 15 surveillance inspectors that are normally allocated were reduced by the fact that you were absent during that period?

Mr WRIGHT: I still worked at the casino, but in an operational sense my team in particular was one person down.

The Hon. J. P. HANNAFORD: Are you able to indicate whether or not, during the past 12 months, other people had been away on seconded duties, the result of which would be to reduce the number of people on surveillance teams?

Mr WRIGHT: Yes, that is right. There have been.

The Hon. J. P. HANNAFORD: And there are not the staff or the resources available to put people on to fill the gaps because of your being seconded to other duties?

Mr WRIGHT: No, there is no replacement of my man hours, so to speak.

The Hon. J. P. HANNAFORD: So obviously there is the consequent impact of reduced surveillance within the casino?

Mr WRIGHT: It reduces the number of people at any given time, yes.

The Hon. J. P. HANNAFORD: Questions were asked of Mr Harrex of the discussion that occurred between he and officers at the time when he had to make the difficult decision to reduce the number of surveillance staff from 29 to 15 because of budget matters. There was a lot of concern, was there not, amongst supervisors like yourself and amongst other staff about that reduction in staffing within the surveillance area?

Mr WRIGHT: Yes, that is true.

The Hon. J. P. HANNAFORD: You have been a professional surveillance supervisor for three years now. What have you found is the impact on your ability to provide optimum levels of surveillance with the reduction in staff?

Mr WRIGHT: When you say "optimum" I do not know exactly what you mean.

The Hon. J. P. HANNAFORD: I was using Mr Harrex's words.

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Mr WRIGHT: If the staff numbers are reduced there are fewer individuals who can go out and do more things. By reducing the number of staff, then by consequence you reduce the ability to cover the whole casino.

The Hon. J. P. HANNAFORD: In discussions amongst staff and other officers, has there been comment that the reduction in staff numbers has made it easier for criminal elements within the casino to operate undetected?

Mr WRIGHT: I could not necessarily agree that there has been discussion—I am trying to repeat what you said to get it right—that there is more criminal element because of the number of staff. I could not say that.

The Hon. J. P. HANNAFORD: Your staff have not discussed that with you and you have not heard staff discussing that?

Mr WRIGHT: I think staff are concerned about their ability to do all of their job. To that extent there may be some discussion. I do not recall any specific discussion that there will be an increase in crime or criminal activity or people involved in crime in the casino.

The Hon. J. P. HANNAFORD: So the Committee can understand what your staff do, when there is a particular incident they interview all the people who are involved in the incident?

Mr WRIGHT: They interview those who we think are pertinent to the investigation, yes.

The Hon. J. P. HANNAFORD: Do they then prepare reports?

Mr WRIGHT: Yes.

The Hon. J. P. HANNAFORD: Do they prepare reports that day during the shift while everything is fresh in their memory?

Mr WRIGHT: Given that investigations tend to take longer than a shift, generally no. It is an ongoing process of going through the whole investigation and it depends on the timing and that sort of thing. It does not always happen within a shift, is what I am saying.

The Hon. J. P. HANNAFORD: You have to do that because of the workload and because the number of staff has been reduced?

Mr WRIGHT: We have to deal with that regardless of whether the staff has been reduced. We still have to go through the process.

The Hon. I. COHEN: Do you acknowledge that gaming breaches have declined with decreases in staff in numbers?

Mr WRIGHT: No. Do you mean the detection of gaming breaches?

The Hon. I. COHEN: Yes. Has there been a reduction in your figures of registered acknowledged gaming breaches as a result of decreases in staffing numbers?

Mr WRIGHT: I could not tell you, really. I cannot categorically say one way or another whether that is the case.

The Hon. J. P. HANNAFORD: Mr Mossfield, are you are an inspector within this division?

Mr MOSSFIELD: That is correct.

The Hon. J. P. HANNAFORD: So that the Committee can get an understanding of how the procedures work, when you detect an incident and prepare a report, do you get any feedback from management as to the results of your reports?

Mr MOSSFIELD: We do. Not on every single occasion, but we do.

The Hon. J. P. HANNAFORD: If you expect breach action to be taken on an incident report that you have submitted and no action is taken, is there a management practice or policy that involves consultation with you as an inspector about that incident before the decision is taken not to action your recommendation?

Mr MOSSFIELD: Firstly, a lot of times when I submit a report I am not fully conversant with all the details as to whether there has been a breach or not. Therefore, that would be a management decision possibly. If I had any concerns personally in relation to a lack of response I would, as far as I can remember, raise that with management and seek feedback.

The Hon. J. P. HANNAFORD: So management does not have a practice of its own to provide feedback to inspectors as to the results of the work that they do?

Mr MOSSFIELD: I do not know if I am in a position to answer that. That is a management practice; I am only an inspector.

The Hon. J. P. HANNAFORD: Sometimes you get feedback, sometimes you do not?

Mr MOSSFIELD: And sometimes I seek feedback, sometimes I do not. It depends on the nature of the report, the investigation, et cetera.

The Hon. J. P. HANNAFORD: Mr Mossfield, I want to find out the extent of knowledge of inspectors as to the processes. This question goes to work morale. When you submit a complaint about an incident, is the process that it goes up to Mr Harrex?

Mr MOSSFIELD: A complaint or a report?

The Hon. J. P. HANNAFORD: An incident report.

Mr MOSSFIELD: An incident report, when submitted, goes to my supervisor and from there I believe it goes through the management chain. I am not privy to the management processes there. All I can say for sure is that I submit it to my supervisor. After that it is an assumption that it goes on through the hierarchy.

The Hon. R. S. L. JONES: On average, how many reports a month do you do?

Mr MOSSFIELD: I do not know, sorry.

The Hon. R. S. L. JONES: Per year?

Mr MOSSFIELD: I do not know that either.

The Hon. R. S. L. JONES: More than one a week?

Mr MOSSFIELD: I could not say. We work a four days on, five days off roster. It is hard to work in week terms, if you know what I mean. Like anything, it would vary from time to time. Sometimes it is a lot, sometimes it is not. I do not think I that I am in a position to give an average.

The Hon. R. S. L. JONES: How many in the last month, would you say? Do you have any idea?

Mr MOSSFIELD: I could not say for sure.

The Hon. J. P. HANNAFORD: Therefore, in terms of work practices within your division, when you submit an incident report sometimes you get feedback, sometimes you might chase up what has happened with it, and otherwise it goes into the aether?

Mr MOSSFIELD: I would chase it up if I felt it warranted feedback and I was not getting it. I should make it clear that I feel that some incidents I report do not necessarily require feedback, and I do not seek it. What happens after that I am not privy to, so I could not really respond.

The Hon. J. P. HANNAFORD: Have there been discussions amongst your work colleagues about dissatisfaction with incident reports being put forward and no action apparently being taken on those reports?

Mr MOSSFIELD: If inspectors have expected some feedback and they have not got it, then I think dissatisfaction has been expressed amongst the inspectors themselves. But that is not uncommon, I think, with any organisation.

The Hon. J. P. HANNAFORD: Mr Harrex indicated that some officers had expressed dissatisfaction about that.

Mr MOSSFIELD: That may have related to a period of time when the redundancies took place. I think that is right.

The Hon. J. P. HANNAFORD: Are you aware of any discussions amongst your work colleagues to the effect that it is almost a waste of time lodging incident reports about drunken behaviour within the casino because, it would appear, they are not being taken seriously in actions?

