

GENERAL PURPOSE STANDING COMMITTEE NO. 2

Tuesday 25 November 2003

Examination of proposed expenditure for the portfolio area

GAMING AND RACING

The Committee met at 8.10 p.m.

MEMBERS

Reverend the Hon. G. Moyes (Chair)

The Hon. Dr A. Chesterfield-Evans
The Hon. P. Forsythe
The Hon. Peter Primrose

The Hon. C. M. Robertson
The Hon. John Ryan
The Hon. Ian West

PRESENT

Department of Gaming and Racing

Mr K. Brown, *Director-General*

Mr D. Loewenthal, *Deputy Director General*

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

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

Mr B. Farrell, *Chief Executive Officer, Casino Control Authority*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

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

CHAIR: Mr Brown, I apologise to you and other departmental officers for running late. The previous matter was a matter of great importance. I have negotiated with members of this Committee that we shall ask all of the questions we need to ask so that you may leave at the appointed time. If there are any issues that need to be taken on notice, we need to have a reply by 1 December to fit in with our reporting to Parliament.

Mr BROWN: That will not be a difficulty.

The Hon. PATRICIA FORSYTHE: Have you ever discussed the consultancy of Richard Face with him?

Mr BROWN: Yes, I suppose I have. Since he left the Parliament, yes, it would be true to say I did ask him how it was going.

The Hon. PATRICIA FORSYTHE: Was that the only conversation?

Mr BROWN: Nothing in detail in regard to it.

The Hon. PATRICIA FORSYTHE: Is it possible for the former Minister, Richard Face, to have a copy of the department's telephone directory?

Mr BROWN: Yes, it would be possible. The telephone directory of the department is renewed each quarter and a copy of that is provided to the Minister's office.

The Hon. PATRICIA FORSYTHE: On what date did the former Minister cease to use the department's email system?

Mr BROWN: No, I do not know.

The Hon. JOHN RYAN: Is it possible to provide that on notice?

Mr BROWN: Yes, I will take that on notice. I did not even know he used our email system.

The Hon. JOHN RYAN: Did you hold a meeting with the former Minister and Mr McBride with regard to the surf lifesaving movement?

Mr BROWN: I was in attendance at a meeting, yes, on 15 May, I believe it was.

The Hon. JOHN RYAN: Can you tell the Committee who was present at that meeting?

Mr BROWN: I will take that on notice. I indicate to you that the Minister, the Hon. Grant McBride, was in attendance, and I believe one of his staff members, myself, and then there were a number of delegates from the surf lifesaving movement, including Mr Richard Face.

The Hon. JOHN RYAN: Are you aware in what capacity Mr Face attended that meeting?

Mr BROWN: I understood he was part of the delegation to the Minister.

The Hon. JOHN RYAN: Did you understand what role he was playing with regard to Surf Life Saving New South Wales?

Mr BROWN: No, I cannot elaborate other than that he was there to assist them, as I understood it.

The Hon. JOHN RYAN: What issues were discussed at the meeting?

Mr BROWN: Yes, there was one particular issue, and it was the only issue, in regard to the surf lifesaving movement. In particular, a number of the clubs were seeking to obtain, I think it was termed, a section 74A liquor license, and they had not had a great deal of success in achieving their aims at that time.

The Hon. JOHN RYAN: The previous answer given to the Parliament in response to Mr Gay was that this meeting was a courtesy call by former Minister following visit to Department's Client Access Centre and no specific issues were discussed.

Mr BROWN: That answer relates to Ken Brown, not to Minister Grant McBride. I will elaborate on that answer. They are my words. As I understood it it was not an arranged meeting. I learnt subsequently that Mr Face was in the department seeking material and purchasing material from what we termed our client access centre following which he came to the 11th floor to see if my I might have been in. He did call in.

The Hon. JOHN RYAN: Did the former Minister have any involvement with Surf Life Saving New South Wales during his time as Minister?

Mr BROWN: I can't answer that, sir. I do believe he was a member of a club in his area and he did take an active interest in the movement.

CHAIR: Members, there is an ICAC inquiry going on. Just be careful that your questions do not impinge upon the area of the ICAC inquiry.

The Hon. JOHN RYAN: Entirely. Were briefing notes prepared for this meeting?

