

GENERAL PURPOSE STANDING COMMITTEE No. 4

Monday 19 June 2000

Examination of proposed expenditure for the portfolio area

GAMING AND RACING

The Committee met at 10.00 a.m.

MEMBERS

The Hon. Jennifer Gardiner (Chair)

The Hon. I. Cohen
The Hon. R. D. Dyer
The Hon. J. R. Johnson

The Hon. Dr B. P. V. Pezzutti
The Hon. P. T. Primrose

PRESENT

Department of Gaming and Racing

Mr K. Brown, *Director-General*

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

CHAIR: At this meeting the Committee will examine the proposed expenditure from the Consolidated Fund for the portfolio area of Gaming and Racing. This is a follow on from the earlier hearing as lots of questions remain outstanding from that hearing. 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 witnesses before it 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 the reporting of both Houses of Parliament, you must take responsibility for what you 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 Committee members 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 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 subprogram, it will help the departmental officers and the Committee if the program or subprogram is identified. In a previous deliberative meeting the Committee agreed that it wanted to follow up particular matters relating to the gaming and casino aspects of the inquiry, but that does not preclude some questions on other areas of Gaming and Racing. Do Government members propose to ask a batch of questions?

The Hon. R. D. DYER: Not as presently advised, no.

CHAIR: As you are aware, two hours has been set aside for today's public hearing. If, at the conclusion of the hearing, members have not exhausted the questions to which they require answers, the Committee may decide to hold additional hearings before it is required to report on 23 June. I declare the proposed expenditure open for examination. I announce that the Hon. Dr B. P. V. Pezzutti is replacing the Hon. C. J. S. Lynn for this hearing. On the Government side, the replacement members are the Hon. P. T. Primrose, the Hon. R. D. Dyer and the Hon. J. R. Johnson.

The Hon. Dr B. P. V. PEZZUTTI: Where is the representative from the Casino Control Authority?

CHAIR: I also announce that, after the last hearing on 15 June, this Committee wrote to the Minister for Gaming and Racing, and Minister Assisting the Premier on Hunter Development and specifically requested the attendance here today of the representative from the Casino Control Authority, Casino Surveillance, as well as the Director-General of the department. The Committee has noted it received a reply advising that Mr Ken Brown, Director-General, and Mr Michael Foggo, Director, Revenue and Resource Management will be the only two witnesses today. The Committee also notes that the Minister is unable to make himself available today. Mr Brown, why are you unable to provide the list of witnesses the Committee requested?

Mr BROWN: I cannot answer that question. I was requested to attend and I am adhering to that request by being here this morning. As to other witnesses that were called, I cannot answer.

CHAIR: Would you provide an explanation as to why the Minister could not attend today?

Mr BROWN: I am not in a position to provide that information.

CHAIR: With respect to casino surveillance—obviously an extremely important area of this Committee's deliberations—the Committee will obviously call for the representative again because it is determined to get answers to some questions.

The Hon. R. D. DYER: With respect, Madam Chair, that would be a matter for the Committee as a whole to determine.

CHAIR: That is right.

The Hon. J. R. JOHNSON: Was he summonsed?

CHAIR: No, he was not summonsed but obviously the Committee can consider summoning him.

The Hon. P. T. PRIMROSE: It is also worthwhile to point out that the Committee has been issued a letter on behalf of the Minister indicating the reasons for his inability to attend today.

CHAIR: I note the letter from the Minister.

The Hon. Dr B. P. V. PEZZUTTI: Perhaps the letter might be included in the record.

Document tabled.

CHAIR: Mr Brown, would you provide the Committee with a list of names of employees of the department and their job description?

Mr BROWN: I will have to take that question on notice. We have a list of all departmental personnel employed and the positions they occupy. I am only too pleased to provide that at the conclusion.

CHAIR: Could you provide that list by close of business today?

Mr BROWN: By close of business today I could provide a telephone directory that identifies every person within the organisation and the positions they occupy. However, you must understand that it is just that: a telephone directory. Although it would take longer than today, I could provide the Committee with an official list of all departmental employees.

CHAIR: Would you provide the telephone listing today? It would be appreciated if you could supplement that with a more detailed backup document.

Mr BROWN: Certainly.

The Hon. R. D. DYER: Madam Chair, do you seek to have identified every employee of the department, right down to stenographers, for example?

CHAIR: Yes.

The Hon. R. D. DYER: Why?

The Hon. P. T. PRIMROSE: It is an incredible cost!

CHAIR: I do not think faxing a copy of a telephone directory for a department is an incredible cost. That is my question and Mr Brown has agreed to provide that information.

The Hon. R. D. DYER: I did not make any comment about cost: I asked why. Why do you want every officer of the department to be identified?

CHAIR: It is for me to ask that question as a member of this Committee. I do not have to answer to a member of the Committee as to why I am asking questions of the departmental head. Mr Brown, with respect to Gaming and Racing in general, are you familiar with the controversy about the running rail at the Goulburn race track and its transfer across to Rylstone?

Mr BROWN: In December 1998 the Minister inspected the Rylstone Racecourse and met with representatives of the Rylstone council and local trainers to discuss the provision of funding to replace the running rail at the racecourse. The Minister subsequently made representations to the New South Wales Country Racing Council requesting that favourable consideration be given to providing some financial assistance to the Rylstone Racecourse Management Committee. At its February 1999 meeting the Country Racing Council determined to support the transfer of a surplus running rail from the Goulburn racecourse to Rylstone when the Goulburn Racing Club transferred its racing operations to the new racecourse at Kenmore.

As the Minister is aware, the new Kenmore racecourse was opened in November last year. The Goulburn running rail has been funded by the racing industry, and accordingly the Country Racing Council felt it was well within its rights to retain possession of the rail when racing ceased at Goulburn. Following a dispute between the Goulburn council and the Country Racing Council over the ownership of the Goulburn running rail and its classification as either a permanent or temporary fixture, a meeting was convened in Goulburn on 28 September 1999 between representatives of the council, the Goulburn and District Racing Club and the Country Racing Council, where it was agreed that the length of the rail to be released would be reduced to 1,800 metres. This was confirmed in a letter from council to the Country Racing Council dated 5 October 1999.

At the request of the Goulburn council, a further meeting was held at Goulburn on 3 November 1999, during which the Country Racing Council agreed to a second compromise proposal whereby the length of running rail would be further reduced to 1,650 metres. This was confirmed by letter from the council dated 22 November 1999. On 9 February 2000, some four days before the running rail was due to be removed, the Country Racing Council received verbal advice from the Goulburn and District Racing Club that council had reversed its earlier decision and had directed that the running rail was not to be removed, pending clarification of ownership.

At a meeting with representatives of the New South Wales Country Racing Council on 13 April 2000 the Minister was informed that the Country Racing Council had received legal advice that the Goulburn City Council could argue that the running rail was a permanent fixture and therefore not the property of the racing industry. In view of the costly legal costs that would be incurred in mounting a challenge, the Country Racing Council had determined that it would not be feasible to pursue the matter. On 10 May 2000 the Minister wrote to the Goulburn City Council expressing his disappointment at the council's decision to rescind its earlier undertaking to release the running rail.

The Minister pointed out that the Goulburn area had received more funding from thoroughbred racing industry sources than any other location in country New South Wales—that amount being in excess of \$10 million—and that, as a result, Goulburn could lay claim to being one of the most impressive thoroughbred racing and training venues in rural Australia. The Minister stressed that, apart from the prestige that the new Goulburn racecourse had brought to Goulburn, significant benefits also flowed to the local economy through the racing and training activities at the new racecourse. I understand that the Minister further indicated that, given the valuable contribution that the thoroughbred racing industry makes to the Goulburn area, he found council's position on this matter difficult to accept, particularly when the council had reneged on a number of earlier verbal and written undertakings to release the running rail.

The Minister stated that he had been placed in an invidious position personally as, based on council's earlier undertakings, he had previously informed the Rylestone trainers that the running rail would be supplied. In the circumstances, the Minister asked the council to reconsider its position on this matter with a view to releasing the previously agreed 1,650 metres of running rail to the Country Racing Council. I understand that advice has been received that the Goulburn City Council has since determined to honour its undertaking to release the running rail.

CHAIR: Do you have any idea what the cost of that running rail is?