Mr MOSSFIELD: I do not know in relation specifically to drunken behaviour. As I have said before, if inspectors have expected feedback and they have not got it, they have expressed dissatisfaction. In relation to drunken behaviour I do not recall that, no.

The Hon. J. P. HANNAFORD: Are you aware in discussions with your colleagues of any of your colleagues having written letters of concern to either Mr Harrex, Mr Brown or the Minister, or even the Casino Control Authority, about these sorts of issues?

Mr MOSSFIELD: Not in relation to drunken behaviour, no.

The Hon. J. P. HANNAFORD: About any other issues? I guess you are a fairly tight team these days, with only 15 of you.

Mr MOSSFIELD: We have always been tight. It is possible, but I cannot say 100 per cent for sure.

The Hon. J. R. JOHNSON: The breaches that you report are alleged breaches and are not for you but for higher authorities to determine whether further proceedings will be necessary, is that correct?

Mr MOSSFIELD: That is correct. We gather information, as we observe it, and supporting documents. Then it is a management decision as to whether there is an actual breach of the legislation. That is generally the case.

The Hon. J. R. JOHNSON: You do not have medical qualifications to determine intoxication and you do not put a breathalyser on someone to see if they are intoxicated, do you?

Mr MOSSFIELD: That is correct.

The Hon. R. S. L. JONES: What do you do if you come across a case of blatant drug dealing?

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Mr MOSSFIELD: I would report it, if I ever came across it.

The Hon. R. S. L. JONES: Have you ever?

Mr MOSSFIELD: I believe that it may be in breach of section 148 if I make comment in relation to that.

The Hon. J. HATZISTERGOS: I suppose you take section 148 very seriously, do you not?

Mr MOSSFIELD: Definitely.

The Hon. J. HATZISTERGOS: To your knowledge, do all inspectors take that section very seriously?

Mr MOSSFIELD: I think it is indoctrinated into us, yes—as is every other section of the Act that relates to us.

The Hon. J. HATZISTERGOS: Are you aware of circumstances in which it has come to your attention that inspectors may have divulged information which they were not supposed to divulge pursuant to section 148?

Mr MOSSFIELD: No, I am not.

The Hon. J. HATZISTERGOS: Do you have any suspicions?

Mr MOSSFIELD: No, not directly.

The Hon. J. HATZISTERGOS: No doubt you have seen a lot of the information which has been in the public domain about operations at the Sydney Casino?

Mr MOSSFIELD: Yes.

The Hon. J. HATZISTERGOS: That information—correct me if I am wrong—could only have come from someone who was in a position to know of the contents of that information, which would be a person in the inspectorate branch, would that be true?

Mr MOSSFIELD: I am not sure if I am in a position to answer that. My knowledge of the information held by the division is only limited to my personal input. What happens to that information as it is relayed to other branches, perhaps to the operator, perhaps to the police, et cetera, I have no—

The Hon. J. HATZISTERGOS: The information that you have seen in the public domain about various activities that have gone on at the Sydney Casino is not the sort of material that an individual inspector would be exposed to, is that what you are saying?

Mr MOSSFIELD: I am not sure of the question.

The Hon. J. HATZISTERGOS: You know the information I am referring to—about the operations of Sydney Casino—it has been leaked to the press and the Parliament?

Mr MOSSFIELD: Yes, I am familiar with that.

The Hon. J. HATZISTERGOS: Is that the sort of information that a person in a position of inspector would be familiar with?

Mr MOSSFIELD: I have been familiar with some of that information. Therefore my response would be yes.

The Hon. J. HATZISTERGOS: What about the totality of it? Is there any material there that an individual inspector would not necessarily be aware of?

Mr MOSSFIELD: I am not sure that I am fully aware of the totality of the information in the media and what has been released. I would have to look at all of it and then I could advise, but I really do not know.

The Hon. J. HATZISTERGOS: With regard to the information that has been released, are you aware of any source from which that may have come?

Mr MOSSFIELD: No.

The Hon. R. S. L. JONES: Mr Wright, currently there are 960-odd cameras around the casino. Presumably, those cameras are in banks of television screens in the control room, are they?

Mr WRIGHT: There are 960-odd cameras, as we have been advised. But you do not see what each of them is doing at once.

The Hon. R. S. L. JONES: How many screens are on at any one time?

Mr WRIGHT: In our monitor room, nine.

The Hon. R. S. L. JONES: You switch from camera to camera to see what is happening, is that right?

Mr WRIGHT: Yes.

The Hon. J. R. JOHNSON: Is it automatic?

Mr WRIGHT: No.

The Hon. R. S. L. JONES: Do you do it manually?

Mr WRIGHT: We manually choose which cameras we want to look at and bring them up on screen.

The Hon. R. S. L. JONES: Over what period would you cover the entire 960?

Mr WRIGHT: We do not go through sequentially, or in any other way, the whole lot at any one given time; we tend to concentrate on areas.

The Hon. R. S. L. JONES: Is a video film kept of each one of these, or is it kept only when you push a button?

Mr WRIGHT: Footage is only of what is on our monitor.

The Hon. R. S. L. JONES: Only what is on the monitor is kept as a master?

Mr WRIGHT: I believe that Star City's own surveillance department has different procedures. However, as far as we go, it is just what we are viewing at any given time.

The Hon. R. S. L. JONES: Do you sometimes have to go back and review what you may have seen the previous day?

Mr WRIGHT: Yes.

[Luncheon adjournment]

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The Hon. J. P. HANNAFORD: Mr Wright, did we raise with you the question of discussions that staff have had with you about the morale of the inspectors and their feeling that the

workload they are under makes it a burden, and that too much is being expected of them because you have too few inspectors?

Mr WRIGHT: Are you asking me if you raised that?

The Hon. J. P. HANNAFORD: Have I raised it?

The Hon. J. R. JOHNSON: I think it was Mr Mossfield.

The Hon. J. P. HANNAFORD: I wanted to raise it with you, Mr Wright, as a supervisor.

Mr WRIGHT: Yes. Could you ask that again so that I can get it correct?

The Hon. J. P. HANNAFORD: Have there been discussions between you and, perhaps, other supervisors and inspectors about the workload that inspectors feel they are under as a result of the cuts in the number of inspectors and the impact that has had on the morale of staff?

Mr WRIGHT: Yes, there have. I think there is a perception, anyway, at least from inspectors or some inspectors as result of staff cuts, that they now have a bigger workload to carry.

The Hon. J. P. HANNAFORD: I asked it of Mr Mossfield as well, but I ask it of you: As a result have your supervisors and inspectors discussed with you their belief that they are no longer providing an adequate level of surveillance of activities within the casino as compared with that which operated when you first set up the surveillance system with Mr Harrex?

Mr WRIGHT: Some people may feel that is the case, or there may have been discussions or a feeling that they cannot do the job now like they may have been able to do it at some time in the past. I guess in that respect, yes, people have, at times, expressed concern that they are not able to do everything they might have done in the past now.

The Hon. J. P. HANNAFORD: Do you think it would be fair comment, since you have been there since 1995, that when the surveillance system was first set up you and your officers felt that you were able to provide such a level of surveillance of the operations within the casino that it would be difficult for the public to question the integrity of the operations of the casino, but that your staff now, because of the cut in surveillance, feel that they could no longer give that assurance to the public?