Mr BROWN: The meeting with the Minister? I can't answer that because I was asked to attend that meeting by the Minister. I was in the Minister's office, or the premises of the Minister, for another matter. I was asked to attend that meeting and to support the Hon. Grant McBride at the meeting.

The Hon. JOHN RYAN: Did Mr Face have a meeting with "all available staff" to convey his appreciation to the department?

Mr BROWN: Yes.

The Hon. PATRICIA FORSYTHE: When was that?

Mr BROWN: I will check my notes on that. That was on 25 March 2003.

The Hon. JOHN RYAN: Who was present at that meeting?

Mr BROWN: The former Minister requested would it be possible to bring the staff together? As he had left he wanted to express appreciation for the support of the staff over the past eight years. There were many members of staff in attendance. It was held on the fifth floor of the training centre area.

The Hon. JOHN RYAN: What is the purpose of the client access centre of the department?

Mr BROWN: The client access centre is located on level seven, and it is where any member of the public can access or attend to acquire information, dealings in regard to the department, the purchase of signs and the purchase of literature.

The Hon. PATRICIA FORSYTHE: In relation to the visit by the former Minister on 25 March, how many departmental staff attended?

Mr BROWN: Possibly 60 or 70.

The Hon. PATRICIA FORSYTHE: How long did the little visit take place?

Mr BROWN: I think it took place over about 1½ hours.

The Hon. JOHN RYAN: Was the visit in the form of a party, a meeting or what?

Mr BROWN: It was a morning tea.

The Hon. JOHN RYAN: How many officials are employed by the department at the client access centre?

Ms HENNESSY: The client access centre is part of a branch of about 12 people. Staff are rotated through the counter area on a rotational basis, depending on who is available. There are usually at least two, sometimes up to three, officers on the counter, depending on demand.

The Hon. JOHN RYAN: When did Mr Face undertake a courtesy call to the department's client access centre?

Mr BROWN: I cannot give you that date in as much that it was not an arranged meeting with me, and I do not have the date of it. Therefore, as no appointment was made with me, I did not have it in my diary.

The Hon. JOHN RYAN: Who did the former Minister visit during his visit to the access centre?

Mr BROWN: I can't tell you the officers who were on the counter at the time.

The Hon. JOHN RYAN: Did the visit require an approval? If so, who approved the visit?

Mr BROWN: A visit to the department by any member of the public does not require approval. That is exactly what it is: a client access centre.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Mr Brown, at the last meeting I asked you a question that was placed on notice about how much money the department was spending on Windows-based software products. With all due respect to your office and the department, the answer I received was:

As far as would be appreciated the operation of most software is held under licence. The licence costs are met by the Government in order to operate the software held by each agency. Without the software that drives the computer programs across the public sector it would not be possible to deliver programs in a cost-effective manner.

That does not answer my question about how much the software costs. Could you please answer that question?

Mr BROWN: If I may defer to Mr Foggo to answer that question. I think Mr Foggo has just indicated that that is not the information he gave.

Mr FOGGO: My understanding was that that question was fully answered.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I have just given you the answer that was given. That is a quote.

Mr FOGGO: What I am saying is that that question was fully answered, and appears on the New South Wales Parliament web site. I will give you the answer to the question to save you looking it up, if you like. The answer is that the department spent \$233,828.95 on software in 2002-03, that is Windows-based software products.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: So far, you are the only department that has managed that. Congratulations. You may recall we had a lengthy discussion about gaming revenue statistics, and in writing to your department I requested access to those statistics. I asked them to be tabled during the last budget estimates hearing. On 10 November some statistics appeared on page 5 of the *Daily Telegraph*. Did the *Daily Telegraph* pay for those statistics, and if so, how much?

Mr BROWN: The answer to the first part of the question is yes. I believe that the figure, and I will take it on notice, is \$2,200.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Is it possible to have those statistics tabled tonight, or are they given only to the people who pay for them?

Mr BROWN: They were given to the people who paid for them.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Obviously, I do not approve of that.

Mr BROWN: I can add something for you a little later on.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Apparently, the statistics showed that the revenue from hotel poker machines had increased by 5 per cent despite the reduction in machines and despite the recent legislation passed by Parliament to turn off machines at some time in the morning. Is that correct?

