

GENERAL PURPOSE STANDING COMMITTEE No. 4

Wednesday 7 June 2000

Examination of proposed expenditure for the portfolio areas

**GAMING AND RACING,
AND HUNTER DEVELOPMENT**

The Committee met at 5.30 p.m.

MEMBERS

The Hon. I. Cohen (Deputy-Chair)

The Hon. R. T. M. Bull
The Hon. J. P. Hannaford
The Hon. J. Hatzistergos

The Hon. I. M. Macdonald
The Hon. A. B. Manson
The Hon. D. E. Oldfield

PRESENT

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

Department of Gaming and Racing

Mr P. Baldwin, *Acting Director, Offices of Racing and Charities*

Mr K. Brown, *Director-General*

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

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

Mr R. McCann, *Acting Director, Compliance Division*

Premier's Department

Mr B. Chard, *Regional Co-ordinator, Hunter*

Minister's Staff

Mr J. Anderson, *Senior Policy Advisor*

Mr F. Smidt, *Media Liaison Officer*

DEPUTY-CHAIR: Welcome, Minister. I welcome all to this public hearing of General Purpose Standing Committee No. 4. First, I wish to thank the Minister and the departmental officers for attending today. At this meeting the Committee will examine the proposed expenditure from the Consolidated Fund for the portfolio areas of Gaming and Racing and Hunter Development. Before questions commence, some procedural matters need to be dealt with. As you are 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.

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 a copy 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 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 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 officers identify themselves by name, position and department or agency before answering each question. There is wide latitude allowed in the asking of questions on any of the budget estimates and related documents before the Committee. However, where 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.

The Committee has agreed to the following format for the hearing. I would like to advise that the Committee decided that there is no specific allocation of time. The Committee will run through a series of questions on all areas and, hopefully, get through all questions before the end of the two-hour limit. The Committee will not be divided on times. As you are aware, a period of 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 2000. I understand that the lower House is sitting this evening. I seek the advice of the Minister if he is required to attend divisions this evening.

Mr FACE: No.

DEPUTY-CHAIR: Thank you, Minister. I declare the proposed expenditure open for examination and, therefore, questions can begin. I may take advantage of my chairmanship and start with the questions. Minister, I refer to subprogram 46.2.1 Liquor and Machine Gaming Compliance. Could you indicate why average staffing levels are expected to drop from 117 in 1999-2000 to 88 in 2000-01? Could you further indicate how the community could expect the Government's new responsible gambling legislation to be implemented fully and competently when the Government reduces the number of gambling compliance staff?

Mr FACE: I thank the Hon. Ian Cohen for his question. Over recent years, a number of changes have impacted on the strategic functions undertaken within the Liquor and Machine Gaming Compliance program within the Department of Gaming and Racing. A major function of the department's Compliance Division was to ensure revenue compliance for liquor licensing fees and gaming duty.

With the advent of the central monitoring of gaming machines, with TAB Limited undertaking the duty assessment for gaming machines and the abolition of the liquor licensing fees following the High Court challenge, the Government has determined that the level of operating cost in this program should be reduced by some \$2.8 million. Of that \$2.8 million, an amount of \$1 million will be saved by the TAB undertaking the duty assessment process that was previously done by the division. That reduction will be applied to the Liquor and Machine Gaming Revenue program. The remainder of the \$1.8 million will be applied to the Compliance Division, which is the one that I think you are probably more concerned about.

This reduction in budget will mean that the average staffing numbers of the compliance program for 1999-2000 of 117 will decrease to 88 for 2000-01. The compliance program is made up of a number of business

units within the Department of Gaming and Racing, and I think this is where some people get a little confused at times. For 1999-2000 the average staffing number of each unit is: Compliance Division, 87; Liquor Administration Board, one; Keno Branch, two; Court Registry, 14; and corporate support 13. That brings the total to 117, as I said, for the program in 1999-2000.

I would point out that in accordance with the Treasury requirements the corporate support component is applied across each program based on the staff of each program area. As a result of the reduction of the \$1.8 million for 2000-01, average staffing in each unit is anticipated as follows: Compliance Division, 56.5, and obviously you cannot have half a person, so you round that off to 57; Liquor Administration Board support, one; Keno Branch two; Court Registry, 17; and corporate support 14. That totals 90.5 average staff, but it is rounded down to 88 to anticipate the turnover savings that are applied.

As you can see, with these figures, Compliance Division staffing will be reduced from 87 staff to an average of 56.5 staff. In turn, this means a restructure of the division. In this regard, the Director-General of the Department of Gaming and Racing, on my right, has before him a proposal that would see the division restructured within the 57 positions. At present there are 90 funded positions in the Compliance Division. Prior to determining any new structure the Department of Gaming and Racing is committed to and is required to meet guidelines which involve full consultation with the unions and the staff. I am aware that the process has already commenced. I am sure the question has been raised many times by well-meaning persons, and I do not want to in any way deflect from that other than to say it is not a criticism. However, the application of the facts go a little bit astray if further research is not undertaken.

The expression in the budget papers "total average staffing" is defined as representing the number of staff engaged on outputs produced by the program. As I previously detailed, a number of outputs produced by the program simply did not relate to the Compliance Division. These included the Court Registry, the Keno Branch and other support services. One should not confuse the budgetary concept of total average staffing with the position in the structure of a particular branch or division. For example, there are two positions in a particular program, each of which was filled for a period of six months, so the total average staffing would be one, although there are two distinct positions. However, I can assure honourable members that there is no intent by the Department of Gaming and Racing to move funds from the Compliance Division to other areas. Certainly the budget papers do not reflect that assertion.

The decision to reduce the funding allocation for the Liquor and Machine Gaming Compliance program was determined by the budget committee of Cabinet. As I was not part of that great process, it is not appropriate that I offer a definite statement as to the matters that were considered by the budget committee or the reasons of the outcome. However, I do put it in this context. Over recent years, a number of changes have impacted on the strategic direction of and functions undertaken within the Liquor and Machine Gaming Compliance program. When the inspectorate was initially established in the mid-1970s, its aim was to review financial statements submitted by registered clubs and investigate areas of concern. In the early stages, its role was expanded to incorporate revenue compliance in regard to the payment of liquor licensing fees, as I said earlier.

DEPUTY-CHAIR: Minister, that is historically very interesting. The Compliance Division comprises staff performing a range of functions, as you have said.

Mr FACE: If you let me finish, I might just about cover all of that.

DEPUTY-CHAIR: I would appreciate it if you could finish quickly.

Mr FACE: In the mid-1980s the area amalgamated with the poker machine branch. Its focus changed to include machine gaming duty and assessment of gaming machine integrity. This role was expanded over the years as the number of gaming machines has increased and poker machines were introduced into hotels, but this is where it needs to be clarified. However, this environment has changed. In 1997 the High Court determined the business franchise fees were unconstitutional. The State liquor fees were replaced with an additional 15 per cent wholesale tax to be collected by the Australian Taxation Office. The following year the Carr Government successfully privatised the New South Wales TAB, and as part of that process a licence was issued to the TAB to establish a central monitoring system for all gaming machines in hotels and clubs.

Not only would that system monitor the integrity of the gaming operations, it would also undertake the duty assessment process and the support revenue collection functions. The statutory obligation is that the TAB is

to connect the machines to the central monitoring system [CMS] by 1 January 2001. So what I am saying to you is that there have been a lot of duties that they did undertake that no longer exist. Of recent times, particularly since I have become the responsible Minister, I have focused these resources on minimising the harm caused through liquor and gaming abuse. The Compliance Division plays an important role in implementing these strategies, including the responsible service of alcohol, liquor accords and industry education.

The roles and functions of the division have changed over the years and they will continue to do so. There is nothing more certain. I might add that 12 months ago I advised that the extent of the reductions to the liquor and gaming machines compliance program was to be \$4.8 million. The figure included funding reductions as a result of the CMS undertaking the assessment authorised functions. I am most concerned about the level of reductions in the compliance area and I have raised my concerns with the Premier and the Treasurer. I was particularly concerned over the ability of the Department of Gaming and Racing to achieve reasonable levels of industry compliance and remaining resources.

I have requested the Director-General of the Department of Gaming and Racing to undertake a detailed study of the functions of the areas within the department, including a functional analysis of the Compliance Division to ascertain the functions and tasks which would not be required as a result of the CMS scheme. The report advised that funding levels would be reduced by \$4.8 million and that only 19 staff would be left in the compliance division. I have written to the Treasurer advising him of the situation and these concerns were acknowledged earlier this year. The amount of \$2 million dollars was returned to the department's budget allocation. The Compliance Division does an excellent job. It has assisted the implementation of a lot of government initiatives, including nightclub licences, drink and dine authorities and a variety of harm minimisation strategies. Most of these are now in place and have been embraced by the industry. So now is the time for the division to review its priorities and resources away from previous activities.

DEPUTY-CHAIR: You say the Compliance Division comprises staff performing a range of functions. How many inspectors will be left to perform field inspections and investigate complaints relating to both liquor and gaming activities quite specifically?

Mr FACE: Twenty-four.

DEPUTY-CHAIR: Is that sufficient?

Mr FACE: I have indicated that there is a review in place. If it is not sufficient, then I am sure that I will be taking the appropriate action to approach the Treasurer.

DEPUTY-CHAIR: Minister, I put it to you that with approximately 10,500 licensed premises and 66,400 gaming devices in registered clubs and hotels in New South Wales, how can the Government expect to reduce the number of compliance staff inspectors, in particular, to ensure compliance in areas such as responsible serving of alcohol, no serving to minors and no cash advances for gambling are actually being carried out? How can you assure that with that number of staff?

Mr FACE: We believe it will be adequate. I think one matter that you have failed to realise is that the police in New South Wales have comparable powers and they do a lot of the licensing work. There is no way that the numbers of current compliance inspectors or even the numbers of inspectors under the old regime—

DEPUTY-CHAIR: Minister, you say that the police take on that role of ensuring compliance. Given that expectation, does the Government intend to provide greater resources to the police in terms of both training and extra police to perform the inspections? Surely they are not aware of a great deal of the specifics of this area.

Mr FACE: I beg to differ. There have been some intensive on-the-job lectures undertaken in my department in recent times as a consequence of various legislative and regulatory issues.

DEPUTY-CHAIR: Is this specific training for police by your department?