Mr BROWN: I cannot answer off the top of my head.

CHAIR: Could you provide that information to the Committee?

Mr BROWN: I certainly will.

CHAIR: I would like to refer to the Liquor Amendment Responsible Gambling Regulation. The particular item is Cheques and Cash Dispensing Facilities. The issue relates to the prohibition on dealings with cheques, because the regulation will say that a hotelier who is authorised to keep gaming machines must not cash a cheque made payable to anyone other than the hotelier. This is an issue in a number of country communities where the hotel is the place where people cash cheques as a matter of course. Has the department received any representations on this issue? Has any consideration been given to taking the concerns of those local communities into account?

Mr BROWN: I believe there has been a number of representations in regard to that matter. The decision—if there is to be a variation to the current position—would be a matter of government policy. I would not like to pre-empt that decision.

CHAIR: From your point of view, as a public servant, has any consideration being given to reviewing that situation?

Mr BROWN: It is a matter of government policy. Based on all the information before it, the Government undoubtedly will make a decision one way or the other.

CHAIR: I will follow that up with the Minister. You will be aware of the recent controversy in the Premier's Department in relation to departmental officers' access to the Internet. Does your department have gaming sites firewalled, or do your officers have continued access from departmental computers to such sites?

Mr BROWN: I will defer that question, if I may, to Mr Michael Foggo, who has responsibility in this area on behalf of the department.

Mr FOGGO: The department provided Internet services very recently to all of its members of staff. In doing so, the department implemented a communications policy, which looks specifically at policies in relation to the use of resources by personnel within our organisation. This covered a wide range of issues, including telephones, facsimiles, Internet and email, pagers and voicemail. I have a copy of that policy, if you wish to have a look at it.

The Hon. Dr B. P. V. PEZZUTTI: Could that be tabled?

Mr FOGGO: Yes.

Document tabled.

Mr FOGGO: Another thing that we did in terms of providing Internet services to each of our members of staff was to require each member to sign an undertaking that they had read specific guidelines in relation to the use of the Internet. That signed undertaking is retained by the department in its personnel files. In terms of your question about whether there are firewalls, there are no firewalls at present. There are firewalls within the Internet process, but they are really for issues such as security rather than recording each individual's access to sites on the Internet. At the moment, the department is looking at employing software that will trace each individual's access to the Internet.

In terms of firewalling gaming-related sites from the staff, I would have thought that staff—particularly those who are looking to regulate those particular activities both within New South Wales and elsewhere—should be given access to that. I do not think that, as far as the department is concerned, we wish to limit the staff's access to those particular sites.

The Hon. Dr B. P. V. PEZZUTTI: I ask a question of the director-general. When Mr Daryl Melham received the Club of the Year award on behalf of the Revesby Workers Club, he stated that Revesby Workers had "a long tradition as a Labor Party club and trade union club—always has, always will." As complaints have been received from several people on this, does the director-general wish to take this opportunity to state whether clubs have a role in politics, or is their charter more community based and apolitical?

The Hon. J. R. JOHNSON: Revesby labour club is not a Labor Party unit.

The Hon. Dr B. P. V. PEZZUTTI: Revesby Workers Club.

The Hon. J. R. JOHNSON: Revesby Workers Club is not a Labor Party unit.

CHAIR: I do not think Dr Pezzutti said that. He was quoting Mr Melham.

The Hon. Dr B. P. V. PEZZUTTI: Mr Melham, when honoured with receiving the Club of the Year award, said the club has a tradition as a "Labor Party club and trade union club—always has, always will."

The Hon. R. D. DYER: Point of order: I think I am entitled to say that registered clubs are formed for some purposes common to their membership.

The Hon. Dr B. P. V. PEZZUTTI: I understand that. I am asking the director-general a question.

The Hon. R. D. DYER: If I could finish the point of order. Some clubs are Catholic clubs, some are ethnic clubs, some are—

The Hon. Dr B. P. V. PEZZUTTI: Labor clubs.

The Hon. R. D. DYER: Labor clubs—and there is nothing untoward about that.

The Hon. Dr B. P. V. PEZZUTTI: I am asking the director-general whether he believes that clubs have a role in politics, or is their charter more community based and apolitical.

The Hon. J. R. JOHNSON: The Registered Clubs Association fielded candidates at the last election.

The Hon. Dr B. P. V. PEZZUTTI: I ask the director-general that question.

Mr BROWN: It has been pointed out that each registered club has its memoranda and articles of association, and it has its objects. They can vary from club to club. Provided a club operates within its overall objects, which is one of the areas we look at from time to time, it is basically a matter for the club itself. I do not wish to comment as to whether I believe a club should be involved in this or that.

The Hon. Dr B. P. V. PEZZUTTI: Could you ascertain whether Revesby Workers Club, as part of its articles of association, is part of a trade union club or a Labor Party club? If it is not, will you take certain steps to correct Mr Melham?

Mr BROWN: I will take that question on notice and I will examine the objects of that club.

The Hon. Dr B. P. V. PEZZUTTI: Do you believe that the politicisation of awards of excellence might lead to the politicisation of specific Club of the Year awards?

Mr BROWN: I would not wish to express an opinion on that.

The Hon. Dr B. P. V. PEZZUTTI: To take it a bit further, would it not cast a bit of a pall over the results of the Club of the Year awards if, as Mr Melham said, they are being awarded to a Labor Party club and a trade union club at a time when the current administration happens to be Labor?

Mr BROWN: Again, I do not believe I am in a position to comment on that.

CHAIR: Arising out of the previous hearings of this Committee, you would have a copy of the transcript of the proceedings?

Mr BROWN: Yes, I received a proof copy, which I checked.

CHAIR: I would like to refer to the uncorrected proof and follow up on a number of questions that were asked at that hearing. The Hon. I. Cohen directed a question to the Minister, but you contributed towards the end of the Minister's answer. The Hon. I. Cohen asked:

Returning to casinos, how often is the casino identifying the top high rollers and following through to ensure that these people are not putting questionable money through the casino?

The Minister said:

I think it would be better if I took that question on notice.

The Hon. I. Cohen asked you, Mr Brown:

Can Mr Brown answer or is that not possible?

Mr Face said:

No. I will take it on notice.

Are you in a position today to provide us with an answer to that question?

Mr BROWN: The answer is no. As the Minister took the question on notice I believe it should remain that way.

CHAIR: Have you examined that question with a view to answering our question on notice?

Mr BROWN: No, I have not at this stage, on the basis that I was awaiting the full list of questions on notice, which I was expecting to receive at any given time.

CHAIR: Mr Face told the Committee:

There would be people laundering money down there. There has never been any secret that people would attempt to do it from time to time.

The Hon. I. Cohen said:

Are you attempting to track that?

Mr Face said:

The casino surveillance group would, not me.

My question is: Do you have any information for the Committee about that matter, particularly having regard to the fact that you have authority for the whole of the department's operations, including casino surveillance?

Mr BROWN: I have responsibility, in an administrative role, for the position of Director, Casino Surveillance, in the division. As I mentioned at the last hearing, the Director, Casino Surveillance is a statutory role, in which I have no authority to involve myself.

The Hon. Dr B. P. V. PEZZUTTI: So you were not involved in slashing the budget for the Casino Surveillance Division?

Mr BROWN: I certainly was not. The decision to reduce the budget of the Casino Surveillance Division was conveyed to the department by Treasury.

The Hon. Dr B. P. V. PEZZUTTI: So what is in the *Daily Telegraph* this morning is correct?

Mr BROWN: The budget for the current year for the Casino Surveillance Division was reduced by \$1.75 million.

The Hon. Dr B. P. V. PEZZUTTI: What is that division's total budget?

Mr BROWN: I will give you the program. By way of background to the reduction, during 1997—

The Hon. Dr B. P. V. PEZZUTTI: I asked how much its budget was. What is the bottom line now?

Mr BROWN: Total expenses for casino surveillance are \$3.804 million.

The Hon. Dr B. P. V. PEZZUTTI: Is that money that comes from the State Government?

Mr BROWN: That is as contained in the budget papers and as provided by the State Government.

The Hon. Dr B. P. V. PEZZUTTI: So that comes out of Treasury?

Mr BROWN: Yes.