Mr BROWN: I believe that is what they showed, yes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If members of this Legislature had to assess how effective Government policy was in terms of harm minimisation, would those statistics be made available?

Mr BROWN: As I said to you before, we provide the information on request on a user-charge basis.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: If someone were trying to work out the best way to work out harm minimisation for the good of the people of New South Wales, would we then say that if we did not pay the \$2,200 for the statistics the *Daily Telegraph* got we would never have information on which to base the decisions of this Parliament?

Mr BROWN: I think you will find that the Minister for Gaming and Racing has put in place a major harm minimisation review under the Independent Pricing and Regulatory Tribunal and I believe we will assist them with any information they require.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Presumably, the Minister has access to this information at will as it comes to the department. Obviously, that is a huge advantage for the incumbent, who may have policies that the rest of us think are suboptimal.

Mr BROWN: I respond to that by indicating that it should be of note as to whom the Minister asked to undertake that inquiry. It was not asked of a private company. It was not asked of a private person. It was asked of the Independent Pricing and Regulatory Tribunal, whose credentials I believe are unquestionable.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: That is possibly so, but one might think that the Parliament ought to have information on which to make decisions rather than simply say that the tribunal may have it but the members of the Legislature may not.

Mr BROWN: I do not wish to answer that other than to indicate that if the Parliament were to call for the numbers I am sure my Minister would give the matter every consideration.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I seem to remember that I have done that, but not received them.

Mr BROWN: I said the Parliament.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It is a parliamentary question of the Parliament. Do you mean that it has to be voted for by the department and the department might provide it?

Mr BROWN: I cannot get into that debate. I am only making the point that any request of the Parliament to my Minister about those figures would be given close consideration by him.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I am making the point that a solo parliamentarian asking for those figures does not get them.

Mr BROWN: You do not have them to date because you have not paid the money, yes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: I make the point that I do not think it is satisfactory that policies be determined by whether members of Parliament can afford to pay for the statistics.

Mr BROWN: It may be of assistance. I note that you did not think I took your previous comments seriously, but from my recollection my words were, "I note your request." I can assure you they did not fall on deaf ears. As a result of the concerns and the matters you raised, and indeed a couple of others, I have had discussions with the Minister about the information. He has agreed and asked me to undertake a review of the methodology by which we extract that information to see whether we can alleviate, in some way, your concerns about cost and to look at means by which we might be able to reconfigure the information available so as to lessen the burden. That review is in place and I am expected to have that information before the Minister for his consideration by the third week of December.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Is it departmental policy that it would provide sufficient information that we could make some reasonable informed estimate of the effect of policies and, possibly, future policies as in costing options? It would not be at the discretion of the Minister but at the discretion of the Parliament. In other words, other members of Parliament would be able to discuss those possibilities intelligently.

Mr BROWN: I cannot answer that. The user charges are as approved by the Minister.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You are not able to guarantee that we will have information on which to make informed decisions without paying for it?

Mr BROWN: I do not have an outcome of the review at this stage.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Given that pokie profits now top \$1 million in city pubs, according to a headline in the *Daily Telegraph* of 10 November, and that the total take of gaming revenue has increased by 5 per cent, according to those figures from the *Daily Telegraph*, how many hotels have applied for economic hardship exemptions under the Gaming Machines Amendment (Shutdown Periods) Act?

Mr BROWN: I do not have that information available to me. I will take that on notice and provide the information by, I think, 1 December.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Can you tell me how many have been exempted in relation to the shutdown periods?

Mr BROWN: I do not have those details. I will take that under notice, too.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Were those hardships only for clubs that were in real difficulty or was it just that there was some loss of profit during those times?

Mr BROWN: I cannot answer that because it is not a matter that is determined by the department, it is a matter for the Liquor Administration Board.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: That is not part of your administration?

Mr BROWN: No, they are a separate, autonomous body. But I will take questions on notice and provide that information to you.

CHAIR: Opposition members, the Government has given you the opportunity to ask questions.

The Hon. PATRICIA FORSYTHE: I refer to the departmental client access centre. Are you suggesting that the former Minister's visit was that of any member of the public?

Mr BROWN: As I understand it, access to the centre was on the basis of purchasing materials from that particular centre, yes.