Mr FACE: No.

DEPUTY-CHAIR: Are you training police to have the ability to monitor these situations?

Mr FACE: That is a police responsibility.

DEPUTY-CHAIR: So they have to do their own training?

Mr FACE: They do their own training.

DEPUTY-CHAIR: Are they up to speed in terms of compliance with gaming establishments?

Mr FACE: I think you can only direct that to the Minister for Police.

DEPUTY-CHAIR: But you do not have anything to do with overseeing any training of police, given that they are undertaking activities and replacing the shortage of your officers?

Mr FACE: We make available all of the information for on-the-job lectures, such as, more recently, the \$550 on-the-spot fines for failing to leave premises. Those fines will be issued by the police, not by my officers, because police are stationed in every location throughout the State. Only the police Minister can answer some of the questions you have put to me. I do not have the operational say over the Police Service of New South Wales.

DEPUTY-CHAIR: Minister, you were suggesting that the police were filling the gap in areas of compliance.

Mr FACE: No, you have taken it the way you want to take it. Police in New South Wales have always been involved in the area of licences. It is nothing new. I have not been in the Police Service for 27½ years, but I know that was one of my duties when I was a policeman in the Police Service.

DEPUTY-CHAIR: Minister, recent media reports and questions in the House have raised the issue of alleged money laundering through the Sydney casino. In a budget estimates committee held on 9 June 1998 I raised the same issue and you advised that there had been two meetings that you had chaired involving peak law enforcement agencies in the country and the States of New South Wales, Victoria and Queensland, as well as casino regulatory agencies. You said you were going to meet on a 12-monthly basis and that the agencies were all committed to ensuring that they continued to monitor this area closely. Have you and the other relevant agencies met on a yearly basis since that time?

Mr FACE: There is no Ministers' meeting for gaming Ministers. It has only recently come into being. You are talking about an officers' regulatory conference that is held annually, not a Ministers' meeting.

DEPUTY-CHAIR: In June 1998 Mr Le Compte said:

I can also indicate that as part of this process there have been two meetings, which I have chaired, with law enforcement agencies, peak law enforcement agencies in the country and in the States of New South Wales, Victoria and Queensland, as well as the casino regulatory agencies from those States, including our Director of Casino Surveillance.

The result of those meetings was essentially that the peak law enforcement agencies do not consider that casino operations in Australia are the subject of any substantial concern in terms of money laundering. However, we are going to meet on a monthly basis and the agencies have all committed to ensuring that they continue to monitor this area very closely.

Mr FACE: Yes, that is the regulatory people who are to meet on a 12-monthly basis. That is continuing. I assumed that you were saying that we would meet on a regular basis. Ministers do not. It is only recently that there has been a formal coming together of gaming Ministers as such in their various forms. That was instigated as a consequence of a recent meeting held in Canberra and those meetings will continue from time to time. We met on this occasion to discuss the proposed freeze on Internet gambling, called Internet Gaming, for a period of 12 months. New South Wales is the only State that supported the Commonwealth. The other jurisdictions chose not to for various reasons, mainly self-interest, more than anything else, but self-interest running in a race at Randwick on Saturday will get up in front of anything else.

DEPUTY-CHAIR: We will deal with racing later. 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?

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

DEPUTY-CHAIR: Can Mr Brown answer or is that not possible?

Mr FACE: No. I will take it on notice.

DEPUTY-CHAIR: Is the Government intending to implement a system along the lines of the Federal system, Austrac, to keep track of high rollers and the source of their funds?

Mr FACE: Would you rephrase that?

DEPUTY-CHAIR: Are you intending to implement a system along the lines of the Federal Government's Austrac to keep track of high rollers and the source of their funds?

Mr FACE: No, not at this stage.

DEPUTY-CHAIR: Any acknowledgment, however, that there is a major problem with high rollers and money laundering through the casino organisation?

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

DEPUTY-CHAIR: Are you attempting to track that?

Mr FACE: The casino surveillance group would, not me. I think you are implying that I should be doing it.

DEPUTY-CHAIR: Your department.

Mr FACE: The Casino Surveillance Division does all of those things you have been talking about. That is its responsibility.

DEPUTY-CHAIR: Minister, regarding the Casino Surveillance Division, with average staffing dropping from 67 in 1998-99 to 38 in 1999-00 and to 36 staff in 2000-01, will you outline what effect these staff reductions have on the proper conduct of casino surveillance?

Mr FACE: I assume you are talking about the casino surveillance group?

DEPUTY-CHAIR: Yes.

Mr FACE: The Casino Surveillance Division consists of four branches—inspection, audit, licensing and keno. As a result of budget cuts in casino surveillance as from 1 July 1999 to create necessary savings of \$1.75 million, as identified to the department by Treasury, the division's staffing of 58 was reduced to 29. This was considered to be the minimum number of staff required to enable the Director of Casino Surveillance to continue his statutory functions and obligations under the Casino Control Act. The reduction in staff applied to each of the division's three branches involved in casino operations and necessitated a reduction in certain functions conducted by the division. This has led to the implementation of a risk management approach and the development of risk-based strategies earlier than previously anticipated.

Key activities of the inspection branch based on site at the casino are: to monitor casino gaming operations to ensure compliance and integrity; to conduct surveillance to detect offences, violations or cheating scams; to inspect and test gaming equipment to ensure integrity; to receive and investigate patron complaints relating to casino gaming; to assist in the preparation of briefs for the prosecution of offences; and to monitor compliance with the liquor provisions by the casino operator and licensees with premises in the Star City complex. The inspection branch, now comprising 21 staff, is led by a manager overseeing five inspection teams, who work on a shift of rosters to provide 24-hour-a-day coverage every day of the year. Each team is managed by a supervising inspector who allocates the controls, tasks and surveillance duties.

The reduction in the inspectorate from 36 to 20 means that there are now fewer inspectors on duty within the casino complex. Manning levels have dropped from between five to seven to three or four inspectors at any given time. It should be noted that this is on par with inspectorate coverage in the Melbourne and Queensland casinos and provides a greater presence than does any other State. If Committee members have

visited the Victorian casino, they would know that it is certainly much larger than the one that exists at Star City. The inspectors working in this branch undertake extensive training in the conduct of casino games, cheating techniques, investigation methods and overt and covert surveillance of gaming operations.

The director has a closed-circuit television [CCTV] surveillance monitor room adjacent to, but separate from, the surveillance department of the actual casino operator. This is where many people get mixed up. The casino has security employees, but our inspectors are a separate entity. Inspectors are able to assess all cameras on the casino operator's CCTV system. Inspectors have been drawn from various ethnic backgrounds and they possess financial and accounting backgrounds and experience in inspection enforcement and audit areas. Languages fluently spoken by various inspectors include Cantonese, Mandarin, Hokkein, Vietnamese, Lao, Malay, Japanese, French, Spanish and Dutch. In the inception stages of the casino operations, the Director of Casino Surveillance focused on the high risk areas of casino operations traditionally considered vulnerable to fraudulent activities. These areas include money handling, table gaming and revenue verification. The counting of cash proceeds and the control of gaming equipment were two particular risk areas that required inspectors to have a mandatory presence in order to actively monitor.

As part of the risk-based strategies, inspectors are no longer required to: be in attendance at the cash drop collection from gaming tables or gaming machines; have a role in the dual control and issue of keys associated with the integrity of revenue; maintain a 100 per cent presence in count rooms during the count of the gaming revenue; be present at all times for the receipt and disposal of gaming equipment; have a role in the dual control of storage equipment, such as playing cards and dice, commission; or routinely test various items of equipment and actively monitor table gaming and gaming machine play.

Inspectors now attend and/or monitor those activities on a random basis as part of what is now called risk-based audit programs. Further, by 30 June 2000 inspectors will relinquish control over the sealing of logic cages in all gaming machines, passing the responsibility to the casino, and ensuring a random audit role in the area. It should be noted that there are certain functions where the risk-based approach will not apply at this time, such as the handling of patron complaints and investigations. The audit branch, comprising two senior audit staff, was relocated to the Director's casino office in August 1999. The branch was previously based at 323 Castlereagh Street when not carrying out its specific audit inspections at the casino, and previously was staffed by eight persons. Audit inspectors have a high degree of training in accounting systems and the internal controls and operating procedures of the casino operator's various departments.

Since the opening of the casino in 1995, the audit branch had the responsibility to perform two distinct functions, revenue verification and conduct scheduled and unscheduled special audits and/or inquiries and review of the operator's internal controls and procedures. Initially, the audit branch had adopted a comprehensive method to independently verify casino gaming revenue. This comprehensive approach involved 100 per cent attendance by an inspector in the soft count room and an identical review of source documents, verification and reconciliation of various accountable documents. The branch conducted 18 special audits during 1995-96, 21 audits in the next two years, and 24 audits in 1998-99.

In conjunction with the special audit, risk assessment of the casino's various function areas was completed. Since the restructuring of the branch in 1999, the audit now follows a risk-based approach to gaming revenue verification instead of the comprehensive approach previously adopted. The audit branch places significant importance on the analytical review procedures and the conduct of the periodic audits and, independently, of the weekly gaming duty and community benefit levy rather than a comprehensive verification review. It conducts a chip inventory audit once a year instead of twice, and has reduced the number of special audits from the average of 21 per year to three to four per year.

The main thrust of the branch's current functions is confined to a risk-based approach, placing reliance on the casino operator's controls. A proposal by Star City to outsource its internal audit function will permit the audit branch to rely more on the internal audit reports in order to plan the areas requiring primary focus. The licensing branch, which now comprises two staff with assistance from the Director's administration staff, has always been maintained as an isolated unit and was co-located to the Casino Control Authority in July 1999. This branch conducts probity investigations into the applicants for casino special employment licences and investigation of the grounds of disciplinary action against casino employee licence holders pursuant to section 59 of the Act.

Persons in the branch have legal, financial or investigative qualifications and draw their experience from law enforcement bodies and other regulatory agencies. The workload of the licensing branch has been

assisted by its co-location to the Casino Control Authority, thus eliminating double handling of licence application files and enabling a more streamlined process to be implemented and a more risk-based approach to assessment of an applicant's financial stability, particularly for licence renewals. It is no longer being tasked with the function of probity assessment of the division staff, certain nominated employees and designated gaming industry staff involved in keno, lotteries, and two-up.

