

# GENERAL PURPOSE STANDING COMMITTEE No. 2

Thursday 4 September 2003

Examination of proposed expenditure for the portfolio areas

## GAMING AND RACING

The Committee met at 8.00 p.m.

### MEMBERS

Reverend the Hon. Dr G. K. M. Moyes (Chair)

The Hon. A. R. Fazio  
The Hon. Dr A. Chesterfield-Evans  
The Hon. A. Catanzariti

The Hon. C. M. Robertson  
The Hon. D. J. Gay  
The Hon. C. J. S. Lynn

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### PRESENT

**The Hon. G. A. McBride**, *Minister for Gaming and Racing*

**Department of Gaming and Racing**

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

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

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

**Mr P. Baldwin**, *Assistant Director, Office of Racing*

**Casino Control Authority**

**Mr R. Harrex**, *Chief Executive Officer*

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## **CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS**

**Corrections should be marked on a photocopy of the proof and forwarded by 30 September 2003 to:**

**Budget Estimates  
General Purpose Standing Committee Secretariat  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000**

**CHAIR:** I declare this meeting open to the public. I welcome you. I am Gordon Moyes, Chair of this particular General Purpose Standing Committee No. 2. First of all we welcome members of the public and ministerial advisers and others that are here, and I want to thank the Minister and the departmental officers for attending this evening. At this meeting the Committee will examine the proposed expenditure of the Gaming and Racing portfolio. Before we commence, there are a number of procedural matters which I am obliged to inform you about. First of all, you will need to push this button to turn your microphones on when you speak, so if you would remember that, and we cannot have more than three microphones on at the same time.

Part 4 of the resolution referring the budget estimates to the Committee requires this evidence to be heard in public. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. If you want copies of the guidelines, they are available from the attendants. I point out that in accordance with the Legislative Council's guidelines for the broadcast of proceedings, only members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photos. In reporting the proceedings of this Committee, you must take responsibility for what you publish and what interpretation you place on anything that is said before the Committee. There is no provision for members to refer directly to their own staff while at the table. Witness, members and their staff are advised that any message to be given or requested must be done through the attendant on duty or the Committee of Clerks.

For the benefit of members and of Hansard, could departmental officials identify themselves by name, position, department or agency before answering any question referred to them. Obviously you do not need to do this to every question, but at least the first question so Hansard knows which voice belongs to which person. Where a member is seeking information in relation to a particular aspect of a program or subprogram, it would be helpful if the program or subprogram is identified.

During the hearing I intend to allocate questions to the Opposition first, then to the crossbench and to Government members in 15-minute segments, although Government members may not take all of the 15 minutes. However, if a member wants to ask a question which is relevant to the issues being raised by another member, I take a very flexible approach and allow the questions to be asked. The Committee—if I might ask you, Minister—has resolved that any questions you take on notice, you will respond to them within a maximum of 35 days. Is that in agreement with you? Do you anticipate any difficulty with your officers on that 35 days?

**Mr McBRIDE:** My understanding is that is normal—is it?

**CHAIR:** Yes.

**Mr McBRIDE:** Yes.

**CHAIR:** I declare the proposed expenditure open for examination. Minister, do you wish to make an opening statement at all?

**Mr McBRIDE:** No, thank you.

**CHAIR:** Are there any questions?

**The Hon. DUNCAN GAY:** Minister, were clubs ever told by representatives of the Government that a review of gaming machine tax would take place before changes would be made to the tax regime?

**Mr McBRIDE:** You would be well aware of the fact that I was only made Minister in April this year, and that any of those discussions would have preceded me in terms of this particular ministry. So I have no knowledge of any arrangements that were put in place with the previous Government.

**The Hon. DUNCAN GAY:** Did you ever ask your Director-General whether that had happened?

**Mr McBRIDE:** In regard to that particular question, as I said to you before, I have no knowledge of any arrangements that were put in place, and I have never sought the advice of a Director-General in regard to that matter.

**The Hon. DUNCAN GAY:** Perhaps if you are not willing to ask him, I will ask him. Mr Brown, were clubs ever told by representatives of the Government that a review of gaming machine tax would take place before changes would be made to the tax regime?

**Mr BROWN:** Mr Gay, I cannot answer that question. I am unaware of the answer.

**The Hon. DUNCAN GAY:** So to the best of your knowledge, you are unaware of that happening?

**Mr BROWN:** I can only advise you, Mr Gay, that I was unaware of the position.

**The Hon. DUNCAN GAY:** If it did happen and discussions were happening, the Director-General of the area most affected was not consulted?

**Mr BROWN:** Mr Gay, it is not a question of not being consulted. The question of taxation in relation to poker machine usage and operation in New South Wales is a matter for the Treasurer.

**The Hon. DUNCAN GAY:** Minister, why did the Government go back on its undertaking for a three-year review of the tax regime for clubs?

**Mr McBRIDE:** I think when you asked me the question before—did I have any knowledge of any arrangements in regard to any review—I said I had no knowledge in regard to that. It would seem to me that that question now follows on from your previous question, where you asked me did I know anything about these matters and I said no.

**The Hon. DUNCAN GAY:** Minister, the question is not a trick question. It is quite definitive. It says regarding the Government going back on its undertaking—which is clearly an undertaking made to the clubs—for a three-year review of the tax regime for clubs.

**Mr McBRIDE:** I do not know if I am misinterpreting your—

**The Hon. DUNCAN GAY:** It is about election policy, Minister.

**Mr McBRIDE:** The election policy—I am unaware, as I said to you, about any undertaking regarding the review, in terms of the question you asked me previously and in terms of the question you are asking me now.

**The Hon. DUNCAN GAY:** Minister, can I help you and suggest 2004 might have been the date that was suggested that a review would normally have taken place, with discussions with the clubs?

**Mr McBRIDE:** My understanding is that in terms of July 2004, there was a moratorium on the taxes as they applied from the year 2000 to 2004. It was a moratorium that was in place. As to an undertaking of a review, I stand by my previous answer—that I am unaware of any detail in regard to the process of review.

**The Hon. CHARLIE LYNN:** Minister, both the Premier and the Treasurer are on record as having promised ClubsNSW that a review would occur. Did they break their promise by increasing the tax rate in this year's budget? They are on record in the newspapers.

**Mr McBRIDE:** There are a number of ways you can say it. There was an agreement there would be no increases in taxes until next year. There are no increases in taxes until next year. The taxes, as I understand it, do not come into place in July of next year; they come into place in September of last year. That is how I have been advised. So there was a moratorium, and the moratorium, in terms of any increases—as you point out, it goes to July next year—but in fact, as I understand it, the taxes do not physically get paid or come into place until September of next year. So

it is a moratorium for no increases.

**The Hon. CHARLIE LYNN:** Minister, were the clubs advised of the increase to taxes in the budget prior to their announcement?

**Mr McBRIDE:** The clubs were advised the day before the budget. It was indicated that there would be an announcement in regard to taxes in the budget.

**The Hon. CHARLIE LYNN:** Do you consider that to be an adequate forewarning of what was in the budget?

**Mr McBRIDE:** I have no experience in that regard, to be able to draw on to answer your question.

**The Hon. CHARLIE LYNN:** Is it something you would do as a Minister; give more than one day's notice?

**Mr McBRIDE:** As I say, I have no previous experience in that regard. I am sorry, Charlie, I am the new boy on the block.

**The Hon. CHARLIE LYNN:** I am wondering if the clubs could look forward to earlier consultation under your statute.

**Mr McBRIDE:** Can I say that you are asking specific questions in regard to the taxation and I have answered that question in Parliament before. In regard to the detail of the taxation, taxation belongs in the portfolio of the Treasurer, and decisions in regard to the taxation are made within that portfolio. That is my answer in regard to taxation.

**The Hon. DUNCAN GAY:** Minister, did the Government conduct an analysis of the impact of extracting an extra \$1.5 billion in tax from the clubs?

**Mr McBRIDE:** With the greatest respect, Duncan, I have just answered that question in this way, or in the previous answer—that is, taxation is the responsibility of the Treasurer. I was not party to that decision. It was a decision within that portfolio.

**The Hon. DUNCAN GAY:** But, Minister, this is a decision that affects the industry that comes under your portfolio. I am told that whenever there are changes that go through, there are impact statements that are done on families. There are meant to be regional impact statements. Are you telling me that no consultation with you or your department on the impact of extracting an additional—and it is not a small amount, it is \$1.5 billion in tax which was made. You were not approached at all?

**Mr McBRIDE:** I will repeat my answer, and that is that I was not consulted in regard to the determination of the tax rates as proposed by the Treasurer in the budget, and I understand that it is a normal situation for the Treasurer to make the determinations in regard to taxes in this State.

**The Hon. DUNCAN GAY:** Minister, can you tell us how many clubs will pay more tax?

**Mr McBRIDE:** The assessment, as I understand it, as announced by the Treasurer, is that in the first case the first one-third of the clubs will not be paying any additional tax. I think there is a slight reduction in the tax. The second third I think is of the order of 400 or so clubs, there is little or no changes in tax, and then there will be significant increases in taxes for the top third of clubs.

**The Hon. DUNCAN GAY:** Minister, you mentioned that some clubs will pay less tax. Could you detail how many clubs will pay less tax?

**Mr McBRIDE:** We are getting the information for you now.

**Mr BROWN:** Mr Gay, approximately two-thirds of clubs, some 900 clubs, will pay no State tax at all, or pay less State tax than they did previously, totalling some 900 clubs.

**The Hon. DUNCAN GAY:** Thank you. Director-General, while you have those figures there, how many clubs will be affected by the new top marginal rate?

**Mr BROWN:** Mr Gay, I do not have that detail at hand right at the moment, but I will take it on notice and I believe I will have that figure for you before the evening is out.

**The Hon. AMANDA FAZIO:** Perhaps Mr Gay could place these questions on notice to the Treasurer, as he is the Minister responsible for this.

**The Hon. DUNCAN GAY:** Minister, have you any figure on possible job losses as a result of the new tax rate?

**Mr McBRIDE:** Within my department, as I have been advised now, there is not an analysis in terms of job losses or any other impacts in regard to the social impacts associated with this tax. As you pointed out earlier in previous questions, these are matters that are part of the assessment that is done by the Treasurer, and I am unaware of any of those details, as I have answered to you before. My advice there would be that, in terms of determining those answers, I can take them on notice. I will refer them to the Treasurer and then I will ask the Treasurer to reply to those questions.