The Hon. PATRICIA FORSYTHE: What sort of materials could one purchase?

Mr BROWN: Fact sheets in regard to legislation, signage, various information.

The Hon. PATRICIA FORSYTHE: But his visit was no different to that of any member of the public?

Mr BROWN: Certainly it was unannounced, put it that way. I had no knowledge that he was going to be in the department on that occasion.

The Hon. PATRICIA FORSYTHE: Did you receive a briefing note from any of the staff who were present?

Mr BROWN: No, I did not.

The Hon. PATRICIA FORSYTHE: Why not?

Mr BROWN: I did not seek it.

The Hon. JOHN RYAN: In answer to a question from the shadow Minister for Gaming and Racing about the expenses by the former Minister and the director-general for entertainment expenditure, a response was provided to the Parliament in the form of a percentage rather than a specific dollar figure. From our calculations those figures would be that the Minister's alcohol and entertainment budget was \$4,322 and the director-general's budget was \$1,444. Have we correctly made those calculations?

The Hon. PATRICIA FORSYTHE: You will have to enlighten us if we got it wrong.

Mr BROWN: I will give you figures that I believe to be the correct figures. It is for which year?

The Hon. PATRICIA FORSYTHE: The last financial year.

Mr BROWN: For 2002-03, taking the gross figures, inclusive of all goods and services taxes for all the three categories, the total for the former Minister was \$8,873.32 and for the director-general it was \$2,461.44.

The Hon. PATRICIA FORSYTHE: Can you tell me how the Minister's figures compare with similar expenditure in the previous three years?

Mr BROWN: Yes. For the former Minister, in the year 2000-01 the total figure was \$7,411.07, and in 2001-02 it was \$5,259.35.

The Hon. PATRICIA FORSYTHE: You referred to the three—

Mr BROWN: The categories sought were entertaining, liquor and functions.

The Hon. PATRICIA FORSYTHE: For completeness I should ask you how your figures compared to those of the previous three years?

Mr BROWN: For 2000-01, \$2,405.83; for 2001-02, \$2,044.55.

The Hon. PATRICIA FORSYTHE: Was the Department of Gaming and Racing asked directly or indirectly by the Treasurer or his advisers, or Treasury, to conduct a test audit of the number of licensed clubs to determine compliance with the legislation in respect of community development support expenditure in the lead-up to the Government introducing new gaming taxes?

Mr BROWN: No.

The Hon. JOHN RYAN: Did the Department of Gaming and Racing receive some complaints in regard to the contract of the chief executive officer of Panthers—that he was receiving payments from a company other than Panthers but attached to Panthers? Did the department receive allegations about that matter 12 to 18 months ago from other members of the Panthers board?

Mr LOEWENTHAL: Yes, approximately 12 to 18 months ago we received a variety of complaints regarding the operation of Panthers. One of those complaints related to the company Phyro. That has been the subject of an ongoing investigation by our departmental compliance officers. That investigation has not yet been completed. In relation to the company Phyro, there is nothing at the present time in any of the legislation that prevents a chief executive officer of the club or a club from entering into a contractual arrangement with any of its staff. The Government has legislation before Parliament at the present time that will change that practice.

The Hon. JOHN RYAN: So it would be fair to say that the Government had access to information about Mr Cowan's relationship to Phyro for, did you say 12 to 18 months?

Mr LOEWENTHAL: The department had access to that information. I would not necessarily say the Government had access to the information. Our compliance officers were investigating various complaints. We do not relay all of that information to the Government at the time. Inquiries are conducted in house by the department and ultimately they may result in legal action being taken for alleged breaches of legislation before the courts.

The Hon. JOHN RYAN: Is that in regard to the specific allegation with regard to Phyro or did you say there were other allegations made at the same time? Have the allegations with regard to Phyro been resolved to the point that Mr Cowan would not face any legal action?

Mr LOEWENTHAL: As I say, at the present time the information that was made available to us and that we were able to obtain from our examination and investigation at Panthers did not disclose that there was anything illegal or in breach of any legislation by Mr Cowan or anyone else at Panthers in relation to the Phyro contract.

The Hon. JOHN RYAN: When was the matter relating to Phyro completed?

Mr LOEWENTHAL: It is still part of the overall investigation, and the records have not been closed at this stage. It is still open.