As I have said previously, the introduction of the risk-based strategies has allowed the Director to allocate his resources without compromising his statutory functions. In the particular instance at Star City, as I have said, it is more than comparable to casinos in any other State. I might say in passing that some of the other States use their inspectors on other duties. This State's inspectors in the compliance areas do not go out to any hotels and clubs in other ways; they are specifically for the casino, which is not the case in various other State or Territory jurisdictions.

DEPUTY-CHAIR: I refer to Budget Paper No. 3, Volume 2, page 9-3, which states in relation to the Casino Community Benefit Fund:

Major features of the Department's expenditure include:

- an increase in expenditure by the Casino Community Benefit Fund from \$10.2 million in 1999-2000 to \$11.7 million in 2000-01.

Minister, if the expenditure of this fund is being increased, what is the reasoning for the community groups dependent on this fund being told that they cannot expect funding past June 2000? A number of them that I have spoken to have grave concerns about continuity and being able to advertise and follow through on this important area without assurance of funding.

Mr FACE: I am pleased to be able to outline some of the many and varied projects and services directed to alleviate gambling harm.

DEPUTY-CHAIR: Minister, is there a sunset clause on this fund? You said on 7 September 1999:

The fund is subject to a sunset clause. These matters will be considered by the Government in the future.

Is this the case or are these organisations given a guarantee of funding past June 2000? When will you be letting them know?

Mr FACE: It is subject to review. It is by the end of the next year. It is a decision for the Treasurer to make, along with the Government. That review is currently going on and is due to be completed next year. So the answer is that funding past June of this year is not an issue at this stage.

DEPUTY-CHAIR: No guarantee past June of this year?

Mr FACE: Next year.

DEPUTY-CHAIR: Is there a current sunset clause to this fund?

Mr FACE: There is a sunset clause. As I have indicated, it is subject to a review and a decision as to whether the Government is going to hypothecate that money.

DEPUTY-CHAIR: Given the importance and the good that has been extolled of the Casino Community Benefit Fund, how do you reconcile that with the problems being suffered by the organisations trying to service problem gamblers in their communities, such as various ethnic communities?

Mr FACE: I am glad you are making out a case.

DEPUTY-CHAIR: You do not think there is a problem of lack of funding for these groups to be able to work effectively?

Mr FACE: If you had let me finish, I could have given you some positives. Is that okay?

DEPUTY-CHAIR: Yes.

Mr FACE: Thanks very much.

DEPUTY-CHAIR: But I would like the question answered. I do not understand why there is no continuity of funding or security.

Mr FACE: I do not know how many times I have to put it. It is under review. It has a sunset clause, and the Government is going to make a decision at some time in the future. I cannot tell you any more than that at this stage. But I am glad that you are supportive of it, because many people keep on knocking it all the time and saying it is a waste of money. I will give you some positives, if you like. You alluded to gaming-related harm. I will give you an idea of what we will receive from the Casino Community Benefit Fund for the year 2000-01, which will show how serious the Government is and my personal commitment to it.

Funds will be allocated for the following purposes, amongst others: \$636,525 to Wesley Gambling Counselling Services, located in Chippendale, which provides problem gambling counselling services in Sydney; and an additional \$168,230 for the provision of an outreach service for the St George-Sutherland area. The Ethnic Affairs Commission of New South Wales and the Multicultural Health Unit of the Western Sydney Area Health Service will receive \$630,000 to provide problem gambling counselling services to the Arabic and Italian communities and to provide training to mainstream counselling services, peer support groups and community education programs to improve the provision of counselling to ethnic communities in the State.

The St Vincent De Paul Society will receive \$523,878 for its GAME program to provide problem gambling counselling services in the inner-city region. A further \$405,480 will go to Mission Australia to provide problem gambling counselling services in Nowra. I have seen that particular one, and it is providing a very good service in that area. Odyssey House will receive \$376,600 to provide problem gambling counselling and treatment services in Sydney and south-west Sydney. Wesley Gambling Counselling Service in Penrith will receive \$357,436.

The Chinese Australian Services Society Co-operative Limited will receive \$309,541 for problem gambling counselling services to the Chinese community. Centacare Catholic Family Services in Parramatta will receive \$291,376 to provide problem gambling services in the Blacktown, Holroyd, Baulkham Hills and Parramatta areas. St Vincent's Hospital will receive \$280,055 to provide counselling services for problem gambling and associated issues. You may have heard me indicate during the Drug Summit that there is, in my view, a correlation between drugs and alcohol and gambling problems.

Maryfields Day Recovery Centre and Wesley Mission's Serenity House will receive \$259,146 to provide problem gambling counselling to clients of Serenity House and counselling group working sessions for outpatient clients in the Campbelltown area. From what I have just been saying, not too many areas will miss out so far in this State. St David's Care will receive \$25,632 for the provision of problem gambling counselling services to develop an education program in the upper Murray and Albury region. Wesley Mission, Central Coast will receive \$243,992 to provide problem gambling counselling on the Central Coast of New South Wales.

Life Activities Inc. will receive \$230,252 to provide support counselling and treatment services in Newcastle and the Central Coast and North Coast regions of the State. The University of Sydney will receive \$220,675 to operate a gambling treatment clinic, which is a major step forward. Community Health Illawarra will receive \$218,235 for the provision of problem gambling counselling services in the southern regions of New South Wales. Wagga Wagga Family Support Service will receive \$213,878 for problem gambling and financial counselling services. Newcastle City Mission will receive \$210,488 for problem gambling support services in the Hunter region. I know of that service, and it does a marvellous job. The Peninsula Community Service will receive \$202,000 to provide problem gambling counselling, yet again on the Central Coast.

I have just read out 18 of the 46 new or continuing specific gambling alleviation projects and services to which funds totalling almost \$8.4 million will be allocated in the 2000-01 budget and the following budget. I signed these documents yesterday. The existing counselling services reapplied for funding towards the end of last year. Most were carried forward on an interim funding, pending review of their application. I know that a few were concerned about it, and I can understand where you are coming from. They thought that it was a review of whether the funding ought to continue. We were simply making certain that we were getting value for money.

There is no use having these projects with nobody auditing them. I must say that whilst we have never had any major hiccups, there could be hiccups at some period. Therefore, I believe, as the responsible Minister,

that I had a responsibility to make certain that the delivery of services was effective and we were getting value for money. These were determined recently, as I said. Yesterday I approved \$8.4 million over the next two years. That, I think, alleviates your concern as to the ongoing future of the funding, although I had indicated it is subject to review. The services will be advised accordingly over the next few weeks. Some, including the Newcastle City Mission, were concerned about the audit, but when it was explained that there was no threat to them and it was only to make certain that the services were being delivered, they embraced what we were doing.

As I said, there has never been a major hiccup, but that does not mean to say that there might not be in the future. I am determined, and I have a personal commitment to it. I went to great lengths prior to the 1995 election to write, along with other people, a social conscience paper on gambling and its effects. This is a direct result of what the Government is trying to do, as well as the harm minimisation legislation that went through the Parliament at the end of last year.

DEPUTY-CHAIR: Minister, I am pleased to hear that many of those areas are covered. I heard you mention the Chinese community and also, I think, the Italian and Arabic communities. Did you mention the Indo-Chinese community at all? Were they specifically targeted, given their issues with gambling?

Mr FACE: They could be amongst the 46. I am not sure exactly how many nationalities the Chinese Australian Services Society Co-operative covers, but it has been fairly vigilant in making certain that the people within the umbrella of the organisation are covered. It is a fact of life that there is a tendency for Asians to prefer various types of gambling, such as table games and the like. I can find out the answer for you. I will take it on notice. However, I have to say that many of these grants result from people who make submissions. Many in the early days were making submissions that failed to meet the criteria.

The offer from the unit that covers this is still open to anybody who has concerns. The secretariat that advised the trustees has been very helpful in the past to organisations that have had difficulties in presenting applications. The offer is also open to any members of Parliament who feel concerned about it. But certainly one can only go on the evidence that the trustees put up. But I will take that on notice as to whether or not they are covered.

DEPUTY-CHAIR: Perhaps I could request that you table that list of organisations.

Mr FACE: Certainly. I have no problem with that.

Document tabled.

Mr FACE: For the benefit of Committee members, this is the entire document, so there are no secrets. It is a public document. If it is disseminated it could be of great value.

Motion by the Hon. J. P. Hannaford agreed to:

That the document be incorporated into *Hansard*.

The Hon. J. P. HANNAFORD: I would like to direct some questions to Mr Brown so that I understand some of the operations of the department. Is the Casino Surveillance Division a division within your department?

Mr BROWN: It is a division of the organisation. In certain aspects the Director of Casino Surveillance is responsible to the Director-General, but it must be appreciated that he has quite an amount of autonomy as a statutory responsibility under the Casino Control Authority [CCA] legislation.

The Hon. J. P. HANNAFORD: Perhaps you might not be able to answer these questions, Mr Brown; it might be a matter for the head of that division. When an inspector within the division wishes to lodge a complaint or make a notification of an incident, are those notifications made to the head of the Casino Surveillance Division?

Mr BROWN: I understand that to be the case. They are made either to the Director of Casino Surveillance or his deputy.

The Hon. J. P. HANNAFORD: They are what are called incident reports?

Mr BROWN: As I understand it, yes.

The Hon. J. P. HANNAFORD: When an incident report is received by the head of the division, what is then required of the head of that division? Does he keep records of it? Does he report to you? To whom is he answerable in respect of those incident reports?

Mr BROWN: He does not report to me on those. It is a matter for his determination as to what action will be required or what he anticipates would be appropriate action in relation to those reports. He may believe it is a matter for consideration of reference to another agency or, in particular, he may refer it to the CCA for favour of its consideration and possibly any disciplinary action he might consider appropriate for its consideration.

The Hon. J. P. HANNAFORD: What type of agencies would he report any concerns to about incident reports?

Mr BROWN: He may well bring it to the attention and information of law enforcement agencies.

The Hon. J. P. HANNAFORD: Basically to the police or the CCA?

Mr BROWN: Yes.

Mr FACE: Or to the National Crime Authority.

The Hon. J. P. HANNAFORD: In relation to those incident reports, to whom does he provide information about the number of incident reports that he receives or the number of incident reports he might receive in respect to any individual or group of individuals?