**The Hon. DUNCAN GAY:** But to the best of your knowledge, it is your understanding that no such studies have been done?

**Mr McBRIDE:** No, I did not say that. You asked the question before—what was my knowledge in relation to that—and I said I had no knowledge of it.

**The Hon. DUNCAN GAY:** But you are telling me that your department has not done them.

**Mr McBRIDE:** I am saying I have no knowledge in regard to those questions you have asked me in regard to assessments that were done, or otherwise. I pointed out to you that they are within the portfolio responsibility of the Treasurer. I will take those questions on notice, in regard to those ones that relate to the Treasurer, as in this question, and I can ask him to give you an answer to those questions.

**The Hon. DUNCAN GAY:** Perhaps you could check with Mr Brown and see if he has any knowledge that you do not.

**Mr BROWN:** I cannot add to that answer.

**The Hon. DUNCAN GAY:** So your department has not done any work on this, Director-General?

**Mr BROWN:** No. As the Minister has correctly pointed out, it is a matter at the Treasurer's level.

**The Hon. CHARLIE LYNN:** Minister, the treasurer has alleged that only a handful of clubs will be affected substantially and that these clubs can afford to pay the additional tax. Do you agree with that assessment?

**Mr McBRIDE:** Again, you are asking me to reflect on the Treasurer's opinion of these matters. There has been no analysis, as we have answered before, done within the department in regard to those issues. Again, I can only refer the matter to the Treasurer.

**The Hon. CHARLIE LYNN:** How did you vote in Caucus on Tuesday, Minister?

**The Hon. AMANDA FAZIO:** Can I take a point of order on this matter.

**Mr McBRIDE:** No. Let me answer it.

**The Hon. CHARLIE LYNN:** The Minister is prepared to answer it.

**The Hon. AMANDA FAZIO:** I take a point of order on this matter and I would like it to be considered. It simply is that it is a budget estimates committee; it is not a fishing exercise for the Opposition. If you do not have any fair dinkum questions on the gaming and racing portfolio, just say so.

**CHAIR:** That is not a point of order, it is a nice opinion. Please, continue.

**Mr McBRIDE:** In regard to Caucus, my understanding as a member of Caucus is that what happens in Caucus stays in Caucus, and I am sure that it is the same rules that apply to your own Caucus. I can only take that as being a tongue-in-cheek question.

**The Hon. CHARLIE LYNN:** Do you think your position in Caucus would satisfy the clubs in your electorate?

**Mr McBRIDE:** Charlie, I thought I answered the question.

**The Hon. CHARLIE LYNN:** No.

**Mr McBRIDE:** No, I might not have answered the question to your satisfaction, but I have answered the question and, Charlie, I would like to know how you voted in the two last leadership ballots.

**The Hon. CHARLIE LYNN:** Everybody knows.

**Mr McBRIDE:** That says something about your Caucus that you need to look at.

**The Hon. CHARLIE LYNN:** Minister, are you aware that the Allens Report to ClubsNSW says that clubs in your electorate will pay an additional \$27 million in tax from 2010?

**Mr McBRIDE:** In regard to the Allens Report, again—I know I sound a bit boring, Charlie, but you are a member of the upper House so you are used to that—the taxation matters—

**The Hon. CHARLIE LYNN:** Point of order. Can the Minister be brought into line?

**CHAIR:** Can I say, Minister, that is an unfair reflection on members of your own party.

**Mr McBRIDE:** Can I withdraw that comment. Taxation matters, including for gaming machines in New South Wales clubs, rests with the Treasurer, as I have said to you—that is, the Hon. Michael Egan. Therefore, in terms of this particular question, I am happy to take details of the questions on notice and obtain an answer for you from the Treasurer. However, I can say since taking on the position of Minister for Gaming and Racing, my door has always been open to ClubsNSW and I regularly meet and discuss issues of importance to the New South Wales club industry; an industry which we all agree plays an important and unique role in our State.

Therefore, not only on your occasion but on other occasions, I have been prepared to make representations to other Ministers on such matters as relate to their portfolio. I accompanied ClubsNSW to present the Allen Consulting Group's submission to the Treasurer on Friday 22 August. I understand that the Treasurer has responded directly on this submission to the New South Wales clubs. Bear in mind it was a report to the Treasurer; it was not a report to me. It was a report to the Treasurer. The Treasurer, who has portfolio responsibility, replied, as I understand.

**CHAIR:** Thank you, Mr McBride. Arthur Chesterfield-Evans?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Minister, some of the clubs are very large, are they not, and have very large salaries for the Directors or Managers? Is that correct?

**Mr McBRIDE:** I understand there are reporting procedures in place, in regard to the top five salaries associated with individual clubs, that are part of the return that goes to the Department of Gaming and Racing.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Some of these clubs are as big as companies on the Stock Exchange, are they not?

**Mr McBRIDE:** It depends how you define them. If you turn them into total turnovers they would be, but that total turnover in some ways might be—in some cases, more than three-quarters of the turnover would be reflected in gambling turnover. It is the profits that you really need to look at, to make some determination of them as a business and compare them with other businesses. I do not think you can compare a club to, say, people who manufacture Kelloggs or something like that. It is a totally different business.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, but not all the companies on the Stock Exchange, controlled by that Government's laws, are as big as Kelloggs, are they? There are a lot of smaller companies which might be smaller than large clubs.

**Mr McBRIDE:** It is a business, but what is different with a club to a business is this: they enjoy mutual status and, under the way they have operated over history since the early 1950s, they have a mutual status, and basically make a commitment to returning the profits of their industry to their community. That is my understanding of them. They are not a business in the sense of a company, as a private organised company and what have you. They do not pay a dividend like a company pays a dividend. This is a club.

Might I point out in terms of New South Wales, the structure that exists in New South Wales is unique to New South Wales. It does not apply to clubs in other States and Territories. As well as that, there is nowhere else in the world that this unique status exists—of mutuality, associated with clubs in New South Wales. Is it unique? There is only one example in the whole of the world, Arthur, so I think any sort of broad comparison with other businesses is pretty stretched.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If they have a mutual status which is a tax advantageous status, surely then the obligations to do the right thing would be higher than a business.

**Mr McBRIDE:** I think it is a pretty abstract question.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** No, it is not.

**Mr McBRIDE:** What does higher mean?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Wait for the next one then, that is fine. If it is too abstract, I will come right to the point. If they have huge turnovers and they have tax advantage status of being mutuals, should they not be as responsible, in a governance sense, as businesses on the Stock Exchange, and should the Government not look at those sort of regulations and oversights?

**Mr McBRIDE:** Which is another question.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** It is not abstract, Minister.

**Mr McBRIDE:** No, it is a good question, because the question you are raising there is quite valid. I reported this to the Parliament this week, in answer to a question in question time—that is, that I support the view that you put forward. I have to find the Parliamentary answer now in regard to that matter, but basically it goes like this. In terms of clubs, what I was going to say is this: that the issue of taxation is one issue in regard to the future of clubs in New South Wales. There is another major issue in terms of it—that is, the responsibilities of our clubs. That is fundamentally the kernel of your question, as I understand it. In that respect, back in 1997 when we had the first round of club tax, I became very much involved in the issue of clubs and the tax et cetera, because on the Central Coast—and the Chair lives on the Central Coast and lives in my electorate, I might point out, and I hope that does not prejudice him in any way in his role as Chair but—

**CHAIR:** It does, seeing I voted for you.



**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Could we keep to the point. I have a lot of questions, Minister.

**Mr McBRIDE:** Good on you. There are 43 clubs on the Central Coast. As a result of that, and because of the size of the industry et cetera, I became involved in the issue. In that issue, because of my interest, I was nominated by the Premier to be a parliamentary representative on the consultative committee that was set in place. In that, one of my real concerns was the issue of the contribution as made by clubs to the community. In that respect, I was concerned—on a personal level, not with a lot of empirical data but on the basis of my knowledge of the industry, as a local member and as someone who has had family members working in the club industry et cetera—about their original charter. I understand the original charter was that the moneys made through the two licences, given to them by the gift of Government—that is, poker machines and liquor—that the moneys coming back from that were to be farmed back into the community. That is why they enjoyed the mutuality status, and that is why they had different tax rates. I was concerned that I thought they were losing their way to some extent.

In that regard I thought, in the interests of the clubs and in the interests of the community, that there should be some recording or some way of establishing what their commitments to the community were, over and above the ones that they normally talk about, which is reduced prices of meals, beverages, things like that, amenities, entertainment and so on. My concern was what, above that, do they give back to the community as a whole. I can remember, in a discussion there, I asked one of the club people. I said, "Can you tell me, other than what the express charter of your club is—be it bowling or football or whatever, golf—can you tell me what contribution you make, outside of that, to the community?" In other words, what moneys, revenues, that come out of there—in terms of profits, whatever—go back to outside of there.

As a result of that questioning, it became clear that there was not any monitoring or detailed accounting of that commitment. They would say to you in a general sense that, "Yes, we made a major commitment to this or that," but in terms of an annual reporting, it was not done in that sense in a general way. If you look at the structure of clubs, the directors of clubs, they are unpaid people, all that sort of stuff and what have you. There is nothing untoward in any of that.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** There may or may not be, Minister. Surely there are no facts one way or another.

**Mr McBRIDE:** There is a bland statement that says, "We make a contribution." My concern was there was not an accounting of that contribution, and hence that led to the CDSE. That is where it came about, because of that question that was in the minds of everyone; that clubs say they make this contribution, but the detail of that contribution was not readily available. So that is how we ended up with the Community Development Support Expenditure. That is how that came into play, and that was an accountability process. But in my mind, there have not been sufficient accountability processes in place. So what I did was I pointed out, in the first meeting I had with Clubs, that I did believe that there was a need to address that particular issue. That goes back to April of this year, when I first met with representatives of ClubsNSW. I said, "Look, on my agenda is this: that we need to work together to develop a code of practice to protect the members"—and themselves.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you anticipate that being a voluntary code, or do you want something codified and you have been working with the Treasurer?