The Hon. PATRICIA FORSYTHE: Can I return to the issue of the alcohol, entertainment and functions expenditure. Who took the decision to provide to the Opposition the figures that were sought in October as a percentage figure?

Mr BROWN: The department provides certain information through to the Minister. The manner in which the Minister answers questions is, of course, his prerogative.

The Hon. PATRICIA FORSYTHE: In relation to those figures, does the Minister work to a budget? It is clear in the presentation of your figures that you are working to a budget figure. Does that apply to a Minister?

Mr BROWN: Yes, it does. As was mentioned at the last hearing, the Minister's office or the Minister is provided, via the Government, a ministerial budget. It is then maintained as a separate cost centre within the department. As with every other cost centre within the organisation, the responsible officers are provided on a monthly basis the details of all expenditure against budget and each of the cost centre managers are expected to maintain and live within their budgets.

The Hon. PATRICIA FORSYTHE: Was that figure of \$8,870 over budget?

Mr BROWN: No, that was within the overall budget of the Minister.

The Hon. PATRICIA FORSYTHE: That meant, presumably, if you were to budget in all parts there would have been a reduction in expenditure in some other part?

Mr BROWN: Not necessarily so, no. It depends what was the budget in the first place. From my recollection—and I have the figures here if I can get them—

The Hon. PATRICIA FORSYTHE: Did the Minister's office work within the ministerial budget?

Mr BROWN: Yes, it did. The budget for the year 2002-03 was \$1,323,696. The expenditure on that, from my recollection—and I have the exact figures here if I can get them—was that that budget was overspent by an amount of \$40,000. That was attributable to the fact that there was an amount of \$77,000—and I am taking this off the top of my head—that had to be expended for redundancy payments for three of the former Minister's staff. Had it not been for that, it would have been within budget.

The Hon. PATRICIA FORSYTHE: These are on the personal staff of the Minister?

Mr BROWN: Yes.

The Hon. PATRICIA FORSYTHE: And they were given redundancy payments?

Mr BROWN: They were entitled to redundancy or payments out because of the fact that they were not going on with the new Minister, yes.

The Hon. PATRICIA FORSYTHE: So three of the staff left the Minister? Their classification is temporary—

Mr FOGGO: Under the ministerial guidelines that are set in place by the Premier's Department for ministerial and parliamentary services, officers who are not required by new Ministers are paid out in a particular formula, and the people involved in this case, those three individuals, were paid in accordance with that formula.

The Hon. PATRICIA FORSYTHE: Quite separately but in relation to ministerial staff, has there been any direction recently for a pay increase for all ministerial staff?

Mr FOGGO: Not that I am aware of.

Mr BROWN: I believe that not to be correct. I believe that ministerial staff were provided with the flow-on of the award increases across the board generally.

The Hon. PATRICIA FORSYTHE: Do you know what figure or percentage that was?

Mr BROWN: No, I do not. but I can take that on notice and give you the figure.

The Hon. PATRICIA FORSYTHE: You might clarify for me whether it is 5 per cent and whether it commenced on 1 July?

Mr BROWN: I will do exactly that. We can give you the correct figures; I said I had them. The former Minister's office cash allocation of 2002-03 was \$1,323,696. The actual expenditure was \$1,386,179. Included in this amount was \$73,602 for voluntary redundancy payments made to three officers of the staff of the former Minister for Gaming and Racing.

The Hon. PATRICIA FORSYTHE: \$73,000?

Mr BROWN: Yes. For 2003-04 the Budget Committee of Cabinet has determined a cash allocation to the Hon. Grant McBride in the sum of \$1,235,142.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The new gambling strategy has had attention in the *Daily Telegraph*, and apparently has been agreed at a Federal and State level. Is that correct?

Mr BROWN: You are talking about the Ministerial Council on Gambling. Ms Hennessy was in attendance at that meeting with our Minister. I might defer to her, if I may.