Mr BROWN: I cannot answer that. He may take a decision to refer it to the CCA or the police authorities, or he may take a decision not to refer it at that time.

The Hon. J. P. HANNAFORD: If the head of that division had a number of reports and did not act on them, who is responsible for overlooking that?

Mr BROWN: He is responsible in his statutory role. He himself would be responsible. If it came to my attention that he was not conducting his duties in a proper and correct manner, it would be open to me as the Director-General of the Department of Gaming and Racing to take appropriate action against him.

The Hon. J. P. HANNAFORD: Has there ever been an audit undertaken of incident reports held or received by the head of the authority and of the actions that might have been taken by him on those incident reports?

Mr BROWN: Of recent times I have obtained full details in relation to the incident reports that have come to his attention and the action he has taken in regard to them.

The Hon. J. P. HANNAFORD: What do you mean by recent times?

Mr BROWN: More recently I sought information from the Director of Casino Surveillance as to the number of incident reports that he had received and what action he had taken in regard thereto.

The Hon. J. P. HANNAFORD: Up until this latest series of public questions on the issue of incident reports, there had not really been any audit oversight of what had been the actions of the head of the Casino Surveillance Division [CSD] in relation to incident reports?

Mr BROWN: I cannot answer that to the extent that I am not sure as to whether the Casino Control Authority [CCA] may not have sought that information from him regularly.

The Hon. J. P. HANNAFORD: Would the Casino Control Authority normally provide any oversight of the actions of the head of the CSD?

Mr BROWN: It has the right to seek from the Director, Casino Surveillance Division any information at any given time in accordance with its authorities and obligations under the legislation.

The Hon. J. P. HANNAFORD: Are you aware that in relation to the person Van Duong who was excluded from the casino that there were 15 incident reports against him before any action was taken? Would that be regarded as a normal number of incident reports that are necessary before action is triggered?

Mr BROWN: Mr Chairman, I do have detail on that. I will have to obtain it. If I could defer the question, I will provide it during the evening if I may.

The Hon. J. P. HANNAFORD: In any of the consultations that you have had with the head of the CSD, have you had any discussions on the number of occasions that a person has to have incident reports lodged against him before the head of the CSD would take action against that person?

Mr BROWN: No, I have not asked that question.

The Hon. J. P. HANNAFORD: Has there been any concern expressed by you to the head of the CSD about the number of incident reports that might be raised against a particular person before any action is taken against that person?

Mr BROWN: Has any concern been raised by me?

The Hon. J. P. HANNAFORD: By you with the head of the CSD?

Mr BROWN: Other than the fact that I suggested to him a change of recent times in relation to the methodology by which he determines as to whether that incident report is to be progressed in another area.

The Hon. J. P. HANNAFORD: Mr Van Duong was excluded before any criminal charges were laid against him. I can only infer then—and perhaps you might want to comment on it—that a decision to ban Mr Van Duong was taken because of intelligence received by the CSD about Mr Van Duong. Would that be so?

Mr BROWN: If I can relate to your earlier questions that that attaches to, I was advised by the Director of Casino Surveillance that his Casino Surveillance Division filed 15 reports in relation to Mr Van Duong between June 1996 and August 1997. These 15 reports included internal memoranda and incident reports as a result of observations made by casino inspectors. These reports included responses to requests for information that the authority received from a special law enforcement task force. Subsequently, on 9 September 1997 the Commissioner of Police directed the Sydney casino operator to exclude Van Duong from the casino. In later developments, of course, Van Duong was arrested, charged, trialled and sentenced to imprisonment for some eight years.

The Hon. J. P. HANNAFORD: Is part of the activity of the CSD is to gather intelligence on particular casino patrons, which intelligence might relate to the use of funds within the casino that might be illegally acquired funds?

Mr BROWN: It has been a practice of the Director of Casino Surveillance that, based on his observations and those of his staff, should he believe that any matters of that nature come to his attention, he would consider referring it to the CCA or to other law enforcement agencies.

The Hon. J. P. HANNAFORD: How many reports have been made by the head of the CSD to the CCA or other agencies about possible money laundering being undertaken or suspected at the casino?

Mr BROWN: I have detail of that and I can provide it.

The Hon. J. P. HANNAFORD: How many people have been excluded from the casino because of suspected money laundering?

Mr BROWN: To 30 April 2000, a total of 2,188 persons have been prohibited from entering or remaining in the casino. These persons have been excluded for a variety of reasons, including cheating, theft, assault and leaving children unattended in the vicinity of the casino. Of these 2,118 persons, 780 have been prohibited from entering or remaining in the casino as a result of making a voluntary application for exclusion to the casino. The Commissioner of Police has given directions to the casino operator to exclude 44 of these persons from the casino. The Director of Casino Surveillance had issued nine exclusion orders. Persons given an exclusion order by the casino operator or the Director may apply to the CCA within 28 days for a review of the exclusion order.

The authority may overrule the exclusion order or allow it to stand. To date, 432 excluded persons have applied to the authority for a review of their exclusion and the authority has overruled 69 orders but allowed the

rest to stand. After 28 days, the excluded person may apply to the person who issued the exclusion order, be it the casino operator, the Director or the Commissioner of Police. An exclusion order given at the direction of the Commissioner of Police may not be revoked, except with the written approval of the Commissioner. There is no review available through the Casino Control Authority where such exclusions are given. A total of 621 exclusion orders have been revoked either by the casino operator or the Casino Control Authority. The Director has revoked one of the orders that he issued. The Commissioner of Police has not revoked any exclusion orders given.

In July 1994 the then Minister identified concerns regarding people leaving children unattended in the vicinity of the Sydney casino. The Minister gave a direction under section 51B of the Act that the authority is to exercise its functions in a manner which would serve to exclude from the casino those parents, guardians or persons who were at the time in loco parentis to the child or children who have been found to leave the child or children unattended and exposed to risk in the vicinity of the Sydney casino.

The authority subsequently issued a direction to the casino operator under section 29 of the Act to include in its list of excluded persons the name of any parent or person who, in order that the parent or person may attend the casino, leaves a child within the vicinity of the casino in a situation where the child is or was at risk. The casino operator and the Director of Casino Surveillance have actively monitored this situation and at 30 April 2000 a total of 264 persons had been given exclusion orders for leaving a child or children unattended while those persons have entered the casino.

The proactive approach adopted in this regard during the operations of the temporary casino and the six months of operation of the Star City complex has resulted in it only being necessary to issue some 17 exclusion orders to persons during the past 12 months for leaving children unattended at risk. Any person who is the subject of an exclusion order cannot re-enter the casino. Of the 2,188 persons excluded from the casino premises to 30 April, 477 have been subsequently detected in the casino in breach of their exclusion orders. In relation to offences involving persons subject to exclusion orders, in November 1997 the Director introduced a policy whereby inspectors issue both a verbal and a written notice to excluded persons on the first occasion that they enter or re-enter the casino. This is to remind them that they are excluded from the casino and face a penalty of up to \$2,200 if they re-enter the casino while the exclusion order is still in force.

Since the opening of the permanent casino in November 1997 the Director of Casino Surveillance has issued 301 warning notices to excluded persons on the first occasion that those persons have been detected in the casino in breach of their exclusion order. In addition, at the time that the warning is given, the inspector asks the patron if he may have a gambling problem and offers all patrons a G-Line brochure on problem gambling. Patrons are also provided with the contact phone number of a counselling service that is available in their first language for patrons who admit that they have a gambling problem and English is not their first language. Where considered appropriate, prosecution action for these breaches has been instigated.

The Hon. J. P. HANNAFORD: Mr Brown, I think you have acknowledged that part of the role of the CSD is intelligence gathering in relation to patrons, or some patrons, of the casino.

Mr BROWN: I use the term observation. If the CSD believes that it has obtained information that may be of assistance to other agencies, I understand that the Director of Casino Surveillance has an arrangement whereby he provides that information to that other agency.

The Hon. J. P. HANNAFORD: In relation to people who might be regarded as high rollers, if that is the appropriate description, does the Casino Surveillance Division undertake any intelligence gathering in relation to high rollers or high cash flow customers or patrons of the casino to determine whether or not there may be concern about the source of the funds that they are using at the casino?

Mr BROWN: Mr Hannaford, my understanding from the Director of Casino Surveillance is that he was not aware of that high rollers list which has come to notice in recent times. It was based, I believe, on information gathered in, I think, 1996. I understand from the information that we have obtained that that list was a management report which had been produced by the casino for its purpose and its management activities and, in particular, its marketing activities.

The Hon. J. P. HANNAFORD: I take it from that answer, Mr Brown, that the CSD has not taken any steps to ascertain whether people who might be described as high rollers could be engaged in, or potentially engaged in, money laundering through the high roller section of the casino?

Mr BROWN: Mr Hannaford, I believe that, based again on its observation, it certainly has referred its information to other agencies.

The Hon. J. P. HANNAFORD: Have other agencies provided information of concern to the CSD about people who are in the high roller bracket of patrons at the casino?

Mr BROWN: I cannot answer that specifically.

The Hon. J. P. HANNAFORD: Would not you have thought, in terms of sustaining the public integrity of the casino, that an essential duty of the CSD would be to satisfy itself that the high roller section of the casino was not being used for money laundering?

Mr BROWN: Mr Hannaford, I have just indicated that where it believes that activity is possibly going on, it refers it to the appropriate agency.

The Hon. J. P. HANNAFORD: But, then, does it take any active role to gain further intelligence on such high rollers in order to ensure that such persons might be barred from the casino?

Mr BROWN: It refers the information it has to the other agencies for favour of its consideration as to whether it believes a decision might be taken for the exclusion of that person.

The Hon. J. P. HANNAFORD: And how actively does the CSD pursue such issues?

Mr BROWN: It has referred, on a number of occasions, details to other agencies.

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

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

The Hon. J. P. HANNAFORD: 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?

Mr BROWN: I can obtain that detail also.

The Hon. J. P. HANNAFORD: Are you able to gain that information whilst the Committee is sitting tonight?

Mr BROWN: I will endeavour to do so, sir.

The Hon. J. P. HANNAFORD: You outlined the large number of people who have been excluded from the casino, but you have not identified how many were actually excluded for money laundering or concerns about money laundering. Are you able to identify that?