The Hon. Dr B. P. V. PEZZUTTI: That is the reduced figure?

Mr BROWN: That is the current figure.

The Hon. Dr B. P. V. PEZZUTTI: In fact, it is that figure plus \$1.74 million from last year?

Mr BROWN: Last year the total allocated amount was \$4.456 million.

The Hon. Dr B. P. V. PEZZUTTI: So that division is meant to do more with less?

Mr BROWN: It is not a question of doing more with less; it is a question of living within a budget, operating effectively and efficiently and managing in an effective manner.

The Hon. Dr B. P. V. PEZZUTTI: As a result of what has been happening—and clearly as reported in the press over the weekend, a couple of weeks ago and again today—there is an awful lot for that division to do. The people of New South Wales will want to know why that division cannot do those things. Clearly, with more than a third of its budget cut, it would be difficult for the Casino Surveillance Division, under the directorship of Mr Harrex, to do the job? Clearly, it is not doing the job.

Mr BROWN: In 1997, in my capacity as Director of the department, I instigated an independent review of casino surveillance. I discussed the proposal for a review with the Auditor-General, who, at the time, expressed an interest in undertaking that review. My initiative, which had regard to the existing level of government resources committed to the activities of the Casino Surveillance Division and the department, was prompted in part by a request that had been made for additional resources for those purposes in the 1997-98 budgetary process. The Auditor-General determined to undertake the review by way of a performance audit of casino surveillance activities performed by both the Casino Control Authority and the Casino Surveillance Division.

It was envisaged that the review would examine a perceived lack of co-ordination in some situations between the authority and the division, possible areas of overlap, and the need for improved risk management policies and practices in the conduct of casino surveillance activities. Another object of the audit review was to determine whether casino surveillance activities were being carried out appropriately and, if so, whether the activities were being conducted at required levels of efficiency and effectiveness. Advice was also expected on corrective strategies in the event that the conduct of activities did not accord with contemporary best practice.

I believe the review was timely, especially in light of the commencement of full casino operations at the permanent casino in November 1997. That performance audit report was completed in June 1998. It provided a number of recommendations designed to improve the efficiency and effectiveness of the way casino surveillance is organised and managed pursuant to the Casino Control Act. One of those recommendations was that the Director of Casino Surveillance move to a risk-based program and systematic approach towards inspection, revenue verification and investigation; that resources to support casino surveillance not be increased until the Director of Casino Surveillance has implemented the efficiency options recommended in the report.

Both the authority and the Director of Casino Surveillance agreed to implement this recommendation on a properly planned and organised basis, having regard to ensuring the integrity of casino gaming and the public interest. In February-March 1999 the authority held various workshops on risk-based casino management methodology for the Casino Surveillance Division. By mid-May 1999 a special project group consisting of six teams developed the casino risk-based monitoring framework. The analysis process includes a detailed review of the operating environment, internal controls and empirical events to determine the inherent risks, control risks and detection risks.

The Hon. Dr B. P. V. PEZZUTTI: Is there anything in this recommendation which says they should reduce the funding? That states that they should increase the funding they are asking for until certain steps have been taken. They took the steps but their budget was cut, not increased.

Mr BROWN: Exactly. In May 1999 New South Wales Treasury advised that funds for the casino surveillance program would be cut by \$1.75 million.

The Hon. Dr B. P. V. PEZZUTTI: Did Treasury give a reason for cutting the budget, in spite of the Auditor-General's report—that it had run out of money or that it wanted to make it more profitable?

Mr BROWN: Treasury did not provide a reason.

The Hon. Dr B. P. V. PEZZUTTI: Did you ask why it would do such a thing, as you had undertaken a review?

Mr BROWN: As I indicated at the last hearing, we did make representations asking that the reduction not be as great as it might be.

The Hon. Dr B. P. V. PEZZUTTI: Can you table a copy of the letter that you wrote to Treasury on that occasion?

Mr BROWN: To my recollection, the letter went to the budget committee of Cabinet and it was signed by my Minister. I am not in a position to provide the document.

CHAIR: Mr Brown, what do you think of the suggestion in today's *Daily Telegraph* that on some shifts the reduced staffing resources of the Casino Surveillance Division, the State Government's casino watchdog, have led to one inspector monitoring 1,000 video security cameras? Do you think that is risky business?

Mr BROWN: I think that should be put clearly in perspective. It is true that there is a touch over 1,000 security cameras in the casino. That article does not identify that the operator has 10 surveillance stations.

The Hon. Dr B. P. V. PEZZUTTI: Are they all manned, all the time?

Mr BROWN: They are manned on a regular basis, I understand, and the Director of Casino Surveillance has one station.

CHAIR: What does "on a regular basis" mean?

Mr BROWN: You might ask the operator.

The Hon. Dr B. P. V. PEZZUTTI: Surely the surveillance division would have an interest in the operation of such an important feature of the casino?

Mr BROWN: I had attempted to finish the answer by saying that the Director of Casino Surveillance has one station which, I am informed, is manned 90 per cent of the time.

CHAIR: Returning to the last hearing, according to the uncorrected proof of the transcript, you told this Committee:

Of recent times I have obtained full details in relation to the incident reports that have come to his attention—

That is the Director of Casino Surveillance—

and the action he has taken in regard to them.

Can you now supply that information?

Mr BROWN: I am informed that since mid-1996, 302 internal incident reports, memos, file notes, were generated. They involved some 115 persons, of which 63 were subsequently referred to law enforcement agencies for various detail by the Director of Casino Surveillance. I am not in a position to provide you with the detail of each of those, because they are controlled under the secrecy provisions of the legislation. I do not know those matters, but I can give you that overall figure.

The Hon. Dr B. P. V. PEZZUTTI: Are you certain about the number of cameras?

Mr BROWN: As per advice provided to me by the Casino Surveillance Division, I am informed there are in excess of 1,000 cameras operating or available for operation within the casino. I am informed that there are 10 station sites, surveillance sites, available to management, and there is a further one site, which I have seen, that is available to the Director of Casino Surveillance and his staff.

The Hon. Dr B. P. V. PEZZUTTI: Are you convinced that there are more than 1,000 cameras?

Mr BROWN: It has been indicated to me as early as this morning that there is in excess of 1,000 cameras.

CHAIR: At the last hearing, again according to the uncorrected proof of the transcript, you said, in relation to the Director of Casino Surveillance:

I suggested to him a change in recent times in relation to the methodology by which he determines on whether incident reports are to be progressed in another area.

Can you explain the background why you found it necessary to make such a suggestion to him?

Mr BROWN: Yes, Madam Chair. There had been suggestions elsewhere that there had been a number of reports, incident reports, that had not been acted on. In particular they related to an article in the press, from my recollection, which suggested that those reports had been referred to the Minister. As I knew that was not the case and they had not been, in turn, referred to me, I looked to establish a methodology whereby should such an allegation be made in future it could be well and truly put to rest.

CHAIR: So no methodology was laid down before these press articles?

Mr BROWN: There was a methodology previously. It was a case where the incident reports would be provided in the first instance, I believe, to the Manager of the Casino Surveillance Division, the number two position. In turn, they would be returned—not necessarily all of them—to the Director of Casino Surveillance. Collectively a decision would be taken as to what progress that might take from that time. I suggested to the Director of Casino Surveillance—and directed, on an administrative basis—that he should implement a system whereby fortnightly or monthly all incident reports received should be considered by a group of four persons: him, his number two officer and two other members of staff. Those incident reports could be considered collectively and any action determined in relation to them would be reduced to writing, and there would be a record for the future.

CHAIR: Were they previously in writing?

Mr BROWN: I cannot answer that. I am not too sure.

The Hon. Dr B. P. V. PEZZUTTI: Coming back to the cameras, is it true that only one inspector has access to the cameras at any one time? In the division, is only one person available at any one time to see those cameras operating?

Mr BROWN: I understand that it varies from one to two persons.

The Hon. Dr B. P. V. PEZZUTTI: That is a difficulty if there is only one. More importantly, for example, if the inspector saw something on the screen, are those cameras linked to a constant back-up video recorder? In other words, if he thought he saw something could he go back and see what was really happening or review the operation of a room for an evening?

Mr BROWN: I understand that to be the case. There is a tape and they can go back and review it.