**Mr McBRIDE:** It will all become clear.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Please be brief, Minister, we are hearing a lot of waffle here. Please be brief. It is all very autobiographical, I am sure.

**Mr McBRIDE:** I raised this in the first meeting I had with Clubs in April of this year. This is your issue and I am giving you a comprehensive answer in terms of what has been done and occurred over a period of time. I am putting it in the context—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I am not being critical. I am asking you

to be concise.

**Mr McBRIDE:** I think that is a question that has most probably been posed to you many times.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** That is as may be, Minister.

**Mr McBRIDE:** Thank you for acknowledging it. We had that meeting. Since then I have consulted with members, suppliers, staff, directors, legal representatives, accountants, auditors and CEOs within the industry—quite extensively over the State in terms of all those particular areas.

On the morning of 20 August I indicated to ClubsNSW CEO, David Costello, the Government's intention to advance the proposal for a taskforce. Bear in mind since April of this year—before the taxes came into place, before I knew the taxes were going to come into place, before ClubsNSW knew the taxes were coming into place—we had an understanding that this was a joint goal between Government and the clubs industry of New South Wales; a recognition by ClubsNSW that this was important, and a recognition that this was a Government agenda. That was done. On the afternoon of 20 August, I invited ClubsNSW, Pat Rogan, to my office. I discussed it with him and I gave him a copy of the letter inviting him and ClubsNSW to become part of the clubs taskforce and for him to chair the taskforce, or his nominee—five representatives from Clubs, four nominated by me. I presented that to Pat.

Following those initial discussions, I announced that same week the Government would be setting up a clubs industry taskforce, bearing in mind this was done in negotiations with the club industry themselves—that is, the club industry are acknowledging there is a need for this, through their association with ClubsNSW and the Government. To address your point, is there a concern about that in Government? Yes, and we took action and that action was flagged in the very first meeting I had with ClubsNSW.

In terms of the club industry taskforce, we will be looking at a broad range of issues, including code of conduct for clubs, statement of objectives, reporting procedures, governance, probity for club directors, contract arrangements, management arrangements. The point is—and the clubs acknowledge this—that we will be working together, with the community, with them, to ensure that appropriate services and facilities are provided for local communities.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Will your end point of this probity process be measured outcomes, enforceable probity obligations?

**Mr McBRIDE:** That is exactly right.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Can I take that as a guarantee that, yes, it will, Minister?

**Mr McBRIDE:** What I am saying to you is that the taskforce currently—yesterday, for example, my office was negotiating with representatives of ClubsNSW, David Costello and Wayne Krelle, to put this in place. I understand it was a motion before the Clubs council last week. They put it up for consideration. My understanding is that it was approved by the council last week. I assume that is the case. I have not got it in writing. But I would presume they would not be negotiating with us to proceed down that line, if that had not been approved.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** So at the moment it is a highly voluntary code, in a flexible situation.

**Mr McBRIDE:** No, there is not a code.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** There is not a code, so it is being negotiated—

**Mr McBRIDE:** We are putting a taskforce in place to develop these codes, to look at governance, to do all these sorts of things, so that the questions that you raise will be dealt with. The

idea is that after we do this, in partnership with Clubs, we will bring forward legislation to be debated in the Parliament so that those things we agree on that need to be done, in relation to those issues that I have raised, will become legislation in the Parliament. That is what it is. It is an important issue. The point I want to make to you, Arthur, is that ClubsNSW recognise how important this is. We have the issue of taxation going on. But running parallel with that, something that started in April of this year is seen as of such importance by ClubsNSW that, notwithstanding the other matters, that they are proceeding with that. I have got a notice here that the first meeting of the taskforce to set this all in place is at 2 p.m. tomorrow. This is happening. This is real. This is about dealing with all those issues that not only you are concerned about, but the general community as well.

**CHAIR:** Minister, what new initiatives are the clubs taking to promote liquor harm minimisation?

**Mr McBRIDE:** If I can I bring you up to speed in terms of what is happening in harm minimisation at the moment, there has been a lot of regulation in terms of—are you talking about harm minimisation of gambling?

**CHAIR:** No, I am thinking of liquor. I am thinking of the background of some of the evidence given at the Alcohol Summit.

**Mr McBRIDE:** That is a different volume. Firstly, could I make a comment about the actual liquor summit—and it was not a liquor summit. It was a summit on alcohol abuse. I think that is what everyone should realise. It was about the abuse of alcohol—because we all recognise that alcohol is a legal drug.

**CHAIR:** That is why I asked you about harm minimisation.

**Mr McBRIDE:** That is right, and that is what I am going to answer. There are a number of areas. One of the areas that was debated extensively was the issue of liquor accords. Liquor accords are now recognised as an important local response to community concerns about alcohol-related violence and anti-social behaviour. For example, the liquor accord that is most quoted by the police as a very strong example of the effectiveness of liquor accords is the one that operates in Manly, in that Corso area and around that area there. What that is, I should point out—and this is the structure of the liquor accords as they exist now—is that they are voluntary. When I have spoken to people associated with that accord, and a recent accord established at Parramatta earlier this year, is that the accord—why does the accord work? Because there is a recognition in the industry that responsible service of alcohol in all its forms is good business.

Can I explain it to you this way, as it was explained to me by those people who were involved—that is, the suppliers of alcohol. Take Parramatta. Charlie will be familiar with Parramatta. I do not know if Duncan is. Parramatta has now changed. There is a very strong restaurant precinct, as you go through the main street—I think it is Church Street, Parramatta, over the old Lennox Bridge, in through that area there. There is the police, courthouse, et cetera. In that area there it is something like—not all of the people who supply liquor are part of the accord. That is one of the issues that was raised at the summit; that everyone should be mandatory. But what happens now is—I think it would be something like 40 or 50 per cent of the people who are suppliers, they represent something like 90 per cent of the supply, because these are the major hotels, et cetera. What they have realised and what they said to me—and I must point out that the police are part of that accord—is that if you have orderly behaviour, if you have a precinct where people want to go and feel safe and secure and things like that, in particular if women feel safe and secure there, then what that translates into is good business.

What they say to me is that responsible service of alcohol works well, through the accord process, through the engagement of the community. If you engage the community, then what happens is they do believe you get a better result. Talking to Councillor Allan Smith during the summit, in a break in the summit, he talked at length about the success of the accord at Dubbo, saying what a magnificent outcome it was for them in that particular area—and deals with the special issues of Indigenous communities and all those sorts of other issues that people find so difficult to deal with.

**CHAIR:** Minister, you may have noticed that Anthony Mundine won last night by dancing

around his opponent, so not too many blows were landed. That is not the tactic I suggest you continue with.

**Mr McBRIDE:** I see. There is the accord. The other one is mandatory responsible service of alcohol training. As it is now, all full-time employees have to have training, as part of the current licensing arrangements, on responsible service of alcohol. I believe that by the end of July next year that all part-time employees associated with the service of liquor will also be fully trained.

**CHAIR:** Thank you, Minister, one other question. Are you satisfied with the progress in changing the culture at Star City Casino in the light of the McClelland Report?

**Mr McBRIDE:** The advice I have received, in regard to the culture there, is what I said to you in terms of other—I think from when that was first done, the actual management has changed. In terms of changing the management, they have taken an attitude that the previous culture that existed there was a culture that was not good for the casino. I do believe in my opinion, having met with the—and been shown around the casino, and shown for example the screening of people, that people have been locked out in terms of—is it a voluntary agreement to not participate? Yes, self-exclusion, that is right.

**CHAIR:** Thank you, Minister. Member for the Government?

**The Hon. AMANDA FAZIO:** Minister, following on from the Alcohol Summit, there were proposals floated there about licensed premises providing free breathalyser services for clients. To your knowledge, do any clubs already provide that? I do not know, because I do not go to clubs.

**Mr McBRIDE:** I was advised that this had been introduced in some clubs and pubs 17 years ago.

**CHAIR:** Yes.

**Mr McBRIDE:** So it was not a recent innovation, by any standards. What was interesting, though, the Assistant Police Commissioner, Bob Waites, indicated that he did not think that it was a successful process to put in place and other expert advice was also saying that there were real concerns about the use of these devices and that they lead to, would you believe, drinking competitions.

**The Hon. DUNCAN GAY:** Minister, what has been the reduction in staff in the department over the past five years, and from which areas of the department have staff been cut?

**Mr McBRIDE:** Ken Brown will answer that.

**Mr BROWN:** Mr Gay, the statistics from 1999 are as follows: 1999, as at 30 June, 350 positions; 2000, 298; 2001, 251; 2002, 212; and 2003, 215.

**The Hon. DUNCAN GAY:** Thank you, Director-General. Minister, have you had a meeting with Richard Face since the election?

**Mr McBRIDE:** In regard to Richard Face, over the last two days I have been asked questions in Parliament about the former Minister for Gaming and Racing, that is the Hon. Richard Face, and I refer to you the answers I have given. In regard to any other questions relating to Mr Face, I am happy to take them on notice.

**The Hon. DUNCAN GAY:** Minister, it is a very simple question. Have you had a meeting with the former Minister, Richard Face, since the election, yes or no?

**Mr McBRIDE:** I am saying to you, in regard to any of those questions in relation to Mr Face, I am happy to take them on notice.

**The Hon. DUNCAN GAY:** And give me an answer?

**Mr McBRIDE:** Yes, of course, on notice.

**CHAIR:** He is obliged to give that answer, and it is spelt either y-e-s, or n-o. That is the answer.

**The Hon. DUNCAN GAY:** Yes, otherwise you will be back.

**Mr McBRIDE:** I will be back?

**The Hon. DUNCAN GAY:** Here. You could give it to me now and save coming back.

**The Hon. AMANDA FAZIO:** Point of order. The Minister has indicated he will take the question on notice. There should not be any badgering of the Minister by Mr Gay.

**The Hon. DUNCAN GAY:** It is a very simple question, Minister.

**The Hon. AMANDA FAZIO:** It was a simple answer. Couldn't you understand it?

**Mr McBRIDE:** As I said, I am happy to take any questions relating to Mr Face on notice. I have to answer that. I have to answer that question. That was agreed at the start.