The Hon. J. R. JOHNSON: Cut in surveillance?

The Hon. J. P. HANNAFORD: Cut in surveillance.

Mr WRIGHT: I do not think that is the case. Maybe I can put it another way. Inspectors, whether it was before or now, still do the best they can to fulfil their functions, and I do not think they necessarily see it in terms of "we are not doing the job now". Each person, as he or she does the work, or whatever, still within the shift or the period or whatever, still performs his or her duty to the best of his or her ability. From that I dare say that they think they are doing the job; they are ensuring the integrity of the operation.

The Hon. J. P. HANNAFORD: Nobody is questioning the integrity of your officers and their ability to try to do the best they can. I think the issue goes to whether there is public confidence in the role of your agency to provide a level of oversight of the operations of the casino so as to reassure the public about the integrity of the operations of the casino. The question I ask in relation to that is: Is it not a fact that, within your branch, whilst the officers are doing the best they can they feel that the cuts in the budget and reductions in the staff have so significantly reduced your ability to provide comprehensive oversight that public confidence could be undermined?

Mr WRIGHT: I think they see the cuts in budget affecting the coverage, if you like, of their role. It is sort of difficult for me to really get into the psyche, I guess, of the individual. I mean, that is why I keep coming back to this thought that they all still work hard and they all still do their job and, as far as I am aware, they think that, within the constraints, they are fulfilling their roles, albeit they

have fewer resources to do that with. But then, to extend that to how I see the public confidence aspect of what you are asking, in a sense I do not know because I think inspectors think that they are doing their jobs just with fewer resources and just trying to fulfil their roles.

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The Hon. I. COHEN: Were inspectors overresourced prior to the budget cuts? The answer is a simple yes or no, is it not?

Mr WRIGHT: Well, all right. We use—as a supervisor, I use all my inspectors, you know,

The Hon. I. COHEN: You were doing just an adequate job just before the budget cuts?

Mr WRIGHT: I guess there is a question of efficiency there. Some people may think that something is overkill or something like that, so maybe from that respect somebody could mount an argument that you are doing something that you do not really need to do, maybe, so, you know—

The Hon. I. COHEN: Did those budget cuts occur before or after the Dalamangas issue?

Mr WRIGHT: When was the date of the Dalamangas issue?

The Hon. I. COHEN: I do not have the date.

Mr WRIGHT: I could not tell you.

The Hon. I. COHEN: 1998?

Mr WRIGHT: I think the cuts actually occurred in August 1999, which was when the inspectors left.

The Hon. J. R. JOHNSON: Do I take it that from the time that Mr Harrex instituted your section, there has been a change in your duty statement, or have there been changed circumstances such that you have perfected your discipline and, whereas you may have been apprentices, you became fully-fledged tradesmen, and you did not need as many inspectors?

Mr WRIGHT: No. I think there have been changes to procedures within the casino which reduced the necessity to have a physical inspector there for the undertaking of certain—

The Hon. J. R. JOHNSON: Minor functions?

Mr WRIGHT: Yes, that is right. So in that respect, these changes have, sort of, come on gradually over time and that has led to the reduction, or the requirement, or the need for an inspector to be always physically at some particular function. We may at one stage have been there but now we do not need—or are not required—to be there.

The Hon. J. R. JOHNSON: Because it has been shown not to be needed?

Mr WRIGHT: Well, that is right.

The Hon. R. S. L. JONES: Can I ask you a question about the monitors—the TV monitors. There are 960 cameras spread right throughout the complex and there are nine of those that are on at any given time.

Mr WRIGHT: Yes.

The Hon. R. S. L. JONES: Would that not mean that you would have a less than 1 per cent chance of actually catching any incident at any given time?

Mr WRIGHT: Not really because it depends. I mean, inspectors, through their experience, have sort of an idea where they might—or areas of focus. Of the 962 cameras, there would be one which sits, say—I do not know—next to a lamppost looking over the overall complex or something

like that. I am just using that as an example. When you start talking about 1 per cent, it does not really work like that because there are so many cameras focused in certain areas that you would not—some cameras you would not even look at for weeks, really, because it might be just looking at a cupboard.

The Hon. R. S. L. JONES: So who makes the decision to switch from one camera, to another camera, to another camera?

Mr WRIGHT: The inspector who is monitoring.

The Hon. R. S. L. JONES: At that time? And does that inspector receive feedback from the floor, as it were, to check out this camera or that camera?

The Hon. J. R. JOHNSON: If I can supplement that—is there an alert button at any station that goes back to the monitoring section that says, "In on table 54"?

Mr WRIGHT: I do not think I can answer that under section 148.

The Hon. R. S. L. JONES: Is that difficult, is it?

Mr WRIGHT: That is my opinion. It has to do with the operation of the casino.

The Hon. R. S. L. JONES: I will put it another way: The decision is made by the person in the room, basically, on a random basis or an inspired basis or on an informed basis—which is it, do you think?

Mr WRIGHT: I would like to think that it is informed.

The Hon. R. S. L. JONES: So there is some information that would come to them for them to actually switch from one camera to another camera?

Mr WRIGHT: I meant informed in the sense that they are an informed person.

The Hon. R. S. L. JONES: Okay, but not necessarily informed from the actual floor?

Mr WRIGHT: In one way or another, maybe: sometimes—not always. It is a difficult place to explain how it works. I mean a person sits in there and makes judgments about what they should do and how they should monitor it.

The Hon. R. S. L. JONES: Is that the most important part of the operation or just a sub part of the operation—the TV monitors, I mean?

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Mr WRIGHT: Do you mean of that little room?

The Hon. R. S. L. JONES: The number of incidents reported. Obviously you cannot give me the figures, but would the monitor room be the most important part of the operation or is it not so important?

Mr WRIGHT: The monitor room is important to us because it gives us a central place if something happens, or if we hear something or want to watch something or somebody needs to contact us or anything like that. It gives us the ability from a central place to look elsewhere and try to keep abreast of whatever is happening. So for us it is important because in a sense we have made it important. That is not to say it is not, but we have made it important. It is an important place for us.

The Hon. R. S. L. JONES: At any given time one person is there?

Mr WRIGHT: Mostly.

The Hon. R. S. L. JONES: For 90 per cent of the time someone is there, so, for 10 per cent maybe someone is not there?

Mr WRIGHT: We have someone rostered there all the time. That is not to say they do not go to the toilet or do whatever. But, yes.

The Hon. J. P. HANNAFORD: If a major incident appears on your monitors, you would keep what is on the monitors. It is on one of the nine monitors, and no doubt it is on the multitude of cameras held by the casino. What practice is adopted by a supervisor to then ensure that all records concerning that major incident are kept secure for subsequent investigations?

Mr WRIGHT: It is not necessarily a practice adopted by supervisors, but as a general practice it depends what it is. If it is an incident that may go to court or we suspect may go to court, we seal it up and put it in what we call an evidence safe. But if it is just a general incident, if an inspector comes to me and says, "Look at this. I don't know if there is anything in it," or whatever, he might dub it then across to a holding tape. Otherwise, if nothing is to happen with it, after seven days it will just get taped over.

The Hon. R. S. L. JONES: Who would have access to the court evidence tapes?

Mr WRIGHT: The supervisors.

The Hon. R. S. L. JONES: Anybody in particular?