The Hon. Dr B. P. V. PEZZUTTI: Are you saying that there are 1,000 tape recorders as well as 1,000 cameras? For how long are those video cassettes maintained?

Mr BROWN: I cannot answer that question at the present time. I will take it on notice.

CHAIR: Mr Brown, I think you said that you were not sure that the reporting process was in writing before you suggested a change in the methodology. You said you were not sure about that?

Mr BROWN: The Director of Casino Surveillance has records relevant to actions taken in regard to any incident report. Accordingly, in turn, there is detail as to the actions that were not taken, if I might put it that way. The Director of Casino Surveillance has available to him full detail and any action that has been taken in regard to those incident reports. However, it is not available to me.

CHAIR: At the previous hearing you were asked how many reports had been made by the head of the casino surveillance division to the Casino Control Authority or other agencies about possible money laundering being undertaken or suspected at the casino, and you replied, "I have detail of that and I can provide it." Will you please provide it?

Mr BROWN: Section 81 of the Casino Control Act 1992 provides that the Commissioner of Police may direct the casino operator in writing to exclude a person from the casino by giving the person or causing the person to be given an exclusion order. On 8 September 1997 the commissioner directed the casino operator to exclude 28 persons from the casino. Eleven of those persons were recorded as members of the casino's Endeavour Room, five of whom had come to the attention of the inspectors in the Casino Surveillance Division. One of the 28 excluded persons was a male who was excluded by the Director of Casino Surveillance on 5 August 1997 for suspected loan sharking activities. A brother of the male was also excluded by the director on the same date but was not directed for exclusion by the commissioner.

The information was provided to the gaming and vice unit of the Police Service in regard to three of the excluded persons and, via the authority, to a separate joint task force in respect of a further person. In 1997 the inquiry by Mr Peter McClellan, QC, into the Sydney casino examined loan sharking at the casino after the issue was raised in the media in July 1997. Following meetings with the police liaison officer in the early part of 1998 and the development of a memorandum of understanding between the Police Service and the authority, the director wrote to the Commander, Crime Agencies New South Wales Service, on 7 July 1998. The director listed 15 persons who he had been informed by inspectors may be involved in, among other things, money lending activities in or around the casino, particularly in the Endeavour Room.

The director advised that subject to information the Police Service held on any of the individuals and any current investigation by other law-enforcement agencies, the commissioner might wish to consider the persons for exclusion from the casino. The director again wrote to Crime Agencies on 2 November 1998 advising that the inspectors had observed further incidents of activities by several of the 15 listed persons. Some two weeks later the Commander, Crime Agencies, advised the director in writing that a direction was to be given to the casino operator to exclude three of these persons. In January 1999 the commissioner issued a direction to the casino operator for the exclusion of these three persons from the casino. In compliance with this direction, the casino operator issued the exclusion orders.

The Hon. Dr B. P. V. PEZZUTTI: Does the casino operator have a responsibility to report loan sharking activities or any other illegal activities to the division?

Mr BROWN: I would prefer to answer the question by saying that it is a responsibility of the operator overall as part of the legislation and as part of its licensing requirements that it undertake its duties to ensure that criminal influence and activity is not operating within the casino.

The Hon. Dr B. P. V. PEZZUTTI: If you have only one inspector who is supervising 1,000 cameras and the operator has 10, as I think you said, the chances of those 10 picking up a problem is higher than the one that you have. It would be helpful if the operator was responsible for reporting incidents of what might be seen as loan sharking and report it to your inspector, who could then go and watch.

The Hon. J. R. JOHNSON: I ask the Hon. Dr B. P. V. Pezzutti to clarify his question—operator or monitor. The operator may be a person who ensures that all the cameras are functioning and changes the tapes, et cetera. The monitor may be a different person.

The Hon. Dr B. P. V. PEZZUTTI: The operator is the person who has the license to run the casino. I am talking about the person who runs Star City Casino as a gambling concession, if you like. It was the operator of the casino, not the individual person sitting at the console, because that person would be an employee of the operator of the casino.

Mr BROWN: I point out that the overall inspection complement at the casino is not one but 21.

The Hon. Dr B. P. V. PEZZUTTI: Yes, but at any one time only one person is or, at the most, as you said, two persons are available to be there observing.

Mr BROWN: I will confirm that.

The Hon. Dr B. P. V. PEZZUTTI: The issue is: What steps are taken by the Casino Surveillance Division against the operator if the operator is knowingly allowing illegal activity to take place. Does that not put the operator's licence at risk?

Mr BROWN: Any improper operation by the operator or the licensee would certainly put the licence at risk. Indeed, that is what you have in place at present, a section 31 review.

The Hon. Dr B. P. V. PEZZUTTI: I am not proposing necessarily that the operator of the licence is the person doing the loan sharking, but loan sharking is being allowed to happen not necessarily with the operator's encouragement. However, the operator will not report it if he does not have to. Surely that is a problem. What is the onus on the operator?

Mr BROWN: The onus on the operator is contained in the legislation. It is required to meet its obligations under the licence. It is required to operate free of criminal influence. The conditions of any casino

licence, of which there are many, can relate to any matter for which there is provision in the legislation and they may be amended from time to time. There is a provision for disciplinary action against the operator should he not meet those conditions. Section 31 of the legislation requires that there must be a regular investigation—once at least every three years—and an investigation as to, first, whether the casino operator is a suitable person to continue to give effect to the casino licence and this Act and, second, whether it is in the public interest that the casino licence should continue in force. That particular inquiry is operating at the present time.

CHAIR: As the Director-General, do you believe that it is operating free of criminal influence?

Mr BROWN: You have an inquiry in place, for the express purpose that Mr Peter McClellan has been appointed to assist the authority. It is now a question of that report being submitted; it is required by the end of this year. I would like to await the outcome and the findings of that investigation.

The Hon. Dr B. P. V. PEZZUTTI: Why have an inquiry? Do you have an inquiry because a bit of fuss is being made, or do you have an inquiry because your department is concerned?

Mr BROWN: The inquiry is a requirement of the legislation; it is not optional. It is required under section 31, which reads, "Not later than three years after the grant of a casino licence, and thereafter at intervals not exceeding three years, the authority must—"

The Hon. Dr B. P. V. PEZZUTTI: So you are not concerned about the casino? It is just a routine matter, is that what you are saying?

Mr BROWN: It is certainly not a routine matter, as is evidenced by the fact that—

The Hon. Dr B. P. V. PEZZUTTI: You are saying that this is a requirement of the legislation, that it is a routine sort of matter. Are you concerned about the matter, or is this just a routine inquiry?

The Hon. R. D. DYER: Point of order: The Hon. Dr B. P. V. Pezzutti persists in using the expression "a routine matter". That was rejected by Mr Brown in his last answer. He said it is not a routine matter. He said it is a statutory requirement.

CHAIR: I will put it this way: Would any inquiry be conducted into some of these allegations were it not for the statutory basis?

The Hon. P. T. PRIMROSE: Point of order: In accordance with this House's rules about asking questions, hypothetical questions are out of order. The Hon. Dr B. P. V. Pezzutti is asking a hypothetical question.

CHAIR: No, the question is not hypothetical.

The Hon. Dr B. P. V. PEZZUTTI: I asked a question about the inquiry, and Mr Brown said to me that this is a requirement of the Act. The point of order was whether the question was hypothetical. I asked the question: If this were not a routine—I withdraw the word "routine"—if this were not a statutory requirement, do you believe that you would have instituted such an inquiry if you were concerned enough about the matter?

The Hon. P. T. PRIMROSE: That is totally and clearly hypothetical. Any question that commences with the words "If this were not the case..." is clearly hypothetical.

The Hon. Dr B. P. V. PEZZUTTI: I will rephrase the question. Were there concerns within your department about the operations going on at the casino, or did the inquiry start because of public concern? That is the question I asked initially. I am not trying to verbal you here. You then said that this inquiry is required by the Act. That did not answer my first question. My question was: Is the inquiry being undertaken because of concerns within your department, or simply because of public concern?