Mr BROWN: I cannot. I can only indicate the detail as regards the number who were excluded and by whom.

The Hon. J. P. HANNAFORD: Until the issue of money laundering was raised just recently, on how many occasions have you ever discussed with the head of the CSD the issue of his activities in providing oversight of possible money laundering through the casino?

Mr BROWN: I cannot give you a specific number on that, sir, other than the fact that I discussed with the Director of Casino Surveillance, where I am permitted to do so outside of his regulatory autonomy, his activities in his area of responsibility.

The Hon. J. P. HANNAFORD: Whose duty is it to provide oversight of the CSD to ensure that the CSD, or the head of the CSD, is properly pursuing issues relating to the oversight of possible money laundering through the casino?

Mr BROWN: In relation to his overall operations there, as I say, on an administrative basis that is my role. In regard to his regulatory responsibilities, I cannot, and will not, involve myself in it.

The Hon. J. P. HANNAFORD: Then whose job is it to oversight the head of the CSD to ensure that his regular activities are in fact being properly pursued?

Mr BROWN: There is a requirement within the legislation that the Casino Control Authority must report on a regular basis on the effectiveness and the efficiency of the Director of Casino Surveillance.

The Hon. J. P. HANNAFORD: And have you ever had reason to canvass with the CCA whether or not it has pursued these issues with the head of the CSD?

Mr BROWN: It has produced reports on its findings of that review.

The Hon. J. P. HANNAFORD: Are you concerned about the reports of possible money laundering that is occurring through the casino?

Mr BROWN: Mr Hannaford, I am satisfied, based on his information to me, that where the Director of Casino Surveillance has received or has available to him evidence that could be referred to other agencies, he has done so.

The Hon. J. P. HANNAFORD: Is the inspection branch responsible for the oversight of these matters within the casino?

Mr BROWN: It is one of the branches, yes.

The Hon. J. P. HANNAFORD: Is that branch specifically responsible for the gathering of this intelligence of casino patrons and pursuing the issues relating to the banning of patrons from the casino?

Mr BROWN: That would be the normal area of activity that would direct or bring that information to the attention of the Director of Casino Surveillance.

The Hon. J. P. HANNAFORD: Has that particular division had a staff cut from 36 to 21?

Mr BROWN: Overall, it has reduced from 55 to 29 positions, I believe.

The Hon. J. P. HANNAFORD: I think the Minister indicated that the inspection branch numbers were to be reduced from 36 to 21, and from teams of five to seven down to teams of three or four.

Mr BROWN: That is correct, sir.

The Hon. J. P. HANNAFORD: And that the number of 36 was a reduction from a high in the previous year of, I think, almost double that number.

Mr BROWN: It reduced from, as I say, overall 56 to 29.

The Hon. J. P. HANNAFORD: Did the head of the CSD express concern to you about the reduction in this number of staff in the inspection branch?

Mr BROWN: He brought his views to my attention, sir.

The Hon. J. P. HANNAFORD: What were those views?

Mr BROWN: Like any agency, sir, you do not like to see a cut to your budget.

The Hon. J. P. HANNAFORD: He expressed a view to you that the efficiency of his branch would be impeded by such a reduction in the staff. Is that not so?

Mr BROWN: He informed me and others that it must have an effect on his activities.

The Hon. J. P. HANNAFORD: Since 1997, the staff in this area has gone from 71 down to the proposed 21 staff. Is that not right?

Mr BROWN: I cannot answer about the 71, sir.

The Hon. J. P. HANNAFORD: The monitoring room requires the presence of two people at any one time to undertake an oversight of the television monitors within the casino. Is that not right?

Mr BROWN: That would be better directed to the Director of Casino Surveillance.

The Hon. J. P. HANNAFORD: Because if you have only three to four staff at any one time and two people being required to undertake an oversight of the television monitors, you are proposing that only one or two people at any one time will be undertaking surveillance generally within the casino.

Mr BROWN: I would ask that that be referred for favour of advice by the Director of Casino Surveillance.

The Hon. J. P. HANNAFORD: The Minister used the term that your inspection branch was now going to be engaged in a random audit. Has it been forced into undertaking a random audit because Treasury has imposed a \$1.75 million cut on your staffing in this area?

Mr BROWN: Is it true to say that the reduction in the budget was an amount of \$1.75 million?

The Hon. J. P. HANNAFORD: You have been forced into a situation of trying to sustain an effective surveillance operation on this casino now with only three to four staff at any one time.

Mr BROWN: It is a fact of life that if you have a reduction of \$1.75 million in your budget you must, therefore, restructure your operations and act accordingly. An appropriate restructure was undertaken.

The Hon. J. P. HANNAFORD: Are you expecting an increase in patronage of the Star City casino over the Olympic period?

Mr BROWN: I would expect that to be the case, but that would be better answered by the operator.

The Hon. J. P. HANNAFORD: Has the head of the CSD expressed concerns to you about his ability to maintain an appropriate level of inspection of the casino operations during that period because of the increased patronage in that area and because of his reduction in staff?

Mr BROWN: Not to my knowledge.

The Hon. J. P. HANNAFORD: Have you addressed this issue with the head of the CSD as to how you can provide an effective and reliable intelligence and oversight mechanism of the casino during the influx of people to the casino during the Olympics?

Mr BROWN: We are confined to the budget that we have and to the structure that has been put in place, and at the present time there is no reason to believe that that will not be satisfactory.

The Hon. J. P. HANNAFORD: I think in the information you gave earlier your inspectorate division is required to undertake criminal intelligence gathering as well as all the liquor inspections at this site, which is different in its operations to surveillance authorities in other casinos around Australia.

Mr BROWN: It is true that the Casino Control Authority has responsibility for the liquor functions of the casino as well.

The Hon. J. P. HANNAFORD: Has the head of the CSD expressed concern to you about his ability to be able to undertake appropriate intelligence gathering and to provide appropriate intelligence oversight of the patrons because of the reduction in staff that he is now going to suffer?

Mr BROWN: No, not to my knowledge.

The Hon. J. P. HANNAFORD: Have you discussed these issues with him at all?

Mr BROWN: Yes, of course, we have discussed the issues. We are faced with a budget cut of \$1.75 million. We discussed at length the manner and method by which we could undertake the role, and we were satisfied that within the current budget he can adequately undertake his statutory responsibilities. That is what he reported to me.

The Hon. J. P. HANNAFORD: Did you discuss with Treasury this budget cut and the impact it would have on the inspection branch of the casino?

Mr BROWN: Yes, we did.

The Hon. J. P. HANNAFORD: What was the reaction of Treasury to your concerns?

Mr BROWN: We sustained a budget cut of \$1.75 million.

The Hon. J. P. HANNAFORD: What was the nature of the concerns that you actually conveyed to Treasury?

Mr BROWN: I am not in a position to go through that. That was to a Cabinet subcommittee, and I provided that information accordingly.

The Hon. R. T. M. BULL: Mr Brown, I would like to ask some questions about two of the codes of racing. Are you happy to answer the questions or should Mr Baldwin answer those as the Acting Director of the Offices of Racing and Charities?

Mr BROWN: If I might, Mr Bull, I will take the question. If I believe it is better answered by Mr Baldwin, I might defer to him, if that is in order.

The Hon. R. T. M. BULL: Firstly, Mr Brown, I understand that members of the Greyhound Racing Authority have been required to sign confidentiality agreements. Could you confirm that this is the case?

Mr BROWN: Mr Bull, I understand that the Chairman of the Greyhound Racing Authority did seek the membership to sign a confidentiality agreement, yes.

The Hon. R. T. M. BULL: To the best of your knowledge have all members signed that agreement?

Mr BROWN: As I understand it, two members have not signed or have indicated they are unwilling to sign at this moment.

The Hon. R. T. M. BULL: Is the department or you as Director-General in a position to do anything about that?

Mr BROWN: The department or me, in my capacity as Director-General, no. The Greyhound Racing Authority is a statutory authority under the control and direction of the Minister in certain areas.

The Hon. R. T. M. BULL: Mr Brown, would you advise the Committee when the Independent Commission Against Corruption [ICAC] will report back with its recommendations?

Mr BROWN: I cannot give you a particular date, Mr Bull. I think there is an indicative date.

Mr BALDWIN: I think the indication from the ICAC Commissioner was that it could be in the order of anywhere around a month to two months.

The Hon. R. T. M. BULL: Either Mr Brown or Mr Baldwin, are you aware of the mention in ICAC of dogs being drugged to the eyeballs, and that dogs whose owners have been charged by the Greyhound Racing Authority and recommended for charges by the ICAC are still running? For example, Flash Joan ran second at Wentworth Park last weekend and Galaxy Monarch also ran at Wentworth Park.

Mr FACE: Just to give you clarification, the word "owners" has already been used wrongly. It should have been the word "trainers". That has subjected one person to possible litigation, and I do not want you to fall into the same trap. There is confusion between the use of the words "owners" and "trainers" and somebody inadvertently used the word "owner" when it should have been the word "trainer". I am just being helpful to the Committee.

The Hon. R. T. M. BULL: I correct the question—whose trainers have been charged by the Greyhound Racing Authority.

Mr BALDWIN: Yes, Mr Bull, I believe that is the case. The issue, I suppose, that arises clearly in this matter is that it is important that the people allegedly involved in these matters are afforded natural justice and that the proceedings before the board of the Greyhound Racing Authority are allowed to take their course.

Mr BROWN: May I add to that? The Greyhound Racing Authority alerted ICAC in the first instance to possible corruption activity and has co-operated fully with ICAC through that investigation until the inquiry concluded the public hearings on Monday 8 May. Until that date the authority was not in a position to lay charges without possibly prejudicing the investigative inquiry processes of ICAC, particularly as Mr Potter, Mr Gill, Mr King and Mr Bragg gave evidence on more than one occasion, with Mr Bragg also appearing on the last day.

On 14 April 2000 the authority's solicitor raised with the commission the possibility of the authority proceeding with charges against registered persons, but verbal agreement from ICAC to proceed was only given a short time thereafter. In that regard, section 37 (3) of the Independent Commission Against Corruption Act 1988 provides that evidence given before the commission is not admissible against the person giving the evidence in any criminal, civil or disciplinary proceedings.