Mr WRIGHT: Anybody does within the branch, but they are all locked and sealed.

The Hon. J. P. HANNAFORD: Mr Terrett, you are an inspector also within the surveillance authority. Mr Mossfield outlined the way in which he deals with incidents and the way in which they are reported back. Is that the same experience you have had in dealing with major incidents?

Mr TERRETT: It is pretty much the same experience. I see our primary role as to monitor and report the operations of the casino under the terms of the Act. The consequences of the reports, whilst it is important we report to the director, who in turn will report to the Casino Control Authority, what occurs in that level I do not get myself involved with. I purely look at the fact of requirements to monitor and report the operations of the casino.

The Hon. J. P. HANNAFORD: Are all of you on different teams within the surveillance agency?

Mr TERRETT: That is correct, yes.

The Hon. J. P. HANNAFORD: Within your team, have there been discussions and morale issues? For example, "Why bother to report particular incidents such as minors on the casino floor or drunkenness on the floor?" Have inspectors taken the attitude, "Why bother reporting on these, we don't seem to get any adequate action on them"?

Mr TERRETT: The attitude of other inspectors I cannot really speak for, but certainly with the reduction in staff we have a lot more pressure placed upon us to do the functions we have. There is a proposal to introduce a risk-based management system within the inspectorate that will certainly take off a lot of the initial demands that have been placed on inspectors in the past. Other than that and the attitude of other inspectors, I really cannot comment.

The Hon. J. P. HANNAFORD: So that I can understand what you are talking about in this type of risk management, what you will have to do is choose which incidents you will deal with, and if it is drunkenness at the casino you will have to choose to deal with the most drunk and leave the others alone. Is that what will happen?

Mr TERRETT: We more or less do quite a large gamut of activities—liquor, gaming and looking at activities in the cage. So you actually have to make some decisions on what you will be looking at, and in the 12-hour shift to look at all those factors. I would not say that any one particular incident would outweigh any other particular incident.

The Hon. J. P. HANNAFORD: Are you aware of reports within your team having been made to the authority about inappropriate consumption or service of alcohol with a view to a review of a liquor licence being undertaken for the casino?

Mr TERRETT: I really cannot answer that question in terms of section 148. You would need to go specifically to an incident.

The Hon. J. P. HANNAFORD: Were you present when I asked questions of Mr Harrex about privacy of individuals and keeping tapes of individual people?

Mr TERRETT: Yes I was.

The Hon. J. P. HANNAFORD: Are you aware of any practice within your branch for the keeping of tapes under the name of particular individuals?

Mr TERRETT: Not on particular individuals, to my knowledge. We do collect matters that are of interest.

The Hon. J. P. HANNAFORD: If there were a report prepared by officers of your division which had under the heading "evidence" the words "Kerry Packer tape", why would officers of your division ever use those terms?

Mr TERRETT: As an identifier of any particular breach, but other than that I would not be able to make any further comment.

The Hon. J. P. HANNAFORD: But is it not the practice of officers in your division to classify tapes with numbers, such as 203 or 160 or whatever it is, of a particular day?

Mr TERRETT: Normally it would be a day or tape number. The actions of other inspectors I cannot comment on.

The Hon. J. P. HANNAFORD: If there were a reference in files of your division to a tape on a particular individual, that would be unusual?

Mr TERRETT: It would be unusual.

The Hon. J. P. HANNAFORD: But are you aware of a tape being used of that description on any other person?

Mr TERRETT: I would have trouble answering that under the terms of section 148.

The Hon. J. P. HANNAFORD: Is it not a fact that you prepared an incident report in relation to a matter at the casino and that the evidence in relation to that report is under a file description titled "Kerry Packer tape"?

Mr TERRETT: I think that would be going too specifically into any incident that I have investigated and therefore would fall under the terms of section 148.

The Hon. J. P. HANNAFORD: Mr Mossfield, are you aware of any discussions taking place amongst casino surveillance staff of surveillance officers taking photographs of individual members within the casino precinct for personal reasons?

Mr MOSSFIELD: Casino surveillance meaning the inspectors?

The Hon. J. P. HANNAFORD: Inspectors.

Mr MOSSFIELD: No.

The Hon. J. P. HANNAFORD: Have you ever heard any discussions to that effect?

Mr MOSSFIELD: No.

The Hon. J. P. HANNAFORD: Have you ever heard of anybody talking about inspectors having photographs of ladies and producing those photographs to the ladies and identifying that they come from surveillance tapes?

Mr MOSSFIELD: Sorry, could I have that again?

The Hon. J. P. HANNAFORD: Have you ever heard discussions amongst inspectors about ladies who are patrons being photographed, and those ladies having produced to them a photograph of them at the casino?

Mr MOSSFIELD: The ladies have produced them?

The Hon. J. P. HANNAFORD: No, the photographs have been produced to those ladies showing them present at the casino?

Mr MOSSFIELD: That would fall under section 148 as well.

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The Hon. J. P. HANNAFORD: In relation to the death of Mr Dalamangas, you were the inspector on duty in the monitoring room on the night of that incident?

Mr DUGGAN: That is correct.

The Hon. J. P. HANNAFORD: You gave information and a statement to the police in connection with the coronial inquiry?

Mr DUGGAN: That is correct.

The Hon. J. P. HANNAFORD: Did the police have any discussions with you about information being erased from all 20 of the monitoring tapes of that evening?

Mr DUGGAN: No. The first time I heard about that was today.

The Hon. J. P. HANNAFORD: Did anybody raise with you the fact that one minute and 17 seconds of one particular tape relating directly to the death incident on the front steps of the casino were missing?

Mr DUGGAN: No, I have no knowledge of that.

The Hon. J. P. HANNAFORD: Did you give information to the police for the purposes of the coronial inquiry?

Mr DUGGAN: That is correct.

The Hon. J. P. HANNAFORD: Did anybody approach you to indicate why you were never called to the coronial inquiry?

Mr DUGGAN: No.

The Hon. J. P. HANNAFORD: Did you think it was surprising that you were not asked to go to the coronial inquiry and provide the tapes that you had been monitoring?

Mr DUGGAN: Not really. I was not rostered in the monitoring room during the first half of the incident, I was on the gaming floor for another duty. By the time I got into the monitoring room half the incident was over.

The Hon. J. P. HANNAFORD: But you were monitoring it during the whole of the period that the incident occurred out on the front steps?

Mr DUGGAN: No, I was not. I was on the main gaming floor for half of that incident.

The Hon. J. P. HANNAFORD: I was surprised at your answer. I did not bring my papers with me but in a statement to the police did you make a comment that you saw what appeared to be blood spurting onto the shirt of a person in a floral shirt and you thought the person had been stabbed?

Mr DUGGAN: Yes. I did not say "spurting". The reason I made that statement was because I was not in the monitoring room for the first half of the events so I did not know how the man came to have the substance on his stomach.

The Hon. R. S. L. JONES: Was anybody in the monitoring room before you got there?

Mr DUGGAN: My supervisor was in the monitoring room.

The Hon. J. P. HANNAFORD: Your only involvement with the police in relation to this matter was that one statement I gave?

Mr DUGGAN: I made a single statement, that is correct.

The Hon. J. P. HANNAFORD: Are you able to give any explanation as to how all 20 tapes held by the police had material erased?

Mr DUGGAN: I have no idea.