**The Hon. DUNCAN GAY:** Minister, if there were meetings, will you detail the reasons for these meetings?

**Mr McBRIDE:** Duncan, I am going to keep repeating the same answer.

**The Hon. DUNCAN GAY:** This is a separate question, Minister. You will take it on notice and give me an answer?

**Mr McBRIDE:** I am saying any questions relating to Mr Face, I am happy to take them on notice.

**The Hon. DUNCAN GAY:** Thank you—and the discussions that took place at that meeting, if there was one. Director-General, have you had a meeting with former Minister, Richard Face, since the election?

**Mr BROWN:** Mr Gay, having in mind the Minister's answer, I am only too happy to also take any questions in relation to Mr Richard Face on notice, and provide an answer.

**The Hon. DUNCAN GAY:** Thank you, and if there were such meetings, the purpose of those meetings and the matters that were discussed.

**Mr BROWN:** Yes, Mr Gay.

**The Hon. DUNCAN GAY:** Thank you, Director-General.

**CHAIR:** Could I remind the Minister and the officials from the department that if the written answers are not satisfactory we will reconvene this meeting.

**The Hon. DUNCAN GAY:** Minister, is your office funded from the departmental budget?

**Mr McBRIDE:** I have been advised that the funding of my office is part of the departmental budget.

**The Hon. DUNCAN GAY:** Can you detail what that amount is?

**Mr McBRIDE:** Yes, the Director-General has advised me he has that information.

**The Hon. DUNCAN GAY:** I am happy to take it on notice.

**Mr McBRIDE:** No, we have the information.

**Mr BROWN:** The Budget Committee of Cabinet determined the Minister's office cash allocation for 2002-03 financial year to be \$1,323,696. Actual expenditure for the year was \$1,386,179. Included in this expenditure amount was a figure of some \$73,602 for voluntary redundancy payments made to three officers of the staff of the former Minister for Gaming and Racing. For 2003-04, the budget committee of Cabinet has determined the cash allocation to be \$1,235,142.

**The Hon. DUNCAN GAY:** Minister, does the former Minister, Richard Face, have any debts outstanding to the department or to the Ministerial office?

**Mr BROWN:** Mr Gay, not that I am aware of at all.

**The Hon. DUNCAN GAY:** Could you take it on notice and, if there is any further information, provide it to us?

**Mr BROWN:** If you wish me to check that advice, I am only too pleased to do so.

**The Hon. DUNCAN GAY:** The sale of land at the Australian Jockey Club, at Randwick—why was action not taken by the New South Wales Government, and you in particular, to prevent the sale of land opposite Randwick Racecourse; land that is a vital drop-off point for buses and taxis and is vital to the accessibility of Randwick Racecourse?

**Mr McBRIDE:** In regard to the land that you referred to at the corner of Alison Road and Doncaster Avenue, I am aware of the State Transport Authority's proposal to sell that land adjacent to the Randwick Racecourse. The land that I mentioned before, at the corner of Alison Road and Doncaster Avenue, is owned by the State Transit Authority and has been managed by the Australian Jockey Club, as you pointed out. The land has been used as a bus and taxi interchange and it is therefore, as you would agree, important for public and traffic access to the operations of Randwick Racecourse. Understandably, it is zoned as open space.

I understand the Jockey Club was unsuccessful in its appeal against the sale of the land and, as this issue is not part of the Racing portfolio nature, the question should, I believe, be redirected to the Minister representing the Minister for Transport, because the actual parcel of land lay within that particular portfolio.

**The Hon. DUNCAN GAY:** But have you been fighting for them in Cabinet?

**Mr McBRIDE:** In regard to?

**The Hon. DUNCAN GAY:** This land.

**Mr McBRIDE:** This land. Representations were made to me in regard to this matter, and I have made verbal representations to the Minister for Transport, yes.

**The Hon. DUNCAN GAY:** He beat you.

**The Hon. CHARLIE LYNN:** Minister, I refer to answers to questions to the Shadow Minister in the Legislative Assembly provided on Wednesday 18 June, in regard to their Community Benefit Fund. What is the justification for the grants to the Department of Gaming and Racing of, respectively, \$110,000, \$17,600, \$55,000, and \$19,250? Is the department being starved of funds, which are being made up by allocations from the Casino Benefit Fund?

**Mr McBRIDE:** We will see if we can find the answer for that, Charlie.

**Mr BROWN:** Mr Lynn, in order for the Department of Gaming and Racing to access funds from the Casino Community Benefit Fund Trust, it must do so by way of application like any other recipient. There have been a number of projects which the department has undertaken either on behalf of the Casino Community Benefit Fund Trust or in the interest of harm minimisation, an example

being the Casino Community Benefit Fund Trust has funded and has supported the staging of the display by the department at the Royal Easter Show for the last couple of years. That has been based around harm minimisation, responsible gaming. So there are, under the Casino Benefit Fund—and must enter into an agreement with the trustees. It is not a question of bleeding the Casino Community Benefit Fund Trust of any funds whatsoever. They have a right to then make a recommendation to the Minister for approval of that project or any other project. I would point out to you that the Minister, in accordance with the legislation—whilst he can approve of those recommendations, the Minister has not the legal right to direct the trustees to approve of a particular project.

**The Hon. CHARLIE LYNN:** But the fact is that Casino Benefit funds are going to the department.

**Mr BROWN:** For the operation of particular projects, yes.

**The Hon. DUNCAN GAY:** Your stand at the show.

**Mr McBRIDE:** I said that quite clearly. The stand was conducted by the department at the Royal Easter Show, yes.

**The Hon. DUNCAN GAY:** Minister, what is the justification then for \$496,000 paid to the Powerhouse Museum out of the Casino Benefit Fund?

**Ms HENNESSY:** An application was made to the trustees in accordance with standard procedures. The trustees considered that application in terms of whether or not it would further the objectives of the fund. The trustees are obliged to provide funding in accordance with the trust deed and with guidelines that are handed down by the Minister under the legislation. Those guidelines provide for a certain percentage of the funds to be spent in the four main areas, which include funding for treatment and counselling services for problem gamblers and their families, research funding, education and awareness and community projects. The trustees have been examining very closely the expenditure that they have allocated to those four areas in recent years. It is fair to say that particularly in the area of education and awareness and research, the fund is currently being underspent in those areas in accordance with the guidelines. So the trustees have been quite keen to provide additional funding to education and awareness in particular.

The Powerhouse Museum project was considered by the trustees as being an effective way of providing funding for education and awareness in particular. The department's stand was also a part of the education and awareness campaign. So that matter went to the trustees and they considered it, and in accordance with the standard procedure made their recommendation to the then Minister Richard Face, and it was Richard Face who approved that recommendation.

**The Hon. CHARLIE LYNN:** What was the money expended on?

**The Hon. DUNCAN GAY:** What was the exhibit?

**Ms HENNESSY:** It has not been finalised yet. It is going to be a very large exhibit. A curator has currently been appointed and they are currently developing that exhibit. I think it is not expected to go on public exhibition until sometime next year. It is basically a three-year project. It is a very large exhibition. It will be the major temporary exhibition at the Powerhouse Museum for a period of time. Then I believe it is expected that it will be taken around the State, so it is also another way of getting the gambling message to rural and regional centres.

**CHAIR:** Members of the Committee, I should at this point make a declaration of interest here. Although I am not now a trustee, I was trustee of Community Benefit and I was chairman of the selection committee that worked through all of the applications, including this one at that time, and I want to declare my interest in that. I do not see a conflict in that.

**The Hon. DUNCAN GAY:** Mr Chairman, the exhibition, as far as we are aware, is one of gaming machines. Do you see that as an appropriate use of this money—because a lot of money went to the Wesleys too?

**The Hon. AMANDA FAZIO:** I hope that was not a slurring.

**The Hon. DUNCAN GAY:** No.

**CHAIR:** Repeat the question, please.

**The Hon. DUNCAN GAY:** The exhibition, as far as we understand, is an exhibition on gaming machines.

**Ms HENNESSY:** No, it is certainly not. It is an exhibition on gambling in Australia. My understanding is that it will focus on the history of gambling in Australia, look at its part in the developing culture of Australians. It will look at it in all its aspects, both its contribution to local community and also the harmful effects. The Casino Community Benefit Fund is not aimed at developing anti-gambling messages. Part of the trust deed is to undertake research into gambling generally, and also to conduct education and awareness into gambling. It is not necessarily into just the harmful consequences. The trustees, in considering this application, sought and were given assurances that the exhibition would not be pro-gambling, and they were satisfied that it will be balanced in terms of providing both the positive effects of gambling as well as the negative impacts.

**The Hon. CHARLIE LYNN:** What do you think the odds are of achieving that?

**Ms HENNESSY:** I would imagine they are fairly high, because they have a very strict funding agreement and they will be monitoring it very clearly through the development.

**The Hon. AMANDA FAZIO:** Can I ask a follow-up question on that—and that sounds like a very commendable project—but what will happen to the material after the exhibition has finished and has toured? Is it going to be archived at the Powerhouse?

**Ms HENNESSY:** Some of the exhibits that are going on display have been held by the museum for a very long period of time, so they are coming out of the bowels of museum and going on display for the first time. I understand that other exhibits are going to be lent to them, so they will obviously be returned to the owners at the end of that period.

**CHAIR:** Before I move on, can I ask is there anything further? I do not want to be seen to be cutting off the questions for the Community Benefit.

**The Hon. DUNCAN GAY:** There are just two questions to go. The exhibits that have been taken out of the archives, are they old gaming machines?

**Ms HENNESSY:** I believe there may be one or two gaming machines in their collection, but very old gaming machines.

**The Hon. CHARLIE LYNN:** Minister, what was the purpose of the \$900,000 paid to Gray Worldwide Communication and Shannon's Way/Zenith Media?

**Mr McBRIDE:** I will refer those again to Ms Hennessy.

**Ms HENNESSY:** There was a major public awareness campaign conducted in November of last year, I believe, and then again in February of this year, using television commercials that have been developed by the Victorian Government and were provided to New South Wales basically free of charge. You may have seen those commercials on TV. The one that features mostly in Sydney featured a young man whose family was disintegrating because of his gambling problem. The message at the end of the advertisement was to encourage people to phone the G-line telephone counselling and awareness service. That advertising campaign was evaluated. There was an evaluation conducted both before and after the advertising campaign and it indicated that it was a fairly powerful message. It certainly resulted in a significant increase in calls to our G-line telephone service, which is also funded through the Casino Community Benefit Fund. The evaluation also indicated that for maximum effectiveness, if there is to be another education and awareness campaign, it should build on that one, rather than developing something completely different. So the trustees are currently—I think at the next meeting or the meeting after that, they expect to have another proposal brought



forward to build on the work that was done through that advertising campaign.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Minister, I have given a number of speeches on the subject of harm minimisation and gambling when legislation has come up, and a number of suggestions to help problem gamblers—the compulsory installation of Automatic Assisted Patron Protection Systems [AAPPS] which would display on the screen information such as credit amounts in dollars, the amount of time spent by the player and the amount of money lost or won by the player. Would the Minister consider making such a system mandatory or not?