Mr BROWN: First, I would like to make it clear that I did not use the word "routine". The authority commenced its investigation under section 31 late last year, beginning with a public call for submissions. All submissions that were received, I understand, were examined. More recently, the authority is to be provided with assistance by Mr Peter McClellan. As part of the investigation process the authority decided, I understand, that an inquiry should be held under section 143 of the Casino Control Act. The authority has determined that

Mr McClellan should conduct the inquiry and that he should be assisted as necessary by Ms Gail Furness of counsel. I point out—

The Hon. Dr B. P. V. PEZZUTTI: So this is not a statutory investigation that is going on; it has been massively augmented?

Mr BROWN: It has been extended under section 143. In regard to your earlier question, I point out that I did not direct that. It is a matter and a responsibility of the Casino Control Authority. I do not have the authority, as the Director-General of the Department of Gaming and Racing, to institute that inquiry.

The Hon. Dr B. P. V. PEZZUTTI: Therefore I have to ask that question of the Director of the Casino Surveillance Division, or the Casino Control Authority?

Mr BROWN: The latter: the Casino Control Authority.

CHAIR: We now hear, according to the media at the weekend, that the operator is to institute an in-house inquiry as well.

Mr BROWN: I cannot comment on that, Madam Chair.

CHAIR: Do you know about that?

Mr BROWN: I have no knowledge of an inquiry being implemented by the operator.

The Hon. Dr B. P. V. PEZZUTTI: Could you provide me with a list of the people who are on the inquiry teams for both the section 31 inquiry and the section 143 inquiry?

Mr BROWN: I will endeavour to do so.

The Hon. I. COHEN: Is the inquiry looking into, or are you aware of, allegations of sexual harassment within the high rollers' room? To what extent are those allegations being investigated and how many complaints have been received? I refer in particular to an article that appeared in the media recently about blackjack dealers and so on being harassed by or having to deal with drunk patrons. It was reported that the dealers, having clearly acknowledged that they are breaking the law, could lose their dealer's licence, but if they complain that a gambler is so drunk that he does not know what he is doing, they are told, "It is not our call; they want the money." Is this being investigated, and are you aware of it?

Mr BROWN: I can only refer you to the statement by Mr Peter McClellan, in which he announced, I believe last Friday, that he had been appointed by the Casino Control Authority to assist and advise the authority in its investigation of the holder of the licence to operate the Sydney casino. It is a statement of some 17 pages and is dated 17 June. It refers to the level and the details of his investigation. As I recall, it also invites people to come forward to provide any information that they may have.

The Hon. I. COHEN: Is your department otherwise aware of any sexual harassment of staff by drunk patrons?

Mr BROWN: I am not aware.

The Hon. I. COHEN: Are you aware of any situations in which drunk patrons are being served, in contradiction of what would be seen as the legal practice?

Mr BROWN: I have an awareness that there is one matter that the Director of Casino Surveillance is considering in relation to intoxication at the moment. I do not have details, and I am not permitted to have details. I have no other personal information. I understand that you have casino surveillance, albeit with a thin observance by employees compared to the number of cameras. Are there instances on film of people who are obviously drunk continuing to play at gaming tables? Has there been any evidence of that on video surveillance? Has any action been taken?

Mr BROWN: I am not in a position to answer that question. I do not have the details.

The Hon. I. COHEN: Can you get details? Do you not have access the details of surveillance and any action undertaken by staff?

Mr BROWN: As I mentioned earlier, if there were any incident reports to the Director of Casino Surveillance, they would be available to that position, but would not be available to my position.

The Hon. I. COHEN: Can you confirm that management has chosen to ignore or has advised staff to ignore situations of obviously drunken gamblers continuing to play at casino tables?

Mr BROWN: I cannot comment on that.

The Hon. I. COHEN: Why not?

Mr BROWN: You asked me whether I have information. I do not have that information.

The Hon. I. COHEN: Do you not have any oversight of policing figures under those circumstances?

Mr BROWN: Not available to me, no.

The Hon. Dr B. P. V. PEZZUTTI: If a member of the union comes to the department with complaints of the nature described by the Hon. I. Cohen involving sexual harassment and pressure on staff to serve liquor in an illegal fashion or to people who are drunk, what does your department do? Does it say, "Oh no, go off and see somebody else"?

Mr BROWN: The union had discussions with the appropriate authority.

The Hon. Dr B. P. V. PEZZUTTI: Not you?

Mr BROWN: No, the Casino Control Authority [CCA].

The Hon. Dr B. P. V. PEZZUTTI: In relation to the section 31 inquiry, which is now a section 143 inquiry, was there a person by the name of Mark Duggan initially on both teams? Is he still on both teams, or is he on neither team now?

Mr BROWN: At the hearing of 7 June it was noted that Mr Mark Duggan, an officer of the Casino Surveillance Division [CSD], had been seconded to assist the section 31 inquiry being conducted by Mr Peter McClellan. It had been suggested at that time that there was a conflict of interest. I will not enter into that because the Minister will answer that at a later time. I understand that in regard to the second part of your question—

The Hon. Dr B. P. V. PEZZUTTI: Is he still on the—

Mr BROWN: No. That is the second part of the question. I understand that Mr Mark Duggan has sought and has been granted a release from his secondment to the inquiry.

The Hon. Dr B. P. V. PEZZUTTI: Both inquiries?

Mr BROWN: Under the section 31 inquiry, the other has been added to it. He is no longer seconded to the Casino Control Authority.

The Hon. I. COHEN: Has anyone ever been excluded for sexual harassment of staff?

Mr BROWN: I cannot answer that question. In relation to your query, section 83 of the Casino Control Act provides specifically that a person must not provide any part of a list prepared as the excluded persons list under subsection (1) to any person except the casino operator; a casino employee; an inspector; the director, which refers to the Director of Casino Surveillance; the authority; the Commissioner of Police or a person approved by the authority for that purpose. I am not a person approved by the authority for that purpose. I do not have details of exclusions in relation to names and reasons associated therewith.

The Hon. I. COHEN: With the information at your disposal, do you believe that illegal activities are going on—drug dealing, prostitution, et cetera—in the casino confines?

Mr BROWN: I am not in a position to comment on that question. There is a section 31 review going on. Again, I said that that is there for a purpose. I would like to await the outcome of that review.

CHAIR: In relation to the matter of serving drunk patrons, the Assistant National Secretary of the union that we are talking about, Mr Ferrari, has said that the union was not happy with the CCA response that employees should report any breaches of the law, the union telling the Minister for Gaming and Racing, Mr Face, that it was unsure about the resolve of the authority to deal with these matters. That level of uncertainty about the CCA response, is that a matter of concern to your department?

Mr BROWN: As I understand it, at a most recent meeting between the authority and union, which was held, I believe, on 16 May, the authority agreed to participate in a tripartite meeting with the union and casino management to examine efforts whereby information could be provided to employees and management on their legislative responsibilities in relation to intoxicated gaming patrons. I understand that that is to occur. I believe that the Casino Control Authority had also been requested by the union to issue a direction under section 5 of the legislation. I understand in that regard—and I do not speak for the authority—that the Casino Control Authority did not feel that it was appropriate to do so because the provision of services to intoxicated persons at the gaming table or at the liquor outlets is in itself an offence under the legislation. Therefore, I believe that the authority advised the union that if it had any specific examples or incidents it should bring them to attention and that the authority would be interested to know of them.

CHAIR: Mr Ferrari made the comment to which I referred on 16 June, so I presume they are having ongoing discussions. Mr Brown, I refer to the last hearing. In some of your previous answers, you have referred to these matters generally but a slightly narrower question was asked of you. You were asked:

Are you able to tell the Committee on how many occasions CSD has referred people to other agencies based upon a concern that those persons could be using funds that might have been illegally obtained?

You advised us:

I have those details, and I can provide them to the Committee.

You were also asked:

Are you able to tell the Committee on how many occasions those agencies have responded to the CSD indicating that further action should be taken against such people.

You said that you could obtain that information also. You said that you would endeavour to provide information at the end of the last hearing of this Committee. Are you now in a position to give us that specific information?

Mr BROWN: That was encompassed in the earlier question you posed to me which related to the police exclusions and names provided by the Division of Casino Surveillance [DCS]. It encapsulated those matters.

CHAIR: Specifically, though, in relation to persons who could be using funds that might have been illegally obtained?

Mr BROWN: Again, it was encapsulated in that information that I provided earlier. I am not in a position to provide the reasons why those names were brought to attention.