The Hon. J. P. HANNAFORD: Are you able to give an explanation if one minute and 17 seconds within a critical tape were missing?

Mr DUGGAN: No, I could not comment on that.

The Hon. J. P. HANNAFORD: On the night that this incident occurred did anybody give any instructions or directions to casino operators to preserve all tapes relating to this particular incident?

Mr DUGGAN: I am not aware of that. It happened shortly before my shift finished so when I was in monitoring, those tapes were still in the monitoring room when I left. They were still taping.

The Hon. J. P. HANNAFORD: You would have expected all of those tapes, in accordance with the evidence given by Mr Wright, would have been called upon and put into a sealed packet—I think that was the word he used?

Mr WRIGHT: I cannot remember but, yes.

The Hon. J. P. HANNAFORD: Is that what you would have normally expected from your experience as an inspector?

Mr DUGGAN: I do not know how they would have operated on that. That was the first death I was involved in.

The Hon. J. P. HANNAFORD: What is the procedure that is followed with, say, a major incident involving an assault which you have no doubt witnessed on the monitors?

Mr DUGGAN: I would make a note in a report and it would go to the manager and the manager would respond, telling us the action to take. Those tapes would be in there in our office for a week. There is a whole week to make a decision.

The Hon. J. P. HANNAFORD: There is not an automatic procedural response which says with a critical incident, possibly involving an assault which could lead to death, there is a standard operating procedure that requires all of those tapes then to be secured so that that information can then be checked by investigating officers?

Mr DUGGAN: There may be but I am not aware of it.

The Hon. J. P. HANNAFORD: Would the training of inspectors require you to be aware of such standard operating procedures?

Mr DUGGAN: Yes, we have an internal control which is something like eight volumes, 20,000 pages. I do not know every single page. I might have read them all but I have not recalled them.

The Hon. J. P. HANNAFORD: How long have you worked there?

Mr DUGGAN: I started in June 1995.

The Hon. J. P. HANNAFORD: You have been right through it basically?

Mr DUGGAN: That is correct.

The Hon. J. P. HANNAFORD: When was the last time that a comprehensive review was undertaken of your standard operating procedures that you, as an inspector, have participated in?

Mr DUGGAN: I don't know.

The Hon. J. P. HANNAFORD: You can't remember when?

Mr DUGGAN: I cannot recall. I am not saying there has been one, I just cannot recall.

The Hon. J. R. JOHNSON: Would you have been made aware of it?

Mr DUGGAN: I don't know.

The Hon. J. R. JOHNSON: As the Hon. J. P. Hannaford has asked, if that procedure had taken place would it be within your province to receive information?

Mr DUGGAN: I don't know.

The Hon. J. P. HANNAFORD: You would expect that if there was going to be a review of standard operating procedures that the person undertaking that review would come and talk to the inspectors? There are not many of you!

Mr DUGGAN: It depends who did the review. I am aware that New South Wales Audit has done a review, published a review.

The Hon. J. P. HANNAFORD: After the audit you lost your staff?

Mr DUGGAN: That would be right.

The Hon. R. S. L. JONES: Could they undertake a review without the involvement of people doing the work?

Mr DUGGAN: I understand that the people who did that audit—I never met any of those people that did that audit, put it that way. I never spoke to anybody.

The Hon. R. S. L. JONES: I wonder who they consulted. Mr Wright, did they consult with you?

Mr WRIGHT: The Audit Office review?

The Hon. R. S. L. JONES: Yes.

Mr WRIGHT: I have a recollection of speaking to one person for a short time. He was not talking to me about his audit. He was just having a chat generally.

The Hon. R. S. L. JONES: In relation to the tapes during a serious incident, have you not instructed your staff to go about a certain procedure when there is an incident, for example, putting the tapes in a secure place? Should not every single member know what to do?

Mr WRIGHT: That is what I think I was trying to say before. It is not necessarily coming from the supervisors to tell them whatever with the tape. They already know.

The Hon. R. S. L. JONES: But they do not. I do not think they do, do they?

Mr WRIGHT: The difficulty is that there are so many varied circumstances. You want an answer that covers everything. I think the example was an assault. If that were the case, and presuming it was a serious matter, the police would have been involved. They would then start handling everything; we would really step back because the police would be handling the complaint and so on. They would be more likely to liaise with Star City Casino's surveillance because they have many more resources in terms of monitoring assaults or those types of things than we have. They have got all that equipment, tape recorders and everything.

The Hon. R. S. L. JONES: If they took a copy of the tapes would you keep a copy in your records?

Mr WRIGHT: If the police took a copy?

The Hon. R. S. L. JONES: Yes.

Mr WRIGHT: Most likely, but not always.

The Hon. J. P. HANNAFORD: It is your task as the surveillance agency to oversight the adequacy of the arrangements that exist within the casino, and if they are not adequate, to get something done about it. If you do not know about what they are doing in these circumstances, how can you address that and assure the Committee satisfactorily that all measures that could be in place are in place to protect evidence in these sorts of circumstances?

Mr WRIGHT: What I think I was trying to say is that if the matter was being handled by ourselves, if we were taking a person to court or some thing along those lines, we would see all the tape. The tape would go in the evidence safe. What I am suggesting is that there is a whole gamut of different scenarios. My example was that in an assault it is more likely that a police officer would be handling that matter. They would be liaising with the casino surveillance people more likely than they would be with us.

The Hon. J. P. HANNAFORD: Does your authority take the view that it is your obligation to ensure that the casino security people have got in place standard operating procedures that protect evidence and ensure the police have got full access to evidence? Do you see that as part of your duty?

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Mr WRIGHT: Sure. Using the surveillance they have procedures which they follow and our role is to make sure that they are following their procedures in terms of, say, evidence or evidence tapes or whatever.

The Hon. J. P. HANNAFORD: Let us come back to the Dalamangas matter. My understanding might be wrong on this but when Mr Dalamangas was assaulted, or however you want to describe it, out on the front steps where it occurred there was a large amount of blood. I am told that there was blood on officers, blood on staff and blood on the ground. As I infer from the coronial information, casino staff cleaned up. The ambulance came, Mr Dalamangas was taken away and the place was then cleaned the before the police sealed that area as a crime scene. Have you not looked at standard operating procedures and ensured, with the casino standard operating procedures, that evidence relating to a crime scene is not interfered with before the police arrive?

Mr WRIGHT: There are a couple of aspects with the Dalamangas matter. Firstly, I was not there and I do not—

The Hon. J. P. HANNAFORD: I appreciate that. I guess I am looking at operating procedures, not the Dalamangas issue. I want to understand your operating procedures.

Mr WRIGHT: I have lost the point of the question.

The Hon. J. P. HANNAFORD: Is it not the role of your agency overlooking the security measures for this casino, is it not your obligation, to ensure that the casino staff have in place standard operating procedures which ensure that where there has been an incident which could be a criminal incident there is no interference with crime scene evidence?

Mr WRIGHT: I am not aware that there is any procedure to do with crime scene evidence.

The Hon. J. P. HANNAFORD: That is the point: there does not seem to be any. In exercising your authority of oversight and reassuring public confidence in the operations of the casino, should you not, as you have the power to do, ensure appropriate standard operating procedures within the casino?