**Mr McBRIDE:** It was determined earlier this year that it would be appropriate to review harm minimisation measures for problem gamblers per se. In initiating that review I considered that it was now appropriate to identify those responsible gambling measures that have been successful and those that are not proving any real value. This will be the biggest review of its kind since the Productivity Commission conducted its inquiry into Australian gambling industries in 1999. The review will seek to determine the impact of existing gambling harm minimisation measures, as well as any new proposals—and that is what you are talking about—that would encourage responsible gambling by examining initiatives both in Australia and overseas. That existing research will be examined and new research may be commissioned. Dr Tom Parry, the Chairman of the Independent Pricing and Regulatory Tribunal, has agreed to conduct the review. Dr Parry and his team have significant experience in analysing Government policy and programs. IPART will be calling for public submissions and you will have the opportunity, like anybody else, to make a submission to that inquiry. It will meet with peak organisations representing relative industry, community and trade union groups. The inquiry is to consider the effects of each harm minimisation measure on recreational gamblers, on problem gamblers, on industry, on community services, on employment, on support for community projects and on recreational and social opportunities.

The review should be completed in the first quarter of next year and I expect that the review will result in a comprehensive evidence based decision-making process to deal with harm minimisation. One of the criticisms that I have heard in regard to harm minimisation was the lack of evidence facing the decision-making process for harm minimisation measures. I have had extensive discussions with the Shadow Minister in regard to this, who also has the same view and supported it in the Parliament when this went through the Parliament, the lower House, that we should be looking at evidence based harm minimisation measures.

You have an idea there and there are lots of people who have ideas on what is a good harm minimisation measure. I get regular inquiries from people who think that they have the answer. But what we are doing is, we are putting it on an evidence based platform. As I said, the Opposition Shadow Minister in this portfolio, agrees with this proposition. I think this is the best way forward. There is a lot of talk about what is good but at the end of the day, whatever money we spend, we want to get the best value for the people who are harmed through gambling.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are you commissioning research to get this evidence, Minister? One of the things the tobacco industry used to do years ago—I am very familiar with this—was say there was no evidence, not fund the evidence, and then try to destroy the evidence. It does seem to me that most of the research currently being done is funded by the industry. That has its hazards. If you are going for this evidence, rather than simply ask people to bring it to you when they do not have access to data, would you fund such studies yourself through the department or through the Casino Community Benefit Fund?

**Mr McBRIDE:** As I said, at this point of time we have a review in place.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, but people need to bring evidence to that review and they need money to collect that evidence, surely.

**Mr McBRIDE:** The review is there in place. They should make application to the review in regard to that matter. That is why we put a review in place, so that when it comes to all this debate—we have to get through those issues that you have just raised—that is, that any research that is done is always attacked by other people who say, for whatever reason, if it is commissioned by clubs, then people will say it is biased. If it is commissioned by any other people associated in the industry, in terms of deriving some profit from the industry, it is attacked.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Minister, somebody trying to make a submission to that might want to work with some actual statistics of gambling, gaming. I have a researcher who came to me because he was unable to get that research. I had some correspondence with Mr Brown about this.

**Mr McBRIDE:** Mr Brown from where?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Mr Brown, your Director-General, Mr Ken Brown.

**Mr McBRIDE:** Sorry, there are two Ken Browns in the Department of Gaming and Racing.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** This is a Mr K. M. Brown, Director-General, that I had the correspondence with. I requested statewide gaming statistics for clubs and for hotels, annual gaming statistics and social impact assessments for Local Government areas. The cost of these by Local Government area is \$440 per Local Government area, which would give a cost of about \$75,000 for those statistics for the whole of New South Wales. Surely, if you are trying to find out what effect they are having, those statistics ought to be made available to people who might use them and come to you with submissions.

**Mr McBRIDE:** Ken Brown will answer that question.

**Mr BROWN:** Dr Chesterfield-Evans, the gaming machine statistics are published by the Department of Gaming and Racing on demand. The department used to publish quarterly statistics for clubs and hotels separately, and combined annual statistics for clubs and hotels. These publications were previously marketed through a subscription service. Interestingly enough, the demand for the statistics was principally from registered clubs who wanted to know their ranking by profit, and from a handful of other companies who service the gambling industry, such as gaming machine manufacturers.

Two years ago it was decided not to continue to market the data through the subscription service. However, statistical information is still provided to individuals, registered clubs and hoteliers who specifically request it. The compilation of the data is a costly exercise and, in keeping with standard practices throughout the public sector, those costs are recovered through the imposition of user charges. The charges have been calculated based on the salary costs of the staff involved in compiling the data, and then adjusted according to the number of expected requests for the data in the course of a quarter or a year. A cost of \$110 is charged for each standard table produced. In the case of the quarterly and annual gaming statistics—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, I have your letter, Mr Brown. I do not need you to read it to me.

**Mr BROWN:** I am not reading from your letter, as a matter of fact, but what I will—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** It sounds very like it.

**Mr BROWN:** Yes, because it is the same information in many respects. The point is that we do not look to add a figure or a percentage on. It is a break-even basis. All we are looking to do is to cover the cost of compilation of the information.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I put it to you that it is likely that gambling is doing considerable harm. The cost of the statistics which might help people assess it fairly, are a minimal expense compared to the turnover of gambling. Indeed, as your department's percentage of the amount of money going through the gambling machines is a pittance, surely this information should be made available to bona fide researchers as part of the functions of your department, in the sense that researchers at university undergraduate or even postgraduate level are generally extremely poorly funded and could not dream of the levels of funding that you have suggested in your letter. Surely, if you want independent statistics, the least you can do is help people who want to analyse what is going on.

**Mr BROWN:** Dr Chesterfield-Evans, I respond by saying I believe the charges to be reasonable and appropriate.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** That is very good to the head of a department with the resources of the department. From the point of view of people trying to do research, I put it to you that in terms of assessing—I can name a researcher but I will not. He came to me, because he could not afford it, and asked if I could get the statistics. I went to the library and the library said the library could not afford to get them for me. So the statistics are very expensive in terms of the ordinary person's ability to pay for them. I believe that there is a public interest here that is extremely important. The lack of ability to do research in this, because of the lack of information, is very difficult. The people who are trying to make more money from the punters, of course, can afford these statistics and can benefit from them and can get more money from the punters. I ask that you table this information, as in your letter, and that you put it on the web as a public interest exercise, as part of this assessment.

**Mr BROWN:** I note your request.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You do not intend to do it?

**Mr BROWN:** I did not say that.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The implication was certainly strong.

**Mr McBRIDE:** In regard to that inquiry being done by IPART, I have just received a note that in the budget there is some money set aside for research. In that respect, that will be a decision by IPART; how that money is allocated.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** It is slightly ridiculous to allocate a little bit of money for research when all the research money is going to be spent on buying statistics that you have already, surely?

**Mr McBRIDE:** I am not familiar with all the details that you are raising there. All I am saying is, in regard to the issue of harm minimisation, we have commissioned a report, and that report will be the most comprehensive report done so far of this nature.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are you aware, Minister, of the report jointly funded by the Australia Council and the Ministry of Arts entitled "Vanishing Acts, an Inquiry into the State Live Popular Music Opportunities in New South Wales"?

**Mr McBRIDE:** I am at a loss there.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You are not aware?

**Mr McBRIDE:** No.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The report recommended:

Working committee of relevant Government bodies and industry stakeholders be established to explore more coherent policy mechanism involving live music regulation.

Has the department allocated any money or resources out of this year's budget to help in establishing such a working group? Minister, if you are not aware what I am on about, live music in pubs has been largely demolished, as pubs have found gaming machines a far more lucrative source of revenue than people listening to music. So the shrinking of live music playing venues has affected the ability of players to hone their skills in live music performance and thus get their acts to such a level that they could export them. You are not aware of that, Minister, obviously?

**Mr McBRIDE:** I have to honestly admit I am—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Gaming machines are seen as very

much the enemy of live music in pubs.

**Mr McBRIDE:** I am sure you will forward that information to me. Arthur, I am not a regular patron of hotels.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I had hoped that you would understand that the effect of gaming machines on live music venues in Australian hotels has been very great.

**Mr McBRIDE:** I have participated in informal discussions about it, but you are referring to research and detailed research in regard to that. I cannot comment on that, because I do not know about it. But for example, live music has just come to the pub at Wyong, that had not been there for the last 10 or 15 years. That is the limit of my experience.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Some fish do swim against the stream. Does any music from the Casino Community Benefit Fund go into programs that assist the development of musicians and live music in New South Wales?

**Mr BROWN:** As best I understand it, the answer to that would be no.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The report recommends that the New South Wales Casino Community Benefit Fund devote a proportion of its fund to live music infrastructure, especially into—

investigation of factors prohibiting the greater provision of all age entertainment and discouraging use from attending club performances.

Have you or the department given any consideration to this recommendation, especially after the Alcohol Summit?

**Mr McBRIDE:** I just had advice that there is a criteria for application for the Casino Community Benefit Fund. My advice is that is not one of the criteria. Are you aware of applications being made?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** No. I am amazed at your answers, to be quite honest, because I thought it was common knowledge that the increase in gambling machines had squeezed live music out of pubs, thus I thought there might have been some steps taken. It seems that I am wrong, so I will take another line of questioning.

**CHAIR:** Thank you.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I have another question here, on smoking bans in poker machine areas.