Ms HENNESSY: The Commonwealth, State and Territory Ministers with responsibility for gambling met in Melbourne last Friday. It was the first meeting they had had in more than two years. They were presented with a paper that had been developed by the Commonwealth called, from memory, "A National Strategy on Harm Minimisation Measures for Gambling." At the meeting the Ministers agreed that that paper should be refocused to be a national framework on problem gambling, with the emphasis on problem gambling, because that is where the Ministers see the priority lies. There is a public communiqué which will express it in far more accurate terms than I am able to do off the top of my head. It was agreed that the Ministers ask the official group that supports that committee to go away and develop the focus areas that the framework will be focusing on, and to report back to the Ministers by April 2004.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Is it planned that the central monitoring system [CMS] should be used as a vehicle for collecting data on individual gamblers in order to feed messages back to them, either personalised or on the screen?

Ms HENNESSY: As part of this national framework?

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Yes.

Ms HENNESSY: It certainly did not get down to that level of detail as far as I am aware, and I do not think it is the Ministers' intention that the reworked document would get down to that level of detail.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Is the central monitoring system perceived as a broadcast mechanism, thus coming under the Broadcasting Act, or is it purely a part of the property of TABCORP?

Mr FOGGO: The central monitoring system is operated under a licence by TAB Ltd. That licence was issued to TAB Ltd as part of the float on 30 April 1998. I am not sure whether it comes within the terms of the Federal legislation, but it is certainly run over a wide area network, which is basically via Telstra. So it is part of a wider Telstra network.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: When it is privatised, will it be privatised with TABCORP?

Mr FOGGO: It is privatised now.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: The CMS is privatised?

Mr FOGGO: Yes.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Can it be regulated in the same way that the telephone network can be regulated—by government Act, or fiat?

Mr FOGGO: It is part of the telephone network.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Yes, but it has a component which presumably goes from the telephone network to the actual interface with the gambler and to the computer that actually collects the data and works out the jackpots.

Mr FOGGO: In each gaming machine—as of yesterday there were 99,311 gaming machines in New South Wales—there is an individual interface card. That interface card sends data to what we call a site controller. At each venue there is a controller which collects data from those interface cards every 15 minutes. Once a day that data is aggregated and it is sent to the CMS host.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: Presumably every quarter of an hour a message could be fed back to gamblers about what their winnings or losses were in the short term or in the long term. If they had a loyalty card it would be able to be personalised in the longer term, and if it were not, it could be personalised by the length of time that they had been using the machine.

Mr FOGGO: I think that technically, while that might be available, it would be at huge cost.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It is not the cost of sending the message about the gambling.

Mr FOGGO: You are talking about a communication cost. We get a communication from each venue once a day. If you are talking about that level of communication, obviously your communications costs will increase quite dramatically—

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: It is technically possible?

Mr FOGGO: —particularly when you have got 100,000 devices in 3,500 sites. The communication to and from those particular venues becomes extremely costly.

The Hon. CHRISTINE ROBERTSON: You are collecting aggregates data, or data on individual machines?

Mr FOGGO: We collect data on individual machines. The data we collect relates to three types of information, if you like. It identifies the machine—the ID of the machine—and what game is being played on the machine at that particular point. Each machine issues a data block with this information in it, but you have to understand that gaming machines in New South Wales are a one-way communication protocol; that is, the gaming machine itself only communicates outward to the interface card. Thence there is two-way communication between the interface card and the rest of the CMS system, but the machine itself has a one-way communication protocol, and that is the standard that is used in New South Wales.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You are saying it is very expensive to make it come the other way. Presumably the jackpot comes the other way. Is that not why the card system exists: to explain the jackpot size?

Mr FOGGO: Yes, that is true. The jackpot system works on a particularly different situation. It has its own local area network or wide area network. It has its own controller on the site, so it is separate and distinct from the centralised monitoring system.

The Hon. Dr ARTHUR CHESTERFIELD-EVANS: You could send down non-jackpots to the unlucky gamblers?

The Hon. CHRISTINE ROBERTSON: Or buy a fluffy duck and put ads on it! I am sorry, I do not mean to be silly, but you started it.

Mr FOGGO: In terms of the statewide jackpot system that you are talking about, basically we monitor each one of the machines that is on the centralised monitoring system. There are two separate and distinct systems that operate there. Obviously the statewide jackpot system is more expensive to operate than the centralised monitoring system.

CHAIR: Thank you for participating tonight. Can you provide the Committee with answers to the questions on notice by 1 December?

Mr BROWN: Certainly.

The Committee proceeded to deliberate.