CHAIR: With respect to the Community Benefit Fund, we have some information in relation to the list of organisations which have received funds from the fund and the basis for the recommendations as to which organisations should receive such funding. I am interested in the type of information that was provided to back up the case for funding. For example, the following appears in relation to the Greek Welfare Centre:

The service indicated that it had no clients who had completed treatment throughout the 12 months reporting period specified in the evaluation report. Inquiries made with the service did not result in any clarification concerning the result.

But the recommendation was for a continuation of funding. Do you have any details of the classification referred to as "completed treatment"? Can you give some background as to the meaning of that terminology?

Mr BROWN: No, I cannot. That question was posed at the previous hearing. Ms Jill Hennessy, the Director of the Policy and Development Division, is a member of the Casino Community Benefit Fund Trust. She was asked that question by Mr Oldfield, I think, and she undertook to have it defined and brought back as part of the question on notice. I do not have the detail.

The Hon. I. COHEN: Do you have any further information on funds from the Casino Community Benefit Fund for this financial year targeted at the Indochinese community as a vulnerable community and at any other specific communities?

Mr BROWN: I do not have the detail with me today, Mr Cohen.

CHAIR: Can you provide it?

Mr BROWN: I will endeavour to do so. I take the question on notice.

CHAIR: That is noted. Referring to an article in today's *Daily Telegraph* and to other media comment over the past few days, can you tell the Committee whether in your current position and with the information that you have at your disposal you acknowledge—and I appreciate that you referred to this before and that an inquiry is under way—that illegal activities are currently occurring at the casino? Do you acknowledge, for example, that money is laundered in the high rollers room?

Mr BROWN: I do not acknowledge it, as you have suggested.

CHAIR: Do you acknowledge that money laundering is going on in any other part of the casino operation?

Mr BROWN: I do not acknowledge that it is occurring.

CHAIR: Do you acknowledge that loan sharking is going on?

Mr BROWN: I do acknowledge that there were, as I understand it, certain reports referred to other agencies by the Director of Casino Surveillance relevant to those alleged activities.

CHAIR: That is a matter of concern, is it not?

Mr BROWN: Only in the context of it not having been passed on to the other authorities. I am satisfied that the Director of Casino Surveillance, whenever that information was brought to his attention, informed me and assured me that he had referred it to the appropriate agency, meaning the law enforcement agencies. Accordingly, I am satisfied that he acted appropriately.

CHAIR: Do acknowledge that drug dealing and drug taking is going on?

Mr BROWN: I will answer that again by indicating that that is one of the terms of reference as indicated by Mr McClellan and I would await the outcome of his inquiry.

CHAIR: Do you acknowledge that there is any illegal dealing to intoxicated players?

Mr BROWN: Again I will await the outcome of the report by Mr McClellan.

CHAIR: Do you acknowledge that there is any irresponsible service of alcohol to patrons?

Mr BROWN: I will again await the outcome of Mr McClellan's inquiry, albeit I must say that it has been said that the casino management has led the way in many respects in regard to harm minimisation in regard to the provision of liquor.

CHAIR: Do you acknowledge that there may be irresponsible service of gambling going on?

Mr BROWN: I do not acknowledge that.

The Hon. Dr B. P. V. PEZZUTTI: How can the press report these things and yet you have no knowledge of them?

The Hon. R. D. DYER: Point of order: If the Hon. Dr B. P. V. Pezzutti thinks that everything that appears in the press is kosher and accurate, my opinion is different from his.

The Hon. Dr B. P. V. PEZZUTTI: No.

The Hon. R. D. DYER: Further, Mr Brown ought not be called upon to comment on sources of press information. Clearly they are outside his knowledge.

The Hon. Dr B. P. V. PEZZUTTI: To the point of order: If it is widely reported in both the *Sydney Morning Herald* and the *Daily Telegraph* that those matters are going on, it seems odd that either the director-general does not know about them, or, if he does know about them, he does not take any steps. What steps has he taken as a result of the reports to find out whether they are true or not?

The Hon. J. R. JOHNSON: To the point of order: The week before last the *Sydney Morning Herald* reported that the wife of a colleague of yours, Dr McInerney, was dead. She wrote a letter to the newspaper the next day.

CHAIR: From the answers given to earlier questions it seems that the department has not taken a proactive approach after there has been media coverage. That is what the question asked by the Hon. Dr B. P. V. Pezzutti relates to. Would you be able to rebut that, Mr Brown? It seems that that is the evidence that we have gathered so far this morning.

Mr BROWN: In regard to the statement you made, I refute that. In regard to the question as to what action is being instigated in regard to the matter which appeared in the press, it is clearly indicated by Mr McClellan, and identified as late as Friday last, that as part of the investigation process the authority decided that an inquiry should be held under section 143 of the Casino Control Act 1992. The authority has determined that he should conduct the inquiry and that he be assisted by Ms Gail Furness of counsel. Mr McClellan stated:

There have in recent months been serious allegations about money laundering at the casino as well as allegations about the presence of criminals in the casino in some criminal activities. These allegations quite rightly raise public concern, and these concerns must be addressed.

Because of the serious nature of the allegations and disquiet generated in the community Mr McClellan has been appointed to conduct the inquiry for which the terms of reference have been broadened.

The Hon. Dr B. P. V. PEZZUTTI: I accept that, but it is odd that we have to wait until the end of the year for a result from the McClellan inquiry. If ongoing matters about harassment and inappropriate service of alcohol to certain customers constantly appear in the press, either the press is making it up, which I doubt, or you do not know about it or you are not doing anything about it and are waiting for Mr McClellan to do a final report. Surely that is an inadequate response to a community concern.

Mr BROWN: The Casino Surveillance Division continues to operate within the casino. As and when matters of concern are identified it will take the appropriate action.

The Hon. Dr B. P. V. PEZZUTTI: Nothing to do with you?

Mr BROWN: The Casino Surveillance Division is there, on the floor.

The Hon. Dr B. P. V. PEZZUTTI: And you are not responsible for it?

Mr BROWN: Administratively yes, but not in regard to its regulatory functions.

The Hon. I. COHEN: Given the number of times this morning you have referred matters of responsibility to the Director of Casino Surveillance, do you consider it odd that, although requested, he is not here today?

Mr BROWN: As I indicated earlier, Madam Chair, my attendance was requested this morning and I acceded to that request. I cannot go any further.

CHAIR: Would you have any difficulty if the Committee selected a batch of inspectors to discuss these issues before us?

Mr BROWN: Madam Chair, as I understand it, the Committee has the authority to call before it whomever it wishes. You must appreciate one matter in regard to the inspectors. As I am also constrained somewhat, people are governed by the secrecy provisions of the legislation. Other than that, there would be no reason, and I would not object.

CHAIR: I turn to the issue of problem gamblers. The Minister was reported to have said at the recent Betsafe conference that gambling venue operators could be sued by problem gamblers or the venues closed down if they did not satisfy strict new legislation. Would you advise the Committee of the department's concerns about potential liability?

Mr BROWN: I cannot speak for the Minister. It may have been reference to the fact that venue operators are now subject to extensive requirements, as we are seeing, and the extensive variations and improvements to the harm minimisation principles associated with gambling. He may have been suggesting that if operators do not abide by those requirements in the future they may find themselves liable to outside action.

CHAIR: From the department's point of view, have you had cause yet to take any legal advice on this aspect?

Mr BROWN: That would be a matter, for example, of a patron taking action against a venue.

CHAIR: Are you aware if G-line signs are located around the casino premises and, if so, how many?

Mr BROWN: I believe that there is signage. As to the exact number of signs, I could not answer. I am happy to take that question on notice and provide that information to you.

CHAIR: Are there any G-line signs in the high rollers room?

Mr BROWN: Madam Chair, I cannot answer that question. I will obtain the information for you.

CHAIR: I understand that there is not. Is that a matter of concern? Do you think the signage should be there?

Mr BROWN: I would prefer to establish whether there is signage in the high rollers room.

CHAIR: Is this another issue that the liquor union has raised with the Government?

Mr BROWN: I cannot answer that. I am not sure. If it were raised, it would have been raised with the Casino Control Authority.

The Hon. Dr B. P. V. PEZZUTTI: On the matter of intoxication, is the report in the press true about the international rugby league player who passed out drunk in the high rollers room?

