

## LEGISLATIVE ASSEMBLY

Tuesday, 7th April, 1992

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**Mr Speaker (The Hon. Kevin Richard Rozzoli)** took the chair at 2.15 p.m.

**Mr Speaker** offered the Prayer.

### ASSENT TO BILLS

Royal assent to the following bills reported:

Firearms Legislation (Amendment) Bill  
Government Insurance Office (Privatisation) Amendment Bill

### MATTER OF PUBLIC IMPORTANCE

**Mr Speaker** advised the House that he had received from the Deputy Leader of the Opposition notice of a matter of public importance, which would be listed for discussion at the conclusion of formal business.

### QUESTIONS WITHOUT NOTICE

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#### EASTERN CREEK RACEWAY

**Mr CARR:** My question without notice is directed to the Premier, Treasurer and Minister for Ethnic Affairs. Did the Premier's former private secretary, Mr Harvey, last night state publicly that the Government promised Barfield signage rights for the 1991 motor cycle grand prix? Why did the Premier mislead the House on 26th September last year when he told Parliament that no such undertaking had been given?

**Mr GREINER:** I am delighted that the Leader of the Opposition should take his lead from Mr John Harvey. It tells a lot about all sorts of people. The reality is that Mr Harvey and Mr Barnard - and particularly Mr Barnard - seem to have confused memories about this. On 30th July, 1990 - eight months before the grand prix - I wrote to the Chairman of Barfield, which is Mr Barnard's company, and I said:

There was no agreement between the Government and Barfield that a clean track would be provided for the staging of the grand prix.

I would have thought that was unequivocally clear. It was a letter from me to the Chairman of Barfield, but they seem not to have been able to understand that, despite the fact that I went on to say that I would be pleased if negotiations were to take place between the two companies, that is, Dovigo and Barfield, to arrive at a satisfactory commercial arrangement for the staging of the event in New South Wales. Let me answer a couple of questions that were not asked by the Leader of the Opposition. Did the Government give the signage rights to two companies? The answer is unequivocally

no. It has always been the case that the only agreement was with Dovigo. In fact Dovigo had a written agreement dating back to 22nd November, 1989, when all signage rights were given to Dovigo as part of the consortium heads of agreement. On 21st December, 1989, this was confirmed in the agreement to lease and in the loan

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agreement. Subsequently, presumably about August 1990, Dovigo and Mr Barnard, as was appropriate between the people who had the track and the people who were hiring the track to stage the race, reached some agreement about signage. But, quite simply, the Government did not give the signage rights to two companies. It gave them to Dovigo and the rest of the matter was between Dovigo and Mr Barnard, and that is that.

## **IRANIAN EMBASSY**

**Mr ZAMMIT:** My question without notice is to the Premier, Treasurer and Minister for Ethnic Affairs. Has the Premier been advised of the involvement of New South Wales police in detaining people allegedly involved in the raid on the Iranian Embassy in Canberra? What action are police taking to ensure that similar attacks are not made on ethnic communities in New South Wales?

**Mr GREINER:** I thank the honourable member for Strathfield for his question and, indeed, for the very real interest he takes, together with many members on both sides of the House, in the maintenance of one of the proudest attributes of our State - the nature of our multicultural society. That society is based on mutual respect and understanding and tolerance for each other's views. Specifically, in my view it involves the rejection of the importation of overseas conflicts into Australia and particularly involves the rejection of violence in the use of promoting a particular cause related to overseas conflicts. Honourable members will generally be aware of the facts, but I have asked the acting Minister for Police and Emergency Services to provide me with an update on the matter. Without going through the details, the facts are that at about noon on Monday approximately 10 offenders rushed the gates of the embassy of the Islamic Republic of Iran, as those gates were opened to allow a vehicle to leave the grounds. This vehicle was attacked by several of the offenders with hammers and other articles and was severely damaged. The offenders then forced their way into the embassy by smashing windows and doors. Once inside the embassy, the offenders commenced to damage everything possible by pulling down curtains, smashing furniture, spray painting walls, attempting to set fire to papers and so on.

**Mr Newman:** It was all on television.

**Mr GREINER:** I will come to that. I cannot understand why the honourable member for Cabramatta, who represents one of the most multicultural electorates in New South Wales, would think this is a matter for humour or mindless interjection.

**Mr Newman:** The Special Broadcasting Service was there with them.

**Mr GREINER:** I will pass by the SBS, though one might legitimately ask some questions about its involvement in the matter. Four persons were arrested in Canberra. A vehicle containing other offenders left the scene and was stopped by New South Wales police in Goulburn at about 3.30 yesterday. Four occupants of this vehicle were arrested and interviewed by New South Wales police and Australian Federal Police and subsequently charged in Goulburn with a number of offences including assault occasioning actual bodily harm, malicious damage and assembly involving physical violence. Further charges of attacking the liberty of international protected persons are being preferred at Goulburn Local Court about now. The Australian Federal Police are

applying for the extradition of the four persons from New South Wales to the Australian Capital Territory today. As I think has already been stated, all the persons involved are supporters of a group known as the Mujaheddin el-Khalq, which was based in Iran and was involved in the overthrow of the Shah. There has been subsequently very deep-

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seated differences between the group and the present Iranian Government and there is continuing warfare between them, which is a matter for them as long as they keep it out of Australia. It is understood that the attack on the embassy in Canberra was the result of an Iranian air strike against Mujaheddin encampments in Iraq on the weekend of 4th and 5th March this year.