Mr WRIGHT: In that respect, with crime, I do not know whether that is our role. I would have thought that that would have been something that the police had discussions about with the operators of the casino, rather than ourselves. Inspectors do not make the rules and do not do the Act. All we do is try to monitor and report on what we observe, breaches or whatever. To cut a long answer short, I guess, I think that in that case it would be more a situation in which the police would have discussions with the operator about it. If out of that came some sort of procedures it would be our role to try to ensure that they were adhered to.

The Hon. J. HATZISTERGOS: Mr Wright, how long have you been an inspector?

Mr WRIGHT: July 95.

The Hon. J. HATZISTERGOS: I take it you were an inspector with the old casino?

Mr WRIGHT: Yes.

The Hon. J. HATZISTERGOS: And with the new one?

Mr WRIGHT: Yes.

The Hon. J. HATZISTERGOS: Have the functions of inspector changed in that period?

Mr WRIGHT: No.

The Hon. J. HATZISTERGOS: Are you aware of the Auditor-General's report that was carried out in relation to the operational efficiency in the casino surveillance division?

Mr WRIGHT: Yes.

The Hon. J. HATZISTERGOS: You would be aware that one of the criticisms made by the Auditor-General in the 1998 report was that the surveillance division was placing minimal reliance upon the operator in the areas of money counting, revenue calculation and duty assessment functions?

Mr WRIGHT: Yes.

The Hon. J. HATZISTERGOS: And that the casino surveillance division was taking too much of a hands-on role in those areas which, with proper systems in place, the operator could have monitored?

Mr WRIGHT: You are reading from the report so I am assuming that is what was there.

The Hon. J. HATZISTERGOS: Has there been any change in that area as far as the inspectors' duties are concerned or are they still involved in revenue protection in the areas that I have just mentioned?

Mr WRIGHT: The answer to both sides is yes. There have been changes but we are still involved in revenue protection.

The Hon. J. HATZISTERGOS: The Auditor-General recommended a series of changes aimed at giving the operator greater responsibility in that area by changes to systems and other processes. Do you know whether there have been any changes in the operator's operations which have involved it taking a greater responsibility in the area of revenue protection than it did before the Auditor-General published his report?

Mr WRIGHT: Yes, there have been some that I can think of.

The Hon. J. HATZISTERGOS: To the extent that the operator has taken on that increased responsibility, is it the case that there has been less need for the surveillance division to carry out that work than was previously the case?

Mr WRIGHT: Yes.

The Hon. J. HATZISTERGOS: Has that also meant that the inspectors have a greater proportion of their time than was previously the case in carrying out other functions?

Mr WRIGHT: Yes.

CHAIR: Gentlemen, earlier today Mr Harrex answered a question which I propose putting to each of you in turn, starting with Mr Duggan. Do you believe that the casino is operating free of criminal influence?

Mr DUGGAN: I would have to take that question on notice subject to 148.

CHAIR: Mr Wright, could you answer that question?

Mr WRIGHT: I would have the same answer as Mark and take the question on notice.

CHAIR: Mr Terrett?

Mr TERRETT: I see it very much the same way although I would point out that it is within the Casino Control Authority's functions to look at criminal activity.

CHAIR: Yes, but you are a surveillance officer.

Mr TERRETT: I would have to cite section 148.

CHAIR: Mr Mossfield?

Mr MOSSFIELD: I also believe that section 148 would come into effect.

The Hon. J. HATZISTERGOS: Mr Wright, another criticism that the Auditor-General made was that the staffing arrangements which existed prior to his report were not reflective necessarily of the demand that existed at the Sydney Casino. In other words, the surveillance was not as effective at the peak periods when the staff might be required to carry out duties as opposed to periods when there would be less patronage. Before his report had been issued there was a requirement, for a variety of reasons, for the same members of staff to be on duty irrespective of the level of patronage. The Auditor-General recommended that that practice be altered so that during times of less patronage—for example, in the daytime during the week—there would be less staff than in the evenings and on weekends. Have the staffing practices that have existed subsequent to the report of the Auditor-General been altered to take into account that suggestion?

Mr WRIGHT: No, there has been no change in terms of altering numbers of inspectors proportional to the number of patrons or the estimated number of patrons at any given time of the day.

The Hon. J. P. HANNAFORD: Madam Chair, I have asked questions of these witnesses in relation to papers that I hold. I think it is appropriate that the Committee have the papers that I hold on which the questions were based. I seek leave of the Committee to table the documents.

Leave not granted.

The witnesses withdrew.

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BRIAN EDWARD FARRELL, Chief Executive, Casino Control Authority, Level 17, 309 Kent Street, Sydney, sworn and examined:

CHAIRMAN: Mr Farrell, in what capacity are you appearing before the Committee?

Mr FARRELL: I am here voluntarily. However, I have just received a subpoena.

CHAIR: Summons. So you have received a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act?

Mr FARRELL: Yes, if that is what it is. I have not had time to read it.

CHAIR: Mr Farrell, if you should consider at any stage during your evidence that, in the public interest, certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will be willing to accede to such request.

The Hon. J. P. HANNAFORD: Mr Farrell, could you outline your position and duties with the Casino Control Authority?

Mr FARRELL: As the Chief Executive, I am responsible for the day-to-day operations of the Casino Control Authority, and I am also a member of the Casino Control Authority board.

The Hon. J. P. HANNAFORD: The inquiry that is being conducted under section 31 is an inquiry being instigated by Mr McClellan, acting, as I recall, as an appointee of the board for that purpose.

Mr FARRELL: Would you like me to explain the exact technicalities?

The Hon. J. P. HANNAFORD: Yes, please.

Mr FARRELL: The section 31 investigation which the authority is required to do is being assisted by Mr McClellan, whom we have appointed to conduct an inquiry under section 143 of the Casino Control Act. Mr McClellan will provide a report to the Casino Control Authority which we will consider in making a final determinations regarding section 31.

The Hon. J. P. HANNAFORD: Is this the second or third such inquiry?

Mr FARRELL: The second.

The Hon. J. P. HANNAFORD: The way in which the inquiry operates, as I understand it, is that if you want information from people, you invite them along to appear before the inquiry, and evidence is taken from them either in public or in private, depending upon the circumstances before the commissioner—if that is what you call him—undertaking the inquiry.

Mr FARRELL: In terms of the evidence being gathered by Mr McClellan?

The Hon. J. P. HANNAFORD: Yes.

Mr FARRELL: Depending upon the category of witness, the information may be compelled. If it is the casino operator, or a casino employee or an associate of a casino employee or a licensed person, the attendance can be compelled. If it is somebody, such as a patron, then it is a voluntary contribution of evidence. However, they may be placed under oath, or affirmation, in giving their testimony.

The Hon. J. P. HANNAFORD: The way in which you are able to get either your employees or employees of the casino present is through your authority's right to issue directions to the casino.

Mr FARRELL: Issue notices.

The Hon. J. P. HANNAFORD: So you would issue a notice directing somebody to attend the hearing?

Mr FARRELL: Yes.

The Hon. J. P. HANNAFORD: But, as I understand what you are saying, if they are not within the purview of an employee or licensee, then you invite them along and they come if they want to.

Mr FARRELL: Correct.

The Hon. J. P. HANNAFORD: What discussions have you had, either with Mr McClellan or with his predecessor during the course of the previous inquiry, about the inability of the Casino Control Authority, in effect not having a subpoena power, to require people to appear before your inquiry?

Mr FARRELL: That has not raised itself as a problem.