The Hon. P. T. PRIMROSE: Point of order: What newspaper article is being referred to?

The Hon. Dr B. P. V. PEZZUTTI: Mr Walker's article in yesterday's *Sun-Herald*.

The Hon. P. T. PRIMROSE: What page?

The Hon. Dr B. P. V. PEZZUTTI: I am not sure. It was in the middle of the paper, about page 22.

The Hon. P. T. PRIMROSE: Are you attesting to its accuracy?

CHAIR: The article appears at page 28.

The Hon. P. T. PRIMROSE: Point of order: According to the standing orders, if a member wishes to ask a question about a newspaper article, he needs to attest to its accuracy. If the Hon. Dr B. P. V. Pezzutti is doing that, that is fine.

The Hon. Dr B. P. V. PEZZUTTI: I am saying that there is a report in the paper.

The Hon. P. T. PRIMROSE: They are not my rules; they are the rules of the Parliament.

The Hon. R. D. DYER: To the point of order: Mr Walker also referred in yesterday's *Sun-Herald* to tomorrow's events with the Liberal Party and its leadership. Perhaps the Hon. Dr B. P. V. Pezzutti may wish to take that article into account as to whether he regards the journalist as accurate.

The Hon. Dr B. P. V. PEZZUTTI: I can attest to the truth of the statement that I made to Mr Walker in that regard. My comment to Mr Walker I attest is true. This report was contained in an alleged security report. I do not think that Mr Walker made this up.

The Hon. P. T. PRIMROSE: If you are prepared to attest to its accuracy, then it is perfectly in order.

The Hon. Dr B. P. V. PEZZUTTI: Are you aware of a security report or a report of the Casino Surveillance Division of the Casino Control Authority, or do you have any recollection about the notification of an incident in which an international rugby league footballer collapsed from intoxication in the high rollers room?

Mr BROWN: No.

The Hon. R. D. DYER: So Mr Walker is accurate regarding—

The Hon. Dr B. P. V. PEZZUTTI: Mr Brown does not know about the report and he does not know about the incident personally. I asked him those two questions and he answered "No".

The Hon. I. COHEN: What, if any, are the implications from the way the Director of Casino Surveillance operates and the way that security and casino staff treat patrons, following the findings of the Coroner in the Dalamangas case?

Mr BROWN: I cannot answer that question, sir, because it is a matter for decision by the Casino Control Authority.

The Hon. Dr B. P. V. PEZZUTTI: In his article Mr Walker also reported that people slip into the toilets to have a snort of cocaine.

The Hon. P. T. PRIMROSE: Point of order: Is the Hon. Dr B. P. V. Pezzutti prepared to attest to the accuracy of the article?

The Hon. Dr B. P. V. PEZZUTTI: I merely make the comment that that is what he said. My question is unrelated to that. Are there surveillance cameras in the casino toilets?

Mr BROWN: I do not believe there are. I do not believe that they are even in the restaurants. They are focused on the licensed gaming area.

CHAIR: For the assistance of the Hon. Dr B. P. V. Pezzutti, there is no prohibition on his question. The honourable member does not have to attest to Mr Walker's accuracy.

The Hon. Dr B. P. V. PEZZUTTI: The point of order became inconsequential given the question I was going to ask.

CHAIR: It is not only inconsequential, it is out of order.

The Hon. Dr B. P. V. PEZZUTTI: My question was about whether service can be a great deal better. There are other comments in that report that you may be able to confirm or deny.

The Hon. J. R. JOHNSON: It is just as well newspapers were printed yesterday and today!

The Hon. Dr B. P. V. PEZZUTTI: We have a series of questions for the Director of Casino Surveillance but he is not here to answer. I want to ask about Mr Walker's report. Are you aware that people who owe debts to the casino may be missing? Are you aware that the report by Mr Walker states that some people with bad debts have disappeared? Are you aware of any of those matters?

Mr BROWN: I am aware that the matter was raised in the House, and I believe my Minister provided an answer to it. It related to suggestions that two persons were missing.

The Hon. Dr B. P. V. PEZZUTTI: Was the answer to that question of the Minister drafted by your department, or did the Minister make it up on the run?

Mr BROWN: I would have to look at the question and the Minister's answer again to answer your question.

The Hon. Dr B. P. V. PEZZUTTI: If he answered two questions about two alleged incidents—I have not seen the answer in *Hansard*, nor was I aware that he had answered questions of that nature—would you have advised him on the answer? Would you have slipped a few things in his folder, a few responses, before he went into Parliament in case questions were asked?

Mr BROWN: The department, together with the ministerial office, would not be doing its job if it were not attempting to advise the Minister at any given time on how he might respond to questions, but, you will understand, it can only be a suggested response. How the Minister might respond is a matter completely and utterly for him.

The Hon. Dr B. P. V. PEZZUTTI: If your department had been aware of the two alleged incidents of disappearance, would you have provided the Minister with a suggested response?

Mr BROWN: I cannot answer that without the detail in front of me.

The Hon. Dr B. P. V. PEZZUTTI: Will you check that for the Committee? I know there might be many other people, other than ministerial staff and the department, who do these things. Will you check to see whether the department suggested a response on this matter?

Mr BROWN: Certainly.

The Hon. Dr B. P. V. PEZZUTTI: Are you aware of any incident reports in relation to Kerry Packer?

Mr BROWN: No.

CHAIR: You would be aware that the Minister has commented that he fears for his safety because the Opposition has been asking questions in the public domain on a number of these issues relating to his portfolio. So far as you are aware, does the Minister have any reason to fear for his safety?

Mr BROWN: I cannot answer that question. It is a matter for the Minister.

The Hon. Dr B. P. V. PEZZUTTI: Did you advise the Minister to seek that sort of added security?

Mr BROWN: As I indicated, that is a matter specifically for the Minister.

The Hon. Dr B. P. V. PEZZUTTI: But did you, as head of the department, advise the Minister to take extra steps to secure his person and his family?

Mr BROWN: I have not discussed the issue with the Minister.

The Hon. Dr B. P. V. PEZZUTTI: So he has not received advice from the department on that matter?

Mr BROWN: Correct.

CHAIR: Does the same apply to any departmental officer? Does any departmental officer have any reason to fear for his or her safety?

Mr BROWN: No officer has identified or expressed that concern to me personally.

The Hon. Dr B. P. V. PEZZUTTI: What steps would you take if an officer of the department came to you with some reason and evidence that would support that? What steps would you take to assist that officer?

The Hon. R. D. DYER: Point of order: That is an entirely hypothetical question. Mr Brown has given a clear response to the Hon. Dr B. P. V. Pezzutti's question. He has answered in the negative.

The Hon. Dr B. P. V. PEZZUTTI: He has, but I am asking whether there is a departmental policy in place to cover that eventuality. You operate in a very sensitive area that involves large amounts of money and

large numbers of people. Your officers carry out a serious role for the State. Of course, from time to time, they would be threatened. What is the departmental policy if a staff member comes to you, having been threatened? What steps do you take? It is a very reasonable question.

Mr BROWN: It is a reasonable question. Regardless of whether it related to this area of activity or any other, in respect of threats on one's life, it would be a matter based on the circumstances and on the particular occasion. It could involve a number of matters. It could involve possible reference to the police authorities or the provision of assistance by way of counselling. It could involve, as occurred in a previous case, an officer's residence being fitted with security equipment. It would be a case of considering the facts relating to the particular matter.

The Hon. Dr B. P. V. PEZZUTTI: Do you take these matters very seriously?

Mr BROWN: Of course I do.

CHAIR: Are you aware of any departmental officer ever having received any threats, bribes or improper offers of any nature in relation to casino matters or the operation of the casino?

Mr BROWN: I am not aware of any particular instance as it relates to the casino. There was, of course, an infamous case that the department identified, known as the Seilby matter, which was in the gaming device area. It was referred to the Independent Commission Against Corruption and a report was ultimately brought down. I was delighted in that case that the matter had been drawn to the attention of ICAC by the department and by our internal operations and fraud-prevention procedures.

The Hon. Dr B. P. V. PEZZUTTI: Is that case related to the inquiry into racing dogs?

Mr BROWN: No, that is separate from that.