Secondly, under the provisions of the Greyhound Racing Authority Act and in accordance with the authority's rules, a person who, after notice and due inquiry, is found guilty of breaching the rules or having done anything or caused to have permitted anything to be done in connection with greyhound racing which is dishonest, corrupt, fraudulent, negligent, improper or otherwise detrimental to the proper control and regulation of greyhound racing, may be subject to a penalty including disqualification, suspension or fine.

It is apparent that the Act and the rules do not permit the Greyhound Racing Authority's regulatory committee to immediately impose a suspension or disqualification without first having given due notice to a person, and then have everything conducted at a hearing. Natural justice or procedural fairness is a fundamental requirement of administrative law and precludes the regulatory committee from meting out any form of penalty without having held its own properly constituted and conducted inquiry.

Evidence given by any person before the ICAC inquiry cannot be used, as I mentioned, against that person because of section 37 (3) of the Independent Commission Against Corruption Act. There must be a complete re-hearing. Despite the fact that the search warrants and kennel inspection had earlier resulted in the confiscation of various banned and illegal substances from some properties, the department was informed that the authority was not in possession of any current information suggesting that the greyhounds identified as having previously competed after the administration of a drug or drugs have continued to have a drug or drugs administered to them.

Consequently, any action to prohibit any such greyhound from competing is subject to similar considerations of natural justice as apply to registered persons. We understand that the authority's stewards have been instructed to be particularly alert to any matters relating to those greyhounds, including their racing performance and demeanour, and the persons connected with the greyhounds who have given evidence before the commission.

On Wednesday 17 May 2000, it is understood that the regulatory committee of the authority resolved to lay charges against the following persons: Mr Rodney Bragg, Mr Andy Sarcasmo, Mr Ken Howe, Mr Ron Gill, Mr Ray King and Mr Rodney Potter. I believe that a number of those charges were heard on 31 May. The chairman of the authority, Mr Ross Magin, in announcing the laying of the charges also stated there was a likelihood that other persons will be charged in connection with the corrupt, dishonest or fraudulent activities that have become known as a result of the investigation, but that any such actions will be dependent upon the further assessment and consideration of all available evidence. As mentioned, the authority must follow the rules of natural justice and due process.

The Hon. R. T. M. BULL: I ask the Minister, with respect to greyhounds, do the recent corruption charges and subsequent inquiries vindicate Mr Ted Humphries and Mr Roger Atkins, two whistleblowers who came to him with corruption allegations five years ago?

Mr FACE: I am pleased that you have asked this particular question because it gives me an opportunity to clear the air about a number of false statements and accusations that have been made through the media since the commencement of the ICAC inquiry. Over the years what I would describe as an urban myth has grown up about the two supposed whistleblowers. Firstly, it is not my intention to comment publicly on the

allegations because they are still the subject of the inquiry. Those matters will be fully investigated by the commissioner, and I will wait for the outcome of the inquiry before I consider any matters that the Government should address.

Of a general nature, however, I can confirm that during 1995 a number of allegations about which you would be well aware surfaced from certain quarters, including Messrs Humphries and Atkins, relating to impropriety within the racing industry. I do not know these gentlemen; I met one on one occasion from memory. I believe they did act in all sincerity. However, with all due respect, neither of these people directed his allegations to me directly—and they could have at any time—to my department or, to the best of my knowledge, to the appropriate authorities. They did air their grievances of dissatisfaction with fellow members of the Greyhound Racing Control Board through various facets of the media. That is up to them as to whether they want to do that. Articles appeared in the *Sunday-Herald* on 4 June 1995 and the *Sunday Telegraph* on 16 July 1995.

The allegations that were made at the time were of a general nature regarding improprieties within the racing industry, and I emphasise of a general nature. They did not, to the best of my recollection, allege any corruption of public officials. I well remember my chief of staff at the time having discussions with ICAC, and at that time no-one had come forward and actually made an allegation against an official that could have been sent to ICAC. Accordingly, it appeared that the only body who could investigate was the New South Wales Police Service. To give you an idea, here is the report, and it makes interesting reading. There is a suggestion that nothing was done. Nothing could be further from the truth. Following publication of the newspaper articles that contained allegations—and you yourself were concerned about them—I requested the Minister for Police to arrange for the matter to be investigated by the Police Service, and that was duly done, as I have indicated.

Other allegations of impropriety within the industry were also referred to the Police Service by the then secretary of the Greyhound Racing Control Board, Bob Cartwright. On 22 July 1996 I was advised by the Minister for Police that the organised crime branch, the group that actually led the inquiry, had completed its investigations into allegations of illegal use of drugs within the greyhound racing industry and the possibility of collusion between trainers, board members and stewards in the use of drugs to manipulate race results. I was also informed that the investigations revealed that, despite persistent rumours, hearsay, innuendo and various allegations which attracted media attention, particularly in 1995, no prima facie evidence of a criminal offence was found to substantiate the preferment of charges against any person connected with the industry. Despite their continued protestations over the wrongdoings within the racing industry, it is interesting to note the responses from Mr Humphries and Mr Atkins when they were interviewed by the police during the year 1995-96. Firstly, with regard to Mr Atkins—and I do not want to make him out to be a villain, although he made me out to be one—I believe he genuinely thought something was wrong but he could not prove it. He could not give us anything.

The report says that on 19 and 20 July 1995 Mr Atkins was formally interviewed by detectives of the organised crime branch regarding statements he had made in various newspaper articles. He was not prepared to expand on any matter of a criminal nature. He stated that there were many anonymous persons unknown to him within the industry who would come forward and support him. Generally, he was disturbed about drugs being allowed into the industry. However, he could not elaborate any further on the drug allegations. He could not give any evidence at all. I can only be guided by what he said. He was not prepared to expand on any matter of a criminal nature contained in the article at the time. He stated that there were anonymous persons unknown to him within the industry who would come forward and support him if the appropriate new greyhound racing control board was announced. Mr Atkins indicated his life had been threatened twice, that he knew the identity of the persons but he was not worried about the threats.

What I am giving the Committee here today he was unable to supply, although he may genuinely have believed in his own heart there was something wrong. When I left the police 27½ years ago, that was my last investigation. I am not suggesting that I at the time should have undertaken it; I did the appropriate thing with the police. Mr Atkins was advised to contact the interviewing police officers. That is what is contained in this report. We were assured that if he got any further matters they would be investigated. The report concluded by saying that Mr Atkins had not contacted the police investigating officers since 20 July 1995, and it was in 1996 when the report was released. There was ample opportunity.

To the best of my knowledge, Mr Atkins never made any further contact with the police—and they verify that in this report—or any other authority, including ICAC. It was only after the announcement of the ICAC inquiry that he resurfaced with his latest round of allegations. I sent all of this straight to ICAC. No

problem at all. I have got nothing to hide. It was all contained there. All this went to ICAC during that investigation, and although Mr Atkins and Mr Humphries went down to ICAC themselves, they were never called in any of the public hearings.

I repeat: I sent all of this expansive information, in precis, to ICAC, and those gentlemen were never called in the major open public hearings. I do not know the reason for that, but I think it would be reasonable to assume that they could not add any more. The Hon. R. T. M. Bull said in his opening remarks that they had been vindicated. They never at any time suggested Rodney Potter. I repeat: they never suggested Rodney Potter. The Hon. R. T. M. Bull knows me well enough to know that if there had been anything wrong I would have sent it straight to ICAC, in the same way that I did when this matter became known in July last year. I could not get the people there quick enough.

Dr Humphries—whom, once again, I have only ever met once—is a deeply respected vet. No doubt he feels that there was something wrong, but the police report states that he was interviewed about an article in the *Daily Telegraph Mirror*, as it was known in those days, on 24 July 1995 alleging that greyhounds were administered with prohibited drugs to affect their performance. He admitted making the allegations of the use of prohibited drugs within the industry. However, as contained in this report, he had no direct evidence. He admitted he was relying on innuendo. He further stated he had no personal knowledge of drugs, nominated as cocaine and amphetamines, being administered to greyhounds at any race-meeting. You only have to look at Dr Humphries. As I said, he is a well-respected man and he is a vet. If he had any knowledge, he certainly would have given it.

Let us move on to the statements given to the police at the time by the Hon. R. T. M. Bull—and this is not a criticism. The report stated on 28 July 1995 that the honourable member was interviewed at his office in Parliament House with an assistant, Mr Scott. With all due respect, he could not provide any information of criminality in the industry. That is contained in this report. The Hon. R. T. M. Bull could not give us any help. The honourable member has admitted that to the police. He stated that he was mainly concerned, and quite rightly, with the administration of the industry, and most of the information given to the police indicated dissatisfaction with the then administration.

There is no doubt that there was dissatisfaction with the administration. That is why I relieved the board. I, in fact, dismissed the board, all six of them. This urban myth has grown up that Ted Humphries and Peter Atkins were singled out. They were not singled out. Six people went off. I think the Hon. R. T. M. Bull would agree that one of them, we know very well, was deeply hurt by it. There was an aspersion on his character at the time. Once again, with all due respect to Ted Humphries, I can never understand why the previous Minister put him on the board. If ever anybody had a conflict of interest, Ted Humphries had. He was a vet operating on behalf of the National Coursing Association [NCA] at meetings and then sitting on appeals, because the appeal mechanism in those days would have meant that he would have sat on those appeals. I have since changed the Act. Have you ever heard of a greater conflict of interest?

I do not think Ted Humphries, from my knowledge, did it with any maliciousness, but he left himself completely open by being a vet at the racecourse for the NCA, being present when swabs were being taken, and then treating dogs in his own private practice as a vet. He was having those people front in an appeal mechanism on which he was sitting. This is what happened. The information given by Atkins and Humphries was hardly the type of evidence required to support responsible further action at the time, as I have said. If they had any facts or any information, they never gave it to the police.

Surely, in that case, they could have been justifiably accused of withholding vital information. They were probably wrong in what they were doing but I do not think, with all due respect, they were. I have consistently stated that anyone who had evidence of corruption in any code of the racing industry should be encouraged to bring it to my attention so that I can refer it to the appropriate authorities, in the same way that I did when this matter emerged in July last year. When the certificates went missing and the stewards came to the chief executive I was immediately apprised of it and it went straight to the Independent Commission Against Corruption. My office, my ministry and the department have co-operated with the commission ever since. In fact, on several occasions I have referred various allegations since that period of time to the police and ICAC. I just cannot believe that this myth has grown up that I should have taken these matters other than to ensure the allegations were thoroughly investigated.