The Hon. J. P. HANNAFORD: So nobody has suggested to you that your authority ought to be given a subpoena power?

Mr FARRELL: There certainly has been no situation that has arisen that would benefit from having such a power.

The Hon. J. P. HANNAFORD: I know no situation has arisen. The question was: Has it not been discussed with you that there ought to be such a power?

Mr FARRELL: No.

The Hon. J. P. HANNAFORD: In relation to these hearings, is it your authority's responsibility to prepare submissions for Mr McClellan? How does it work?

Mr FARRELL: Mr McClellan is appointed by the authority and he works under the direction of the authority. Mr McClellan is provided with support to conduct whatever he wishes or feels he needs to do in order to discharge his obligations.

The Hon. J. P. HANNAFORD: How does Mr McClellan get informed by your authority of all of the complaints, for instance, that you have received about the conduct of the casino or any issues that may be of concern within your authority?

Mr FARRELL: Mr McClellan has full access to all authority records. He can ask for whatever may assist him in terms of what is in the possession of the authority, and everything within the possession of the authority is available to Mr McClellan.

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The Hon. J. P. HANNAFORD: But Mr McClellan must know what to ask for.

Mr FARRELL: I think Mr McClellan is well able to ask whatever he needs to ask in order to be fully informed.

The Hon. J. P. HANNAFORD: I guess I want to know what is the role of your authority. Having received these incident reports from the casino over the past three years—

Mr FARRELL: I am sorry, received what?

The Hon. J. P. HANNAFORD: Perhaps I should step back. If I understood him correctly, Mr Harrex said that incident reports are referred by inspectors to supervisors and then to him. Those reports are then sent on to the Casino Control Authority.

Mr FARRELL: No, that is not my understanding of Mr Harrex's testimony.

The Hon. J. P. HANNAFORD: What is your understanding of the procedures?

Mr FARRELL: Mr Harrex produces reports to the authority, which can take the form of reports on particular incidents. On a monthly basis, Mr Harrex makes a report to the authority that it considers as its regular monthly meetings.

The Hon. J. P. HANNAFORD: So Mr Harrex decides what matters should be sent on to the Casino Control Authority at the end of each month.

Mr FARRELL: In respect of each month.

The Hon. J. P. HANNAFORD: Having received and compiled all that information, do you proactively give that information to Mr McClellan? What is the process?

Mr FARRELL: Most certainly.

The Hon. J. P. HANNAFORD: Let us take a particular piece of information of which you are no doubt aware: the inquiry by the Australian Broadcasting Authority. I refer you to page 63 of the report of 6 February this year on the relationship between Star City Casino and Mr Laws. Did your authority take any interest at all in that Australian Broadcasting Authority report?

Mr FARRELL: I commenced operations with the authority on 17 April this year—I apologise for the shortness of my individual knowledge. I will have to take that question on notice in order to ascertain what information came to the authority at that time.

The Hon. J. P. HANNAFORD: In terms of your preparation, are you familiar with the report of the Australian Broadcasting Authority concerning the communications between Star City Casino and Mr Laws about public commentary on major incidents?

Mr FARRELL: No, I am not fully across the detail of the report. I am aware of the report and the general concept of its extent.

The Hon. J. P. HANNAFORD: If you are aware of its general concept—the report found that Mr Laws did not mention the Dalamangas incident because of his contractual obligations to Star City—as principal of the oversight authority, would you not be concerned about the relationship and the attitude exhibited by Star City management in that instance? Should Mr McClellan consider that matter during his inquiry?

Mr FARRELL: Mr McClellan can consider all things if he believes they are relevant. In terms of that particular piece of information, interest would extend only to the management of the casino.

The Hon. J. P. HANNAFORD: As the person responsible for the oversight of the conduct of the casino, would you not be concerned about the evidence in that particular inquiry and report—sufficiently concerned to bring that to the attention of Mr McClellan's inquiry?

Mr FARRELL: As I have said, I will have to check what was made available to the authority at that time in terms of whether it has already been passed on and whether it is part of the overall information that is available.

The Hon. J. P. HANNAFORD: If the information you had suggested that Mr Gamble in the correspondence between him and Mr Laws had been exerting influence on a public commentator not to comment on a major issue of public interest in relation to the casino, would you not regard that as an issue of concern about the management of the casino?

Mr FARRELL: I would regard that as an issue of relevance. To go any further than that would be to prejudice anything that might be decided later.

The Hon. J. P. HANNAFORD: If you were aware that officers of the casino had also put pressure on another journalist to air a story about a member of Parliament in an effort to silence or intimidate that member of Parliament would that be an issue of concern that you would want to bring before Mr McClellan?

Mr FARRELL: It could be a matter of relevance. If it was a matter of relevance and information was available, it would be brought to the inquiry.

The Hon. J. P. HANNAFORD: If officers of the casino had made intimidatory threats against a member of Parliament concerning pursuing further inquiries about the role of the Casino Control Authority and the casino would that be a matter of relevance?

Mr FARRELL: If that information is available it should be put before the inquiry.

The Hon. J. HATZISTERGOS: Have you received any such information?

Mr FARRELL: I am personally unaware of any such information.

The Hon. J. P. HANNAFORD: I want to get a clear picture. Does the Casino Control Authority take a proactive approach to compiling evidence of complaints in relation to the casino so that anybody undertaking an inquiry into the casino has full access to all of those complaints?

Mr FARRELL: Full access to whatever the authority has. If any matter came to the attention of the authority, whatever information was available would be assimilated. Whatever information was available to the authority in the general sense, once it became available, would be made available to the inquiry.

The Hon. J. P. HANNAFORD: You said that you took over in April this year.

Mr FARRELL: Yes.

The Hon. J. P. HANNAFORD: Since you have taken charge have you had any reason to review the relationship between the police, the Casino Control Authority and the casino in relation to the oversight of police complaints about the casino—for instance, things such as the Dalamangas matter?

Mr FARRELL: I am sorry, I do not follow the question exactly.

The Hon. J. P. HANNAFORD: I will put it another way. Have the police raised with you any matters regarding standard operating procedures at the casino that the police believe ought to be the subject of directions by you or by the authority?

Mr FARRELL: I have regular meetings with the police about a wide range of general issues. If you are asking whether the police have specifically asked me to review something about the relationship between the police, the Casino Control Authority and the Director, Casino Surveillance, the answer is no. Those matters are ongoing; the ongoing good relationship is always being discussed. In terms of their asking me to review something, the answer is no.

The Hon. R. S. L. JONES: In addition to the inquiry by Mr McClellan, are you aware of media reports a few weeks ago that the casino operator has decided to conduct an internal inquiry into criminal influences?

Mr FARRELL: Yes.

The Hon. R. S. L. JONES: Do you know anything about that inquiry?

Mr FARRELL: That is a matter that the casino operator or its parent company has instigated—in the same way that any private company may conduct internal inquiries.

The Hon. R. S. L. JONES: Why do you think it would do that?

Mr FARRELL: I cannot answer as to the reasoning; it would be only speculation.

The Hon. R. S. L. JONES: Would you be interested in pursuing the reasons why the casino operator decided that there must be an inquiry into criminal influences?

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Mr FARRELL: The authority's own inquiry is what I am concerned with, making sure that that is best serviced and produces the proper outcomes.

The Hon. R. S. L. JONES: Would you not want some kind of import into this inquiry or at least output from that inquiry when it is finished?