The Hon. Dr B. P. V. PEZZUTTI: In other words, in relation to the regulation of the reports that I read about in the press, the report from ICAC, was that matter raised by ICAC or was the department involved in exposing the problem? Were any departmental officers involved in the problem?

Mr BROWN: The latter question first: no departmental officer was involved in the problem. The problem was associated with wrongdoers and the greyhound racing industry.

The Hon. Dr B. P. V. PEZZUTTI: But, surely, you are there to regulate and ensure fair play for the punters. How could such a severe and ongoing matter be perpetrated without your inspectors finding out? I was amazed when I read the stories that came with the ICAC report. This has been going on for ages, but nobody in your department had an inkling about it.

Mr BROWN: The matter was brought to attention in July last year, again by the good use of the fraud-prevention procedures and programs within the operation of the Greyhound Racing Authority of New South Wales. It was brought to the Minister's attention and he instructed immediately that the matter be referred to the Independent Commission Against Corruption. The department assisted the commission in the exercise of its obligations, responsibilities and activities as and when required.

CHAIR: Are you aware of any bribes, threats or any such behaviour directed at the Minister?

The Hon. J. R. JOHNSON: Bribes offered to the Minister?

CHAIR: Yes, that was my question.

Mr BROWN: No.

CHAIR: It has been reported that District Superintendent Graham from City Central has said that many incidents and muggings of patrons as they leave the casino are going unreported, as the victims are either too intoxicated or embarrassed. Are you aware of that suggestion?

Mr BROWN: No, I am not.

CHAIR: Are you aware that I am referring to the same Superintendent Graham who accepted \$2,500 worth of tickets to shows at Star City in 1998?

Mr BROWN: No, I am not.

CHAIR: Are you aware of a letter to the Casino Control Authority and the Minister dated 22 May from a Mr Alexander Preston, regarding a conversation he had with casino managers only days after the death of Mr Dalamangos, when managers made light of the incident, made light of the police and made light of the Minister?

Mr BROWN: No, I am not.

CHAIR: You are not aware of that?

Mr BROWN: I said no.

CHAIR: I have a copy of the letter Mr Preston wrote to the Casino Control Authority on 22 May, in which he claims:

A day or two after the death of the Greek gentleman at Star City I had a conversation with Mr Wes Elam and Mr Nick Papal. During this conversation I teased Mr Papal and Mr Elam by asking if they had killed anyone else that day?

Their first response was words to the effect "that I should consider myself lucky as I was a VIP member and not a general punter like many others on the main gaming floor otherwise my arrogance would mean I would be dead already."

I then asked what they thought police report would say about the incident.

I was told words to the effect "we don't need to worry about the police, we throw them a few tickets to the shows and everything will be ok.

Then I asked about the government concern over the matter.

Wes Elam said words to the effect "that's easy, all we have to do is invite the Minister to a few functions, shower him a bit with a few gifts and we will be left alone until the next minister comes along."

I had a conversation with other managers about this incident at various times.

You are not aware of that letter?

Mr BROWN: No.

CHAIR: Are you aware of any gifts from Star City to the Minister?

Mr BROWN: No.

CHAIR: Do you know of the shows the Minister has attended at Star City?

Mr BROWN: No.

CHAIR: As the director-general, I presume you might be invited to attend some shows. Have you and, if so, which ones?

Mr BROWN: I have on occasions been invited to shows at Star City. I cannot recall—the more recent one of only last week—something about snow. I do not have the name. I will answer the question this way: I have never attended an official function at the casino at the invitation of the casino management. I did not even attend the official opening; I refused nicely. The only time I have attended a show was on one occasion in a private capacity with friends. I have never accepted—

CHAIR: Is that the one that you cannot remember the name?

Mr BROWN: The one I went to?

CHAIR: Yes.

Mr BROWN: No, the one I went to was a boxing match.

CHAIR: Do other departmental officers receive such invitations and do they attend?

Mr BROWN: To my best understanding they may have received invitations. Other than for the possibility of the official opening—and that was quite in order for me to attend I believe, but it was a personal decision I took not to attend—I do not believe they have accepted hospitality there at all.

CHAIR: Do you have any guidelines or policy on that?

Mr BROWN: Very much so. We have a code of conduct which is clearly enunciated therein as to what is appropriate and what is not.

CHAIR: I referred to a letter from Mr Preston in which he mentioned two names in particular, Mr Wes Elam and Mr Nick Papal. Do you know those gentlemen?

Mr BROWN: I do not know those gentlemen.

CHAIR: So you do not know of their employment role?

Mr BROWN: No.

CHAIR: I suppose that is another good reason to invite the Casino Surveillance Division and insist it appear before the Committee. I asked you earlier about staffing in the department. Can you confirm if Mr Marc Duggan and Ms Margaret Hannan are assisting in the inquiry?

Mr BROWN: Both those officers are members of the Casino Surveillance Division. When the section 31 inquiry commenced last year, the Casino Control Authority sought the service of two of the staff, of those members, to assist it in the conduct of its inquiry. The services of those two officers were seconded to the CCA for that purpose. As I mentioned a little earlier in answer to another question, Mr Marc Duggan's secondment has ceased at his request and I believe Miss Hannan is continuing in her role.

CHAIR: On the inquiry?

Mr BROWN: Yes.

CHAIR: Does that mean there is less attention to the duties she would normally carry out, or has somebody else been moved to take up that position?

Mr BROWN: We are confined to our numbers overall, but the costs associated with the employment of both those two staff members has been borne by the Casino Control Authority by payment to the department, which has enabled us in turn to continue to hire staff to maintain the complement at the casino.

CHAIR: Have you recommended that the Minister issue a section 5 ministerial directive encouraging your staff, any former staff, high rollers and anyone else to come forward to these inquiries, anyone with any information in relation to the allegations of criminal activity at the casino?

Mr BROWN: No, I understand that Mr McClellan, when issuing his statement on Friday last, indicated clearly that if any persons believed they had information which would assist his inquiry or investigation, they should not be concerned with the secrecy provisions of the legislation.

CHAIR: Notwithstanding that, have you considered that it would be appropriate that a section 5 ministerial directive be issued?

Mr BROWN: That is a matter of policy. I cannot answer that.

CHAIR: So is it not under consideration?

Mr BROWN: I cannot answer that. I do not know.

The Hon. Dr B. P. V. PEZZUTTI: What has been your advice on the matter?

Mr BROWN: My advice is such that the section 31 inquiry is proceeding, it has been expanded and we should provide as much assistance to it as possible.

CHAIR: Do you believe that the culture in your department is such that people would feel free to come forward to any legitimate inquiry?

Mr BROWN: I would certainly hope that would be the case, Madam Chair. As you would appreciate, we have had a difficult time in the department, particularly in this area. There has been a downsizing of the organisation. I have always impressed on staff that if they have concerns relating to the conduct of our activities or the conduct of their colleagues, if there are any concerns whatsoever that people are not acting appropriately or, more importantly, improperly, they should bring it to the immediate attention of the appropriate authorities. I would like to think that they would have no difficulty doing that whatsoever. It may be difficult from a personal point of view but certainly not from an organisational point of view. I encourage it.

CHAIR: Mr Brown, you would be aware that in the Minister's second reading speech on the Gambling Legislation Amendment (Responsible Gambling) Bill he stated that a report would be delivered to Cabinet from a whole-of-government committee regarding the establishment of a gaming and liquor commission. That was on 22 September last year. What is the progress on such a commission?

Mr BROWN: The establishment of a gaming commission or otherwise is a matter for government policy. I cannot give you any information on that at the moment.

CHAIR: But as the director-general surely you must be monitoring progress on such an important matter?

Mr BROWN: That matter is under the auspices of the Premier and I would suggest that any questions in that regard be directed to the Premier and his department. To have or not to have a gaming commission is a government policy issue.

The Hon. R. D. DYER: Madam Chair, I draw your attention to the fact that it has gone 12 noon and that we had agreed to meet until that time and not later.

CHAIR: I will draw this public hearing to a conclusion. We thank Mr Brown and Mr Foggo for their attendance and assistance here this morning. The Committee will have a brief deliberative meeting now to consider the matter of the failure of the surveillance director to appear here this morning.

The Committee proceeded to deliberate.