If they are suggesting that I somehow was responsible for the actions of Mr Potter, then surely that would apply to my predecessor, whom I deeply respect, Chris Downey, because he was the person who

appointed Rodney Potter as the chief steward. It goes over quite a long period of time. I continue to hear that I have consistently refused to meet Atkins and Humphries and discuss their allegations. These assertions are, at best, fanciful. I pride myself on the records I keep in my office and the way that telephone calls are received. To the best of my recollection, neither gentleman ever sought a meeting with me before the charges of the composition of that greyhound board took place. He alleges he rang my office seven times or 11 times. I know nothing about that. They did, however, in the period of the dismissal seek to come in with a delegation with the United Greyhound Association. I said that they were not to come because I was seeing the United Greyhound Association and that if I wanted to see the board I would have seen the whole board. I did not see them as tailing in on something at the last minute.

I can only tell you the truth of the matter about the removal of the board so I can put it finally to rest. When I came into office in 1995—and this is in *Hansard*—the first thing I became aware of was a significant conflict amongst the individuals of that board. They were concerned at the time. Dennis Inglis came to me and said that it had reached unworkability. I repeat: they were not singled out. There were six people and every one of them had a conflict of interest. Every one of them either owned, trained or was in some way involved in that industry or was a chairman of one of the two major racing clubs, and they were sitting on the appeals mechanism, which I have changed.

In addition, following the examination of the composition of the board, I believed that certain members had a conflict of interest. Accordingly, I arranged for the removal of all members, with the exception of the then chairman. It would have been unfair to dismiss him because he had no involvement in the industry. I then made certain that nobody—until such time as the final composition, which we have now—had a conflict of interest, that they were all independent and that they were of an impartial view.

The new appointments to the board had no direct involvement in the industry. It is being implied that my sole purpose was to remove those two people. That could not be further from the truth. I would imagine they were hurt just as badly as the other four were at the time. But if you read *Hansard*, the public record of what was said at the time, you will see the way that things were going. Dennis Inglis wrote to me in absolute desperation. The Hon. R. T. M. Bull would have to agree, as he did when the police interviewed him, that there was something wrong with the administration.

Following the appointment of the new board, I immediately directed it to undertake a complete review of the drug testing policies. An extensive review was undertaken, which resulted in additional initiatives. I did not sit around and do nothing. We now have an extension of the random ballot system to select races where the winner is swabbed by all TAB clubs—the swabbing of all placegetters at races attracting prize money of \$10,000 or more at Wentworth Park or \$5,000 on any other TAB track; and additional swabs to be taken on the basis of observation of stewards of form reversal. I also arranged for the board to publish the results of all the swabs and to provide a clear and definite drug policy to all participants.

In essence, this saw the most revolutionary change in the board's drug testing policies that had ever taken place in this State. If I had not put them in place, there is a big chance that Rodney Potter may not have been caught in the way that he was. In addition, in late 1998 I introduced legislation for the Greyhound Racing Authority to oversight the restructured board and the establishment of a regulatory committee comprised of three independent members of the board.

It is pertinent to note that the most recent allegation, now the subject of the ICAC investigation, was brought by that new regulatory committee. It is interesting to note that that new regulatory committee brought that action within seven months of it being actively appointed. It is also encouraging to note that the matters that led to these allegations and subsequent investigations by ICAC were identified as a result of the full implementation of the greyhound racing corruption prevention and anti-fraud plans, which I insisted be put in place. In other words, these matters were identified by the authority itself, not by outside parties, as was the case back in 1995. So the answer is no, they have not been vindicated. They would be vindicated on the basis that they did have a suspicion, that they had a concern, but they were never ever able to prove it. I would like to give you finally some idea of the extent to which the police went, because it is important that the public record is set straight.

The Hon. R. T. M. BULL: Is this the report that the police did?

Mr FACE: Yes.

The Hon. R. T. M. BULL: Is that available to the Committee?

Mr FACE: I will seek legal advice. I have no problem with it being made available, because it will only enhance what I have told you here tonight. Here is a letter from the Hon. R. T. M. Bull. I am not criticising the honourable member, because he was as concerned as I was. I will not say the person's name, but he was a greyhound owner, a trainer alleging impropriety by the stewards in regard to the use of drugs. When the man was interviewed by police he had no direct evidence to support his allegations. In the absence of any further information, no further inquiries could be undertaken by the police.

They were directed to a fellow who had been the secretary of a greyhound racing club. He was nominated as a person who might be able to assist the police investigations. When he was interviewed by police he stated that the greyhound industry was a rumour mill fed by disgruntled or jealous persons within that industry. He had no direct information. He could not assist the police in their inquiry. Another fellow, a former steward, was nominated as a person, going back a bit further, who might be able to help them. There was no problem with that. He was interviewed by the police. He had no direct knowledge of drug use during his employment within the industry. We might leave that one to our fertile imaginations. But all I am saying is that is the case if you went through the allegations in this whole report, one after another. I am not sure if I can give you the letters that finally brought it about.

I have here an article in the *Daily Telegraph* of 24 July by a Mr McDougal, a journalist, alleging that greyhounds were administered prohibited drugs to affect their performance. Mr McDougal was interviewed by the police and he stated that the information about drugs was supplied by Mr T. Humphries, Greyhound Racing Control Board veterinarian and board member. Dr Humphries was interviewed and admitted making the allegations of use of prohibited drugs in the industry. However, he had no direct evidence. He relied on rumour and innuendo. He is telling the police this. He further stated he had no personal knowledge of drugs, nominated as cocaine and amphetamines, being administered to a greyhound at any race meeting. It just goes on and on and on. I am glad for the sake of history that I was asked tonight.

The Hon. R. T. M. BULL: You are obviously prepared.

Mr FACE: They may feel they have been done an injustice. I have, because it has continued to be peddled that I did something, that I sacked a couple of whistleblowers. That was not the case, and I think the record shows that my actions since that time have brought about the ICAC inquiry. What comes out of that I will act on to the letter.

DEPUTY-CHAIR: Thank you, Minister, I think you have made your point on that one.

The Hon. D. E. OLDFIELD: Mr Brown, I refer to the documents that have been supplied during the course of this hearing with regard to the various funds allocated to community groups. Looking through your basis of recommendations as to why it was approved or not approved or ceased or kept at current levels of CPI and so on, it is clear that a number of organisations throughout the community are making note that they have significant increases in treatment costs per client. What is the basis under which they claim increased treatment costs?

Mr BROWN: I cannot answer that question, sir, because I do not make the recommendations in relation to grants from the Casino Community Benefit Fund. There is a trust established, I believe, of 11 persons who make recommendations to the Minister.

The Hon. D. E. OLDFIELD: Is there someone here among your staff who can answer that question?

Mr BROWN: Ms Jill Hennessy is a member of the trust. As to whether she might be able to answer that question, it could be posed to her.

Ms HENNESSY: There has been an extensive assessment process of the large number of applications that were submitted for funding for counselling services in response to a call for applications advertised in September last year. A record number of applications was received on that occasion. The total value of those applications was well in excess of the capacity of the fund to be able to fund them all. Over the last two or three years the trustees have commissioned on an annual basis a survey of the activity levels of all of the currently funded services, and the most recent one was performed about the time of the call for applications last year. It indicated at that stage that there was something like 50 per cent usage of all of the funded services throughout New South Wales.

There was not compelling evidence to support a massive expansion of the current services. However, it was considered appropriate at that time to review the spread and the quality of the currently funded services. An

initial assessment was made of all of the applications that were considered by two assessment panels comprising representatives of government departments and non-government organisations. Those assessment panels expressed some concern about the predicted expansion of some services that previously had fairly low usage rates, and also there was quite a disparity in the costing levels from one service to another.

Following that initial assessment process, each of the services were asked to supply further information to help with the final decision making and that was then assessed by a person who was contracted by the trustees for that specific purpose. That person went through and compared the current treatment costs per client under the present funding rates with the estimated treatment costs per client under the requested new funding levels. In many cases the extra funds that were being sought did not seem to be supported by any increased number in clients that would be seen. So it was difficult to work out what additional value would be gained by allocating more funds to some of these services. On that basis, because there was not sufficient justification given for expanding the amount of money that was being provided to some of the currently funded services, they were recommended just for their current level of funding but adjusted for estimated CPI increases over the next two years.

The Hon. D. E. OLDFIELD: Ms Hennessy, my question was: Under what basis do these groups make the claim that their individual costs per client are going to increase?

Ms HENNESSY: They did not make the claim. That was part of the assessment process. They estimated the number of clients that they were going to see over a 12-month period and that was then compared against the actual funds that they were seeking.

The Hon. D. E. OLDFIELD: You are saying that the basis of the recommendation here is not a claim made by them but an assessment made by you?

Ms HENNESSY: Based on their information.

The Hon. D. E. OLDFIELD: If you have assessed that they are going to have an increased cost per person that they are treating, why have you then in your own recommendations in many cases basically denied that there will be an increased cost? If the assessment was yours in the first place, why did you then deny there would be an increased cost?

Ms HENNESSY: There would only be an increased cost if they were granted the full amount of funding that they were seeking and there was no justification in some cases for expanding the current levels of funding. For example, an average ball park figure of an overall treatment cost per client would be \$800 per client during the course of treatment. If the service was currently being funded at the level of \$800 per client and they were seeking additional funding, that would mean they were being funded for the cost of \$1,600 per client. If there was no justification for requiring those additional funds, in the absence of that justification they were only recommended for funding at their current level.

Mr FACE: I would like to assist the Committee. The Director-general has been able to provide further information on the chronology of police exclusions and names provided by CSD. He will also be able to tell you the development criteria which is currently being undertaken. If he were to read it out, it would be helpful to the Committee. He cannot table the document because it is an information, but we want to be of assistance to the Committee.

DEPUTY-CHAIR: Is it a lengthy document?

Mr BROWN: Yes. The question that was posed of me by Mr Hannaford related to a number of areas associated with the exclusions of persons, the activities of the Director of Casino Surveillance, his interaction with the police authorities and the outcomes. The question was also posed as to whether there had been any requests made of the Director of Casino Surveillance by the police authorities. I have that detail. I can provide it on this occasion for the benefit of the Committee or, alternatively, I can provide it at a later time on notice. It is here and the Hon. J. P. Hannaford specifically asked me to provide it this evening prior to the end of this session.