**CHAIR:** You can raise it if we have some more time later. Government members?

**The Hon. AMANDA FAZIO:** Minister, are you aware of some patrons of hotels—where they do not have designated gaming attendants, where you have to go to the bar staff—being concerned about the bar staff taking a long time to come and give them their jackpots out of the pokies, and sometimes, if it not a big jackpot, the punters play on? Do you think that this is a problem? Has it been raised with your department at all; that people just keep on playing because they cannot be bothered waiting 20 minutes for somebody to come and give them their \$25 jackpot from the pub?

**Mr McBRIDE:** You are saying this is an issue in regard to dealing with harm minimisation for problem gamblers. That is what you are saying. That is the point.

**The Hon. AMANDA FAZIO:** Yes, where people do not have a lot of money, they might put \$5 in a machine. They get a \$30 jackpot.

**Mr McBRIDE:** They get a jackpot, and you are saying a tactic may be to actually—

**The Hon. AMANDA FAZIO:** That there is a delay in the—

**Mr McBRIDE:** —delay, as a form of—

**The Hon. AMANDA FAZIO:** The person who is serving beers—who says, "Wait till I've finished serving the beers, I'll come over and I'll get you your \$30." The person gets bored. They keep playing, they lose their \$30 and they still have not seen the bar attendant.

**Mr McBRIDE:** Yes, I think I have heard just about every - well, I will not say "every". Issues have been raised to me—that tactics are used, say, to increase people's gaming. That is what you are talking about. That is one that has been raised, but there are a whole range of them that have been raised. That is why we are actually doing the inquiry; because there is a lot of opinion out there as to a range of activities, tactics in this particular case. But there is also a lot of opinion as to the effectiveness of what we are doing as well. The whole idea was to compress that, through the IPART inquiry, so that any future spending will be most effective, and also that ideas or issues that you have raised will be tested as well. In that report, I am sure those issues will be considered and reported on.

**CHAIR:** Anything further from the Government?

**Mr BROWN:** You asked had there been complaints of that nature.

**The Hon. AMANDA FAZIO:** Yes.

**Mr BROWN:** For the 12 months ended 30 June 2003, the number of complaints in respect of the conduct of licensed club premises totalled some 2400. I am informed by my director of compliance that he believes that there were only in the order of some 10 complaints of that type, all of which the department took on notice and successfully resolved.

**Mr McBRIDE:** That is a pretty comprehensive answer.

**The Hon. DUNCAN GAY:** Minister, in the area of racing, what is the current status of the Government's plan to rationalise harness racing throughout country New South Wales?

**Mr McBRIDE:** A very good question, Duncan. What was your final comment there—what is the Government doing?

**The Hon. DUNCAN GAY:** Yes.

**Mr McBRIDE:** That is an important issue, because in the past the Government may have had some role in terms of your question. But Harness Racing New South Wales is now—and Harness Racing New South Wales is the organisation that is responsible for this particular proposal, so it is important to know what their relationship is, and also their relationship with Government. Harness Racing New South Wales is an industry elected, autonomous board that manages the commercial activities of harness racing in New South Wales. Harness Racing New South Wales was established with the Harness Racing Act of 2002 and commenced operations in February 2003. So it is a commercial arm, and it was legislation in 2002 and came into force in 2003. The legislation also created the regulatory body, which is known as the Harness Racing Authority. The authority is responsible for the enforcement and probity areas of the industry and, unlike Harness Racing New South Wales, is a statutory body over which I have some direction. Harness Racing New South Wales is not, and I do not have direction over it.

Harness Racing New South Wales is a five-member board. Four of the members are industry elected, with the fifth being the board-appointed independent chairperson. The elected members represent the Harness Racing Club of New South Wales, the 10 TAB clubs and the 28 country clubs. An industry representative is the fourth elected member and represents the views of the industry participants, including owners, trainers, breeders and drivers. Harness Racing New South Wales—this is the commercial arm, not the regulatory arm—was established in response to ongoing requests from across the industry, seeking self determination. They wanted to run their own industry. They wanted their own industry and we, as a Parliament, voted for that.

They did not want Government managing the commercial operations of their industry and, as I

said, it went through the Parliament. The legislation determined that the board's role is to register harness racing clubs and harness racing associations; to initiate, develop and implement policies considered conducive to the promotion, the strategic development—which is the report that you are talking about—and the welfare of the harness racing industry in the State; to distribute money received as a result of the commercial arrangements required by the Totalisation Act of 1997; to allocate to harness racing clubs and associations the dates on which they may conduct harness racing meetings and races; to develop and review policy in relation—

**The Hon. DUNCAN GAY:** Minister, if it is helpful, I do have specific questions. You have given us enough background.

**Mr McBRIDE:** If you think of your question, you said—I cannot remember it exactly, but it was what the Government—and I am making the point that it legislated, it went through the Parliament and you voted on it, and the determination was that it was a commercial board, run by the industry for the industry.

**The Hon. DUNCAN GAY:** Minister, as Harness Racing New South Wales exists by legislation under the portfolio of Gaming and Racing, is the oversight of Harness Racing NSW not one of your ministerial responsibilities? Surely you accept responsibility for the social and economic impacts of racetracks that are closing down throughout New South Wales as a result of Harness Racing New South Wales reforms.

**Mr McBRIDE:** That is part of my answer, so I will continue where I left off. Will that be all right with you, because that is where I am coming to? If you had waited for another three paragraphs, we would have got there.

**The Hon. DUNCAN GAY:** I eagerly await.

**Mr McBRIDE:** When introduced to Parliament, the legislation received the support from both sides of the House. Earlier this year—and there was only one paragraph, I apologise. You can strike that out. It was not three.

**The Hon. DUNCAN GAY:** Keep coming, Minister.

**Mr McBRIDE:** Earlier this year the Chairman of the Board, Brian Paddock, as a courtesy, briefed me about the board's plans for the industry. The details of the briefing were contained in the Industry Strategic Plan 2004-06. The document outlined the board's plans to close or amalgamate a number of racing clubs, including several in country New South Wales. Following the presentation I informed the Chairman that in my view, bearing in mind I have no authority over the commercial arm which is known as Harness Racing New South Wales, that the board's plans were going to be contentious. I also suggested that simply announcing a plan—

**The Hon. DUNCAN GAY:** That would have rocked them.

**Mr McBRIDE:** I will not comment. The answer will be in the next couple of paragraphs, Duncan. I also suggested that simply announcing the plan, without consultation with those affected, would be unfair to those involved. The legislation that resulted in the formation of this autonomous board removed my authority—removed my authority, as a Minister—to direct Harness Racing NSW in any of its deliberations. The Chairman agreed with my suggestion, and the board subsequently released the document as a draft, that sought stakeholder comment. In other words, originally it was going to go out as the final plan, as the strategic plan. I discussed the matter with him and, as a result of those discussions and representations I made to him, the document went from a strategic plan to a draft. The period for consultation closed at the end of—

**The Hon. DUNCAN GAY:** This is a long paragraph.

**Mr McBRIDE:** I know. The answer started over on the previous page. The period for consultation closed at the end of July, and the board is advised that it is currently examining the submissions that have been made. I understand Harness Racing will be making their final decision during September. So something that was going to be coming out two months ago has now gone from

a strategic plan that was going to be implemented, when it was announced; it is now in a draft form. They called for public submissions in regard to that and, as I said, according to our latest advice will be during September. In all my discussions with the Chairman I made my views quite clear on provincial and country racing—that is, that provincial and country racing and associated benefits are very important to life in regional and country New South Wales. Recently, for example, I visited Broken Hill. This is an example of what I was saying to you. What I was saying to him was this: if we look at the case of Broken Hill, I think the next closest harness racing track to Broken Hill is something like 10 hours drive—

**The Hon. DUNCAN GAY:** Minister, we have a series of questions that we need to ask. If you want to take all the time on one question, we are more than happy to come back on another day.

**The Hon. AMANDA FAZIO:** You can always lodge your questions on notice.

**The Hon. DUNCAN GAY:** Or come back on another day.

**Mr McBRIDE:** You asked me, have I involved myself, in terms of the decisions that were being made by Harness Racing New South Wales. Yes, I have. I have met with the Chairman of the Board. I made representations to him in terms of the issues that you are concerned about, and country New South Wales is concerned about. I have met with representatives of Harness Racing around Broken Hill and other places, to discuss these specific issues that you raise. I supported the submission that went in from Broken Hill. I have spoken to the member for Dubbo, and in terms of the issues at Dubbo and Parkes which you are probably familiar with. I made the suggestion they should do a joint submission, which as I understand is what they are doing at the moment. I have had discussions in regard to the Fairfield versus Bankstown issue. Again, I met recently this week with representatives from—Fairfield Council are concerned about those issues. I am saying to you, in terms of this issue, in terms of my position as Minister, I have been as active as I can be in regard to my authority as it rests with the harness racing commercial board known as Harness Racing New South Wales.

**The Hon. DUNCAN GAY:** Minister, congratulations on your memory, coming back. Can you test your memory again and see if you remembered any meetings with the former Minister?

**Mr McBRIDE:** Former Minister?

**The Hon. DUNCAN GAY:** Yes.

**Mr McBRIDE:** As I said to you, in regard to any questions relating to the former Minister, I am happy to take them on notice.

**The Hon. DUNCAN GAY:** Minister, have any clubs been amalgamated as part of the reform process yet?

**Mr McBRIDE:** As I said, there is not. When you say a reform, it was not a reform. It was a strategic plan designed—

**The Hon. DUNCAN GAY:** Minister, it is a discrete question. If the answer is no, I accept that.

**Mr McBRIDE:** As I said, it is not coming out until September—that is, the decisions of—

**The Hon. DUNCAN GAY:** You are saying that there has been no amalgamation so far?

**Mr McBRIDE:** I am saying that I have no knowledge of what is proposed in the report as it is. I understand it is still under consideration. As I said, it does not come out until the end of September.

**The Hon. DUNCAN GAY:** Have there been amalgamations so far?

**Mr McBRIDE:** I have just been advised that to the best of my knowledge there is no proposed amalgamation.

**The Hon. DUNCAN GAY:** What action has been taken to address the crisis of a lack of prize money for race meetings throughout country New South Wales?

**Mr McBRIDE:** Unfortunately, Duncan, I will have to take that one on notice.

**The Hon. DUNCAN GAY:** Can you provide a detailed explanation of why harness racing is no longer allowed to take place at country shows?