Mr FARRELL: We are fully entitled to the output of that inquiry.

The Hon. R. S. L. JONES: Have you received any output yet from that inquiry; or has it started, do you know?

Mr FARRELL: The inquiry has started, and I am not aware of any output from the inquiry. There certainly has not been any output from the inquiry to the Casino Control Authority.

The Hon. R. S. L. JONES: So you have had no input whatsoever into that inquiry at this stage?

Mr FARRELL: I have had discussions with the chief executive officer of TABCORP and the casino.

The Hon. R. S. L. JONES: Do you think the fact that they are having their own inquiry obviously means criminal influences are involved in the casino?

Mr FARRELL: I am sorry, the section 31 investigation requires the members of the authority board to form an opinion at the end of the inquiry. As one of the board members, it would be totally inappropriate for me to pass any comment that may be prejudicial to the result of those deliberations by the entire board.

The Hon. R. S. L. JONES: Obviously you would realise that members of the public would be concerned with this inquiry. Where there is smoke, surely there must be fire?

Mr FARRELL: My role as a member of the authority and as the chief executive is to ensure that the inquiry that is being conducted under section 31 is conducted properly and that the proper result occurs.

The Hon. R. S. L. JONES: Would you want the internal inquiry to be conducted the same way or would you not worry about that?

Mr FARRELL: I think the powers that are granted the authority put it in an equal to or better position to get the fullest level of information.

The Hon. R. S. L. JONES: So, do you think the inquiry might be superfluous, then, possibly?

Mr FARRELL: That is not an outcome I could comment on. That inquiry is the business of the operator.

The Hon. R. S. L. JONES: Surely it should be your business too, though, really?

Mr FARRELL: We will have access to the outcome of that inquiry, and I am sure it will be conducted for the purposes of the organisations that are conducting that inquiry or who called for and commissioned that inquiry.

CHAIR: How does that come to you?

Mr FARRELL: We have assurances that we will have the outcome of that inquiry.

The Hon. R. S. L. JONES: You have the right to call for that, anyway.

Mr FARRELL: We have the right to call for a wide range of information in the possession of the operator. Not call for, give notice to get.

The Hon. R. S. L. JONES: So, if you did not get the outcome of that inquiry, you could demand it anyway?

Mr FARRELL: Yes, but that is not an expectation.

The Hon. J. P. HANNAFORD: In relation to the power of banning people that you have—

Mr FARRELL: No, sorry.

The Hon. J. P. HANNAFORD: Is it only the police commissioner who bans people or is it the authority or is it Mr Harrex as the Director of Casino Surveillance? Who has that power?

Mr FARRELL: There are three entities. They are the casino operator, the Director of Casino Surveillance, Mr Harrex, and the Commissioner of Police. The Commissioner of Police does not actually exclude people; he has the ability to order the casino operator to exclude people.

The Hon. J. P. HANNAFORD: Have you ascertained whether or not Mr Harrex and the commissioner have a set of policy principles against which decisions may be made for the exclusion of people and against which decisions may be made to review such exclusion orders, if we call them that, and have you ever reviewed the adequacy of those policy principles?

Mr FARRELL: I am sorry, that takes me into an area where you are asking about specifics of information I have obtained only because of my performing my functions.

The Hon. J. P. HANNAFORD: But as an administrator do you not believe that if a decision is to be made to exclude somebody, you should have a set of policy principles against which decisions can be judged for their effectiveness?

Mr FARRELL: That goes for any decisions that anybody makes.

The Hon. J. P. HANNAFORD: But do you know whether or not there exists a set of policy principles against which Mr Harrex must operate to make his decision to exclude people?

Mr FARRELL: Once again, that is getting into areas about which I have information only because I am performing functions.

The Hon. J. P. HANNAFORD: If Mr Harrex makes a decision to ban somebody, there is a review mechanism, is there not, by your authority?

Mr FARRELL: That is right.

The Hon. J. P. HANNAFORD: In undertaking that review, do you look at the policy principles that have been adopted and make your judgment against such policy principles?

Mr FARRELL: In respect of any review that is initiated against an exclusion order, you would be looking at the merits of the particular case.

The Hon. J. P. HANNAFORD: Are those merits not determined as against certain policy principles, or are they just ad hoc?

Mr FARRELL: The merits are dependent upon the individual case. The criteria people use to make decisions is a different matter to the relevant facts in each individual matter.

CHAIR: Mr Farrell, section 140 of the Act says:

The objects of the Authority are to maintain and administer systems for the licensing, supervision and control of a casino for the purpose of:

- (a) ensuring that the management and operation of the casino remains free from criminal influence or exploitation, and
- (b) ensuring that gaming in the casino is conducted honestly ...

After four months as the chief executive officer of the authority, are you confident that those objects are being met?

Mr FARRELL: To answer that question would be prejudicial to the outcome of the section 31 investigation.

The Hon. R. S. L. JONES: Going back to the television monitoring, which I find curious, and I know you have no control over this, there are 962 cameras throughout the complex. Only nine of those are on the TV monitors at any one time, and only one person, and sometimes no person, is looking at the TV screens. It seems to be a fairly random method of deciding which cameras to look at. Do you think that is adequate, to have one person trying to monitor 962 cameras?

Mr FARRELL: If you are looking at the structure of how things are controlled in the casino environment, the frontline of all controls is the operator. It is the casino operator who is required to have 960-odd cameras, or enough cameras to satisfy the concept of them being able to exercise proper control. So, in all those cases the frontline against anything happening on the ground is the casino operator. So, the government presence in the secondary and much smaller surveillance room is not necessarily the frontline. In that particular casino I have a substantial surveillance presence at all times.

The Hon. R. S. L. JONES: Do you get reports from their own surveillance presence back to you as well?

Mr FARRELL: We are able to get the reports.

The Hon. R. S. L. JONES: Do you get them every month?

Mr FARRELL: We get certain reports from the casino operator daily; some weekly.

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The Hon. R. S. L. JONES: Are there any trends you have picked up in the four months that you have been there?

Mr FARRELL: Again, to answer that may be prejudicial to the outcome of the section 31 investigation. I am sorry, I am not trying to be evasive.

CHAIR: We understand that.

The Hon. J. P. HANNAFORD: Evidence was given by Mr Harrex about digitalised monitoring. Has the casino authority looked at the desirability of the monitoring equipment at the casino being digitalised so that all material is able to be kept?

Mr FARRELL: I have looked at that in a previous employment.

The Hon. J. P. HANNAFORD: Are you able to inform the committee as to any position you are considering on that matter?

Mr FARRELL: In general terms, digital means that things can be put onto hard disk, tapes—a lot of things can be done with digital technology. Once it has been captioned it can be stored forever. However, the downside of digital technology is that it can be modified without trace. While it certainly solves any problem regarding capacity and storage, and the fact that every copy of a piece of digital information is an exact replica of the first—quality is not lost by taping tape after tape—it does leave open the possibility for alterations to that information that can never be traced.

The Hon. I. COHEN: On the present surveillance tapes there is a counter on the image. Could the same be done on digital recordings? Or are you saying that they also can be altered without trace?

Mr FARRELL: I am sure that you are aware of how many people's heads get stuck onto other people's bodies and end up on the Internet.

Mr Farrell withdrew.

The Committee proceeded to deliberate.