The Hon. J. P. HANNAFORD: Can it be tabled to be incorporated into *Hansard*?

Mr BROWN: The document I have is not a document for tabling.

The Hon. J. P. HANNAFORD: Perhaps we can come back to that after the Hon. D. E. Oldfield has finished his questions.

The Hon. D. E. OLDFIELD: What about the situation where there are a number of recommendations which, as you have said, are your recommendations, and your analysis that gives us the information that we have here—such as, while it is noted that an increased client load is anticipated by this service, the current funding provides a capacity to meet the increase in demand for this service. Can we take it that all of the organisations that have those recommendations beside them are being overfunded or have been overfunded up until now?

Ms HENNESSY: As I said, the last survey that was done indicated an across-the-State usage rate of 50 per cent. Some of the services are operating at maximum capacity. So some are operating at 100 per cent capacity, and others have been operating at a fairly low capacity. That has been of some concern to the trustees. Various reasons have been given for that. One of the most common reasons that the services have provided is that problem gamblers are notoriously poor at keeping appointments, so they will make a series of appointments in advance. The service obviously has to keep that time available for that person and then the person does not turn up. In that case, that is the period that that particular counsellor is not fulfilling that service.

There are other explanations as to why the current usage rate is low in some services. This is a fairly new program. A great deal of them have only commenced funding over the last 12 months or so. It is generally held that it would take three to six months of initial set-up before a service was operating at its maximum level. Other services obviously are targeted at particular community groups. They are presented with particular problems in trying to get over some of the cultural difficulties that might occur in feeling comfortable about seeking counselling among some of those groups. So there is a range of reasons why some of them are currently operating at fairly low levels. Nevertheless, if you are faced with a service that currently only has 30 per cent usage rate, and it anticipates that the number of clients it will see over the next 12 months will double, that still only means it will be operating at 60 per cent usage rate. The view was formed that the current funding levels should be able to accommodate that increase in activity.

The Hon. D. E. OLDFIELD: Could you please define for me a completed client?

Ms HENNESSY: As I said, we were assisted in this process by a consultant who is a clinical psychologist. She came up with that definition. I believe that it is a clinical term and I would not feel competent to answer it, but I gather that it is generally considered that for proper functioning counselling services they should have a means of closing a particular client's record when they feel that the person has been assisted adequately.

The Hon. D. E. OLDFIELD: You have one operation in Waverley Action for Youth Services that you note has a \$20,953 per completed client cost. You are raising considerable concern about whether this service is viable and whether it is generally doing the right thing. Yet you have another group, Vietnamese Community in Australia, that apparently has an operating cost with a completed client of \$70,000. There does not seem to be much concern about a \$70,000 completed client as opposed to a \$20,000 completed client which is noted as very high, whilst in fact it is less than a third of the other.

Ms HENNESSY: From memory, and I do not have all the specific details with me, the Vietnamese service was one of the ones that has only been operating for a fairly short period of time. It would not have generally had the opportunity to have completed clients. I understand that in some cases it can take an average of six to nine months to complete treatment. If the service has been operating for only six months, it is unlikely that it would have had an opportunity to complete its clients.

The Hon. D. E. OLDFIELD: How would you explain a \$70,000 cost per completed client?

Ms HENNESSY: I think I have just explained that.

The Hon. D. E. OLDFIELD: I do not think you have. You just told me that they could not complete a client because they have not been operating long enough. If somebody is being treated in a six- to nine-month period, what are the hours, competence and qualifications that cause a cost of \$70,000 per completed client, not yet completed, because they have not been operating long enough, according to you?

Ms HENNESSY: From memory, that particular centre had been operating for such a short period of time, it had only had sufficient opportunity to complete a handful of cases. That, compared with the overall

number of current clients, was not looked at by itself. A range of measures were used to compare these different services. The cost per completed client was one of them. Our adviser was at pains to say that in certain circumstances there are also definitional problems. They particularly arose with some of the services that had been operating for a short period of time and had not necessarily got their records in an appropriate method to be able to answer some of our questions.

The Hon. D. E. OLDFIELD: Can I get on notice an answer as to the generally accepted cost of a completed client? I know that you cannot give it to me because you said you were not qualified to do so.

Ms HENNESSY: I can attempt to get that information for you.

The Hon. J. P. HANNAFORD: Mr Face, in his 1997 report under the section 31 inquiry, Mr McClellan reported on the activities of the Casino Surveillance Division and on the operations of the CCA. Is it intended that Mr McClellan will examine the operations of the CSD and the CCA during the course of this particular inquiry?

Mr FACE: Yes.

The Hon. J. P. HANNAFORD: He will?

Mr FACE: Yes.

The Hon. J. P. HANNAFORD: I understand that he is going to report on the DCS. One of the officers of the CSD, a Mr Duggan—and it is no reflection on him—has been seconded to assist Mr McClellan. Do you think that there is a conflict of interest in having an officer of the CSD seconded to an investigation of his own agency?

Mr FACE: No, he has been there to assist. That is what he is—with all due respect to Mr McClellan, who is a learned fellow, as the Hon. J. P. Hannaford knows.

The Hon. J. P. HANNAFORD: He used to be an employee of mine.

Mr FACE: I am just saying that he is very good, but it is like anything: you need to be able to have somebody who knows the situation. I do not see it as a conflict of interest. That is why the Casino Control Authority, when the new chairman took over, made a decision on its own. There was a possible suggestion that the CSD and the authority needed somebody of the stature of McClellan.

The Hon. J. P. HANNAFORD: Have you considered the possibility that there might be employees of the Casino Surveillance Division who might want to provide information to Mr McClellan's inquiry about the operations of the surveillance division but are reluctant to come forward now that one of the senior employees in that division will be seconded and overlooking that sort of information?

Mr FACE: I would imagine that Mr McClellan, knowing him as I do, would probably seek to do that in a way that there would not be a conflict of interest. If that was a concern, whilst I cannot direct him, I would bring it to his attention. I certainly do not want any situation that is likely to impede Mr McClellan in what he is trying to achieve.

The Hon. J. P. HANNAFORD: Have you given any consideration to any section 5 directions which might provide some protection for officers of either the CCA or of the surveillance authority so that officers could be encouraged to come forward and provide information to Mr McClellan's inquiry?

Mr FACE: I understand that has already been suggested. My understanding of section 5 in my initial inquiries is that it has to be in the public interest. There there would have to be some compelling reasons why I would, in the public interest, issue a section 5 direction.

The Hon. J. P. HANNAFORD: Would you consider giving such a direction to provide some immunity or protection to people who might want to be whistleblowers to this inquiry?

Mr FACE: I would not say so much whistleblowers, but if they are going to be helpful to the inquiry, I would not see it as a problem.

The Hon. J. P. HANNAFORD: Mr Brown, before we come to the information you are about to give, is it also correct that a number of incident reports have been lodged in respect of not only money laundering but also prostitution, loan sharking, standover tactics and drug dealing at the casino?

Mr BROWN: Sir, I cannot give you detail in regard to that.

The Hon. J. P. HANNAFORD: Has anybody raised issues of incident reports of that nature with you?

Mr BROWN: Not personally, because I believe those incident reports were, as I say, referred to the CCA or to other authorities as required by the Director of Casino Surveillance.

The Hon. J. P. HANNAFORD: Would Mr Foggo have been given any information on those sorts of matters?

Mr FOGGO: No.

The Hon. J. P. HANNAFORD: Mr Brown, are you aware of any incident reports having been made in respect of a Mr Paul Desmond?

Mr BROWN: There are certain details available to me in regard to that name, sir. As I understand it, sir, the alleged disappearance of a Mr Paul Desmond was first raised in the House by the member for Port Macquarie on 30 May 2000. As I understand it, the House was subsequently informed on 1 June by the Minister for Police that Mr Desmond had recently been observed in the Sydney casino. Despite that advice, I understand that it was said that Mr Desmond was missing. I am advised that Mr Desmond has been seen at the casino since 1 June. I understand that the Casino Surveillance Division has no adverse reports about Mr Desmond. A review of the Casino Surveillance Division records reveals that Mr Desmond has only come to notice as a result of issues raised by a Mr Alexander Preston. Mr Preston had previously advised that a person named Paul Desmond had lost money and subsequently borrowed \$50,000 from Korean loan sharks, and because he was unable to repay the amount he had disappeared.

Mr Preston has recently claimed that Mr Desmond owes, I understand, \$500,000 in debts from gambling. Mr Preston has apparently expressed the view that if the money has been repaid it must have been obtained from illegal sources. Mr Preston has also claimed that Mr Desmond might have a gambling problem. Mr Preston has also raised doubts about whether the person sighted recently at the casino is in fact Mr Paul Desmond. However, I am informed that casino staff have confirmed that it is the same person. Mr Harrex, the Director of Casino Surveillance, has issued a directive to his staff that if they observe Mr Desmond back at the casino they are to attempt to speak to him to get to the bottom of some of the issues.

The Hon. J. P. HANNAFORD: On the issue of barring of people, do casinos around Australia exchange information on people who have been barred and does the effect of barring people in casinos elsewhere result in automatic barring of those people from Star City casino, or does some other action have to be taken?

Mr BROWN: There is, I understand, sir, a regular exchange of information in regard to exclusions and other information that may be of assistance to regulators on a national basis. The Minister some time ago brought to the attention of his colleagues, as I recall it, a request that there be a formal arrangement whereby there would be reciprocity in regard to exclusions. That had been proposed by the Minister. Although it was acknowledged that it may be an appropriate feature, it was not accepted by the other jurisdictions. The Minister has persisted with that endeavour, and I believe it is going to be a matter again for consideration at ministerial meetings of gaming Ministers in the future and also, I believe, of the police authorities.

DEPUTY-CHAIR: Thank you, Minister and Mr Brown. Mr Brown, perhaps by written response to the Committee you could provide that information which you sought to read onto the record before. The Committee would appreciate it. Minister, having seen the list, it is too voluminous to be incorporated in *Hansard*. Therefore, the Minister should be advised that it has been tabled and the Committee will consider whether to authorise the publication in its deliberative meeting after this meeting. Thank you very much for attending.

The Committee proceeded to deliberate.