**Mr McBRIDE:** In regard to showground harness racing, show harness racing is predominantly conducted by agricultural and horticultural societies at country showgrounds. In February this year the national insurer advised that it would deny driver-to-driver liability for show harness racing unless it was conducted at a registered harness racing track and under the control and auspices of a registered harness racing club. What I understand in regard to this is that this is part of the public liability issue—that is, part of the issue of Anzac Day parades and everything else. The Harness Racing Authority issued an instruction that show harness racing was not permitted because of the liability issues, in terms that the insurer would not be party to it. It was not permitted except in those specific circumstances—that is, where they did issue. It did so after obtaining legal advice that it, and the showground societies, would be exposed to significant risks if an accident occurred. The Harness Racing Authority, I am advised, held meetings with the Agricultural Societies Council and agreed to review its position if the council could obtain additional insurance coverage.

Understandably, these events have caused a great deal of concern to show harness racing participants and to the members of the country show societies. I have received many representations on this matter and I share their frustration. Nevertheless, the insurer's actions are outside the control of the Harness Racing Authority and also the Government. If show racing were to proceed without insurance coverage, we all realise the legal issues there. The legal advice is that the Show Society and Harness Racing Authority would not be indemnified currently in those circumstances. So it relates to a public liability issue in terms of insurance coverage.

**The Hon. DUNCAN GAY:** Minister, I thought the Premier gave a promise that these country show functions, fares that we enjoyed, would be able to continue under his new legislation.

**Mr McBRIDE:** That is the public liability in legislation. There is a difficulty in this sense, as I understand it: that in terms of the new tort law reforms, these have to flow through. It is not just harness racing that has faced this issue. Thoroughbred racing has faced this issue. It involves every other aspect of society, unfortunately.

**The Hon. DUNCAN GAY:** Minister, what measures have you taken to address the exodus of New South Wales country racehorse trainers to the Victorian racing industry?

**Mr McBRIDE:** Unfortunately, I will have to take that one on notice. Basically, again in terms of the reforms that are associated with the racing industry, decisions—as I have said, the Government does not have authority over the Thoroughbred Racing Board. These matters do pertain to them. I will take that question on notice and find out what I can in regard to that question.

**The Hon. DUNCAN GAY:** Is that an indication that you personally have not done anything?

**Mr McBRIDE:** It is not, because what I am saying to you is, I will have to take that question on notice to find out what the situation is. I cannot get an answer at the moment.

**The Hon. DUNCAN GAY:** Surely if you had done something, you would remember.

**Mr McBRIDE:** Thank you, Duncan.

**The Hon. CHARLIE LYNN:** Minister, what is your response to the recent establishment of the New South Wales Trainers Network in respect to the recent problems facing the New South Wales country racing industry?

**Mr McBRIDE:** Unfortunately, I will have to take the question on notice.



**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Minister, are you familiar with the report released on 25 February by the VicHealth Centre for Tobacco, which showed that pubs and clubs in Victoria with smoke-free gaming areas did not suffer long term economic loss?

**Mr McBRIDE:** In terms of that report, myself, no. I am not aware of the detail of that report.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Which shows that smoking areas do not hurt the long term of pubs and clubs.

**Mr McBRIDE:** Say again?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Smoke-free gaming areas do not cause long-term harm to clubs and pubs.

**Mr McBRIDE:** In terms of their gaming revenue?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** In terms of their revenue, yes.

**Mr McBRIDE:** I am sorry, I am not aware of the detail.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Is the Government aware of the research which suggests that smoking bans help problem gamblers, because they go outside for a smoke and the break the pattern of the machines?

**Mr McBRIDE:** In regard to these issues, which are related to the harm minimisation review, we had that in place to deal with any of those issues. You raised a question before in terms of other ideas about signage, et cetera, or information on screens and so on. The way I came to the view to deal with the spectrum of ideas that come before us in regard to these issues was to have a process that reviewed them in a thorough way, an independent way, that gave some direction.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** We can expect this all to be fixed by the third quarter of next year?

**Mr McBRIDE:** I am saying that there is a process in place where people can put those issues that you have raised with me, so that they will be examined.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Can we see a realistic possibility of a ban on smoking in poker machine areas in pubs and clubs?

**Mr McBRIDE:** That is why we have reviews, Arthur, so that recommendations come forward out of those reviews. I cannot pre-empt that. I did indicate that—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, you do not have to flog the point. Does the department publish detailed statistics on the demographics of gamblers?

**The Hon. DUNCAN GAY:** Where they live.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Where they live, their income profiles in particular.

**Mr BROWN:** Dr Chesterfield-Evans, the department does not produce that information.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Does the department have that information?

**Mr BROWN:** I do not believe so, sir.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If the information about how much money people are spending and which postcodes were available, and the information of who lived in those postcodes, clearly that could be put together to look at who was doing the gambling or where the

gamblers lived, could it not?

**Mr McBRIDE:** What is the objective of finding out where they live?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The idea then would be, if you wanted to minimise the harm, you would see who was doing the gambling, so you could target them, as you would in any demographic or marketing or socially progressive system.

**CHAIR:** Minister, I might comment that I do believe that some of that information is available and has been worked from postcode areas for gamblers who have contacted G-line and things like that. Some of that information is available under research.

**Mr McBRIDE:** What you were saying is, when a problem gambler contacts us through G-line and through any of those other counselling organisations—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Please, let me take the questioning. What I am asking here is, the information on gambling relating to postcodes would help in that demographic, would it not, in working out the demographics of harm minimisation? The answer is obviously, yes. The question is almost rhetorical. However, the problem, Minister, is if one were trying to use those figures, one could not afford them if one were a researcher.

**Mr McBRIDE:** I think we have come around a very obvious corner and have landed back to your interest. Is there a particular researcher that you are looking for to do this research that has made representations to you?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** A researcher has asked me for these figures. He cannot do the research—

**Mr McBRIDE:** Who is the particular person that is making these representations?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I am asking the questions here. I am asking you the questions. You are wanting information to be presented to you about harm minimisation and you are not willing to give the figures, Minister, which might allow someone to produce that research. I put it to you really clearly, Minister, that if you claim to be interested in research about this subject, you have to allow the raw materials for research, which your department has and which you are currently declining to release.

**Mr McBRIDE:** Ken Brown will reply to that question.

**Mr BROWN:** I would take issue with the position, Dr Chesterfield-Evans, that we decline to issue them. We issue them on request. We ask that the applicant meet the cost of same; no more, no less.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The people doing this type of research, Mr Brown, are very unlikely to have these sort of resources. As I have said, the library of this Parliament did not have the budget to buy these resources. The information for the whole of New South Wales would be something like \$75,000 at your prices, as stated in your letter. Surely you cannot expect any researcher at a university level to have a spare \$75,000 to pay to collect statistics that you already have.

**Mr BROWN:** As I said, Dr Chesterfield-Evans, we do not have them ready. We must go and extract them, at a cost. All we ask is that cost be met.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The cost surely to the society is much greater than the cost of collecting the research. You are dealing with huge differences in the multipliers. I put it to you, Minister, are you seriously concerned about harm minimisation?

**Mr McBRIDE:** That is why I commissioned the IPART inquiry into harm minimisation; to assess all these things. I am not an expert in this area—you may be—but I did make a decision and that was we need to evaluate what is in place at the moment, and what may be out there in the ether

being suggested by other people. There is an inquiry on.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Are you assuming that only IPART will do that research, and that IPART have that sort of money?

**Mr McBRIDE:** No. What we wanted, and what I wanted out of that process, was to deal with the issue that is raised all the time; whatever research is done is somehow not professional research, because someone paid for it who may be related to the industry. That has been a criticism. You are aware of that criticism. I am aware of that criticism—given that I think there was some research done by a University of Sydney researcher, who was a professional academic, and it was discredited on the basis of the fact that it was paid for by someone who works in the industry. Arthur, with respect, I have a son who is a professional academic, and in regard to academics, how they value their position, it is not on money, it is about peer review. This was destroyed on the basis of who funded it. Again with my son, when the funding comes through, he does the research and what have you. The funding only pays for them to do the research. They are not infected by it in the case of my son, who is a professional academic, who does this type of work at an international level. It is peer review. But it was funded by industry—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Minister, you would be well aware that no money—

**Mr McBRIDE:** No, it was discredited.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** —equals no research. There are two ways of doing inquiries. You can simply open the door and ask Erin to come and tell you, but where it requires the collecting of statistical information and analysing that, the cost of that statistical information is vital to the cost of that research.

**Mr McBRIDE:** I would suggest that I—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** And I put it to you that you are not allowing research, because you do not allow the statistics that are the raw material for that research to be made available.

**Mr McBRIDE:** The way research is assessed, in terms of the allocation of funding when you apply for it, is how? By peer review. Who gets the research money? That is done through the university system, as you and I are both aware.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** If you would want to commission that research, surely you could and should, if you want the answers.

**Mr McBRIDE:** I am saying to you if there is a particular person that you are making representations on the behalf of, that you should refer that person to IPART and he should present his proposal to IPART, who have in their budget an allocation related to research. He can make his presentation to them.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** There might be thousands of researchers out there—

**Mr McBRIDE:** There might be, too.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** —who would use the money if they had the statistics, but they are not going to do it if they have to cough up \$75,000 first. Are you aware, Minister, of how regressive the gambling tax is likely to be?

**Mr McBRIDE:** Can you explain what you mean?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Regressive means it hits the poorer people more than the richer people.

**Mr McBRIDE:** The gambling tax?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** The gambling tax, which the Opposition is questioning in relation to the new taxation regime on clubs, is likely to be regressive because the poorer people gamble a higher percentage of their income, is it not?

**Mr McBRIDE:** Have you research to identify that?

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** No, I do not. I am simply saying that that is likely, and I am asking you if it is so, because you presumably know who and where people gamble.

**Mr McBRIDE:** I think you will have to explain to me why it is regressive. In terms of the profile of gamblers and all these matters, in regard to the issue of your saying the tax is more regressive because it is going to affect people at the lower income—in regard to the tax, it is paid by the club, it is not paid by—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Yes, but the question is where the money came from in terms of its economic impact. If the tax is regressive, Minister—not that one would be able to prove it, because you are not giving any statistical research—if someone could prove that it is regressive, Minister, would you actually advocate that it be spent in the poorer areas from which it came?

**Mr McBRIDE:** I made the point clear right at the head of this estimates committee, in regard to the taxation; that is the decision of the Treasurer. The clubs have put in a submission in regard to that, and he has made some reply to that, as I understand, and I think that is a bit of an ongoing debate. I certainly cannot give you any definitive answer in terms that you have requested.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Minister, I noted at page 92 of your Budget Paper No. 3, Volume 2, one of the department's strategic directions in the short to medium term includes the finalisation of the departmental upgrade of its information systems. On Tuesday this week I received an answer to a question I placed on notice in June, regarding the cost of licences for Windows based software products in your departments. I got an answer that did not give any financial numbers. I asked how much money the Government had spent on Windows based software products. Could you tell me how much money is spent on Windows based software products in dollar terms?

**Mr McBRIDE:** That is Mr Foggo's directorate. He will reply to that question.

**Mr FOGGO:** I am the Director of Revenue and Resource Management within the department, and the information technology area comes under my area.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Excellent.

**Mr FOGGO:** In terms of the amount of dollars that—I think the question was "that the Government has spent".

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Or your department has spent.

**Mr FOGGO:** I will have to take that question on notice and get back—

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** You have had it on notice since the end of July. I am saying I had an answer. I gave it to the Minister in fact in June. You are going to take it on notice now, yes.

**Mr FOGGO:** I assumed it has been answered.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** No, it has not been answered. There has been no money, I have asked the amount of dollars and I have not had any—

**Mr BROWN:** Dr Chesterfield-Evans, we will take the question on notice and provide you

with the information that you require.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Thank you. Have software alternatives to Windows based products, such as Linux, been considered by your department?

**Mr BROWN:** No.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Why not?

**Mr FOGGO:** At the moment the Department of Gaming and Racing has just completed a new strategic plan for its IT areas. The circumstance there is that we are looking at a range of products or a range of areas for the department over the forthcoming years. That will depend on a range of issues, including funding from Treasury and a number of other issues.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** What environment will they be written in? Will they be in the Windows environment?

**Mr FOGGO:** Until we do our tender, we have no idea.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Have alternatives to Windows been considered? Will that be considered in the tender?

**Mr FOGGO:** Anything will be considered in a tender. If someone makes a response to the tender, all applications to a tender would be considered.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Will the software programs for cross-border betting and exchange betting services be under licence or will they be developed within the department?

**Mr FOGGO:** Could you explain that? I have no idea.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** I understand that you have software programs for cross-border betting. Is that not right?

**Mr BROWN:** No, we do not.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** It is all within New South Wales, is it?

**Mr BROWN:** We do not. I have answered your question, Dr Chesterfield-Evans. You asked, did we have software packages in place for cross-border betting; the answer is no.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you have software for the exchange betting services?

**Mr BROWN:** No.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Do you own the intellectual property of the software that you develop, or is it outsourced?

**Mr FOGGO:** For the software that we develop in-house, we obviously own the intellectual property rights for that software. For other packages that we purchase off the shelf, shrink-wrap applications, we obviously do not own them.

**CHAIR:** Other questions can be placed on notice. The Hon. Christine Robertson.

**The Hon. CHRISTINE ROBERTSON:** Thank you very much, Mr Chair. Minister, recognising the potential dangers of smoking in enclosed spaces, what is the Government doing to tackle the practice of smoking in licensed venues?

**Mr McBRIDE:** The Government has introduced legislation and policy initiatives to

progressively reduce smoking in a wide range of venues, including licensed premises. Shortly before the Sydney Olympics, the Carr Government introduced the Smoke-Free Environment Act 2000 to impose restrictions on smoking in a wide range of venues. This act effectively prohibited smoking in an enclosed public space, which means any room that can be accessed by a member of the public.

As a consequence of this legislation, smoking is now prohibited in the following parts of a licensed venue: all indoor parts of a licensed restaurant; a dining area of a licensed hotel; a dining area and a function area, if food is served, of a registered club; a dining area of a licensed nightclub; the bar and gaming table areas of the Sydney Casino. In a further initiative, the Government established a joint Government industry working group last year to consider how smoking may be reduced or eliminated in the remaining parts of licensed venues, and to identify how this might be achieved. Participants in the working group were ClubsNSW; the Australian Hoteliers Association; Restaurant and Catering New South Wales; the Star City Casino; the Liquor, Hospitality and Miscellaneous Workers Union; the Department of Gaming and Racing; New South Wales Health; WorkCover; and the Cabinet office.

The working group has met on a number of occasions and worked up a collective approach. The Government announced the negotiated outcomes in December 2002. The outcomes were met with a pledge of support from both the hotel and club industry associations and the casino operator.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Were you aware of the demonstration against it last Tuesday by the members of the Liquor and Hospitality Union outside this Parliament?

**Mr McBRIDE:** The essence of the negotiated agreement—

**The Hon. AMANDA FAZIO:** Order! Mr Chair, I would ask you to call the Hon. Arthur Chesterfield-Evans to order. The Minister has not finished completing his answer to the question asked by the Hon. Christine Robertson and now he has interrupted. He is derailing the answer.

**CHAIR:** I am quite sure the Minister is coming to that point.

**The Hon. AMANDA FAZIO:** I am an ex public health official too, you know, Arthur.

**CHAIR:** Can we use the time for the Minister to answer, please.

**Mr McBRIDE:** The essence of the negotiated agreement is that hotels, clubs and the Sydney Casino will move towards non-smoking status by voluntarily introducing the restrictions over a two-year period. This phased approach is designed to allow time for patrons and staff to adjust to the measures. The timetable for the restrictions is as from 1 July 2003 smoking is no longer allowed at bar or service counters; a non-smoking area must be designated within at least one bar area; from 1 July 2004, in venues with more than one bar, one full non-smoking bar must be designated; in venues where more than one recreational or gambling area exists, one of each must be designated as non-smoking.

Under the negotiated agreement the Government has committed to cement the restrictions by introducing back-fill legislation six months after the implementation of each set of measures. The agreement is being communicated to venues and to the general public using the campaign, Share the Air. All licensed venues were forwarded a package of resource materials, consisting of an A3 size lifestyle display poster, a "no smoking" display sign, no smoking tent cards, and a two-page fact sheet that New South Wales Health distributes to the public on request. To alert the public to the new arrangement, newspaper advertisements were published in Sydney and regional newspapers in March and June 2003. The new restrictions were formulated in recognition of the comfort needs of non-smoking patrons, as well as staff working in licensed venues.

**CHAIR:** I think, Minister, with due respect, you may have answered that question to the satisfaction of the questioner.

**The Hon. Dr ARTHUR CHESTERFIELD-EVANS:** Can I take some questions consequential on that. Is there a restriction in the airconditioning or does the smoke simply go through the airconditioning to the other rooms within the club system? Is there any obligation for the rooms to

be separately ventilated?

**Mr McBRIDE:** This relates basically to workplace safety legislation and the Government has in place a program for monitoring compliance with the workplace safety legislation. This is being undertaken by WorkCover as part of their standard compliance monitoring of occupational health and safety requirements.

**The Hon. DUNCAN GAY:** Minister, legal fees for each of your portfolio agencies in 2002-03—how much was spent on legal expenses; what was the breakdown for those expenses; and who provided these legal services? In particular, was any money spent on Oasis connected matters?

**Mr BROWN:** Mr Gay, the Department of Gaming and Racing for the 12 months ended 30 June 2003 spent \$54,451.24 on legal services. That total amount was spent and paid to the Crown Solicitor's Office for legal advice. I do not have available to me as to whether any of that total amount was in respect of legal advice associated with my investigation, or the department's investigation in regard to the matter concerning the leagues clubs, but I am happy to take that on notice and to seek that information for you.

**The Hon. DUNCAN GAY:** Minister, why was the decision made reducing Saturday race meetings in the Western Division of New South Wales from two to one race meetings per year?

**Mr McBRIDE:** In an answer I gave to you earlier in regard to the separation of what they call the commercial arm from the regulatory arm, these are decisions that are made by their own elected representatives through either Racing New South Wales, which is the old Thoroughbred Racing Board, and Country Racing, and that is in the commercial arm. These decisions are made by the industry themselves in regard to the management of their industry.

**The Hon. DUNCAN GAY:** Do you have figures on the amount of revenue generated through country race meetings for 2002-03?

**Mr McBRIDE:** I am advised that we do not hold that information within the department. We would have to make some inquiries as to where that information is available. There is an indication that would be through the Country Racing, or Racing New South Wales would be able to find the information for you. I will take that question on notice, but we cannot be certain. I cannot give you a definite answer there because we do not keep that information.

**The Hon. DUNCAN GAY:** No, that is fine. Thank you.

**The Hon. CHARLIE LYNN:** Minister, are you aware of concerns that the New South Wales country harness racing industry will not survive into the future as a result of a number of factors, including ad hoc administration, low prize money, lack of continuity in racing, high participation costs, individual club viability, and a low public profile? What action has the New South Wales Government taken to address these concerns?

**Mr McBRIDE:** At the risk of earning the ire of the Chairman, I gave a lengthy answer into how the structure of harness racing was changed. It became autonomous, and it became autonomous because the industry, the participants, were concerned about all those issues. I pointed out that in the answer I gave earlier in relation to harness racing, that the changes made to harness races were driven by the participants themselves. The reasons they wanted to have control was for all the reasons that you just catalogued to me; that they felt they could best deal with those matters that you have just raised—that is, it was a conscious decision by the participants, that is the industry itself, that they were in the best position to make a judgment in regard to all those issues that you have raised, and that is why the process that was put in place, voted on and supported by you and your party in the vote and the determination of the new legislation.

**CHAIR:** Minister, I want to thank your ministerial and also your departmental advisers. I make the point that there have been a number of questions that are indicated to go on notice. You understand, Minister, that under the rules of this arrangement, if the answers are unsatisfactory, then this Committee may reconvene. However, Minister, you will not be obliged to attend. You may attend but you are not obliged to attend. Your departmental officials and advisers will be required. Can I ask

you, sir, will they be available if such a meeting is required?

**Mr McBRIDE:** Of course.

**CHAIR:** Thank you, Minister, and I thank your advisers for attending tonight's meeting. I thank members of the public. Thank you very much for your attendance.

**The Committee proceeded to deliberate.**

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