The question of the honourable member for Strathfield relates to the impact of the attack on New South Wales. There are, of course, no Iranian or Iraqi consular or government premises in Sydney. However, all of the offenders involved in the attack on the embassy are from New South Wales and several are known to have strong involvement with the Mujaheddin el-Khalq. In New South Wales the group is small in numbers and in our judgment has little or no support from the Muslim community. Our judgment is that the overwhelming majority of the Muslim community would totally reject the action taken by this small group in Canberra yesterday. It is fair to say that there has been tremendous support from the leaders of the Muslim community over the past few years, especially at the time of the war in the Middle East, to ensure that New South Wales had a society which could cope, without violence, with the visible tensions that arose from what was happening on the other side of the world. As I have said, I am sure that the Muslim community in New South Wales overwhelmingly rejects the actions that occurred yesterday. Apart from applying the full force of the law it seems to me that, if these people are convicted and they are not Australian citizens, they should be deported. We, as a community, cannot allow people to come to our country, not take up citizenship, and engage in this sort of behaviour, which is repugnant to people right across Australia.

**Mr SPEAKER:** Order! I call the honourable member for Cabramatta to order.

**Mr GREINER:** It would be a sorry day for anyone who followed the lead of the honourable member for Cabramatta. However, I suspect there is no danger of that. Because of the mature attitude of the Muslim community of New South Wales, I do not expect there to be a significant impact upon that community. However, the police have asked patrol commanders in areas with large Muslim populations, or significant Muslim establishments, to maintain an increased level of alertness until the overall impact of the incident may be evaluated and the situation settles down. I repeat: this is an action which is totally objectionable and abhorrent to everyone in the House, regardless of their political views. This is the sort of behaviour that will bring the whole notion of a multicultural Australia into disrepute. I hope these people are dealt with as quickly and as expeditiously as possible. As I have said, if they are convicted, they should be deported from Australia.

#### TRACKFAST

**Mr LANGTON:** My question without notice is directed to the Minister for Transport. Your pink slip is showing, Wal.

**Mr SPEAKER:** Order! The honourable member for Kogarah will give us the benefit of his question.

**Mr LANGTON:** Is all Trackfast freight to be transferred from rail to road in June with a loss of 250 staff? Have senior Trackfast managers told meetings of Trackfast employees and contractors around country New South Wales that, if they complain or lobby their local member of Parliament, Trackfast will be abolished? Is this the Government's policy?

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**Mr BAIRD:** The honourable member for Kogarah is the famous miracle worker. He travels around the countryside promising everything. If people want a new train, he says he will give it to them. If people want a new service, he says he will give that to them.

**Mr SPEAKER:** Order! I call the honourable member for Bulli to order.

**Mr BAIRD:** If people want additional concessions, the honourable member for Kogarah says he will give it to them, but he does not want to know about anything that results in savings for the State Rail Authority, which was losing \$3.5 million a day when this Government came into office. So, the great transport miracle worker opposite will give everything and take away nothing; never mind the debt. When this Government came into office it cost \$62 million a year to run Trackfast.

**Mr SPEAKER:** Order! I call the honourable member for Liverpool to order.

**Mr BAIRD:** The former Government gained \$18 million in revenue from Trackfast. Honourable members opposite would not know how to run a chook raffle; they are hopeless in the commercial area. This Government, upon coming to office, reformed Trackfast, made some deals with the unions, reduced staff levels and changed its method of operation. There is still a gap between operating costs and revenue gained. Revenue has been reduced to approximately \$12 million. This Government made it clear that it was not willing to allow that situation to continue. This Government will not tolerate a continual reduction in the operations and revenue base of Trackfast. The Government's original intention was to remove Trackfast as it represented a significant loss to the State Rail Authority. The Government intended to follow a trend overseas where very few reformed railway systems retain small parcel businesses. But the Government has decided, as was announced, to retain Trackfast in a reduced form.

Trackfast will provide services to country New South Wales and ongoing consultations will be held with the unions. I make it clear that this Government will not tolerate continual losses from its small parcel operations. It is also clear that the role of Trackfast is now, in many ways, redundant and can be operated much more effectively by the private sector in most areas, although not in the country. Many representations have come from the country members on this side of the House, particularly the honourable member for Ballina, drawing the Government's attention to the requirement for an effective country service for small parcels. That is why the service is being reformed. The Government will not continue the ineffective system operated by the previous Government. At the moment the Government is having ongoing discussions with the unions. The Government plans to reform these operations so that there will be significant benefit for all taxpayers and particularly those in New South Wales where people depend on the small parcel operations.

#### **BUS SERVICES**

**Mr LONGLEY:** My question without notice is directed to the Minister for

Transport. Is the Minister aware of a pamphlet being distributed to commuters throughout Sydney, particularly on Sydney's northern beaches, claiming that a range of government bus services and concessions are under threat? Has the Minister established what impact the brochure has had on commuters and who is responsible for publication of the pamphlet?

**Mr SPEAKER:** Order! I call the honourable member for Port Stephens to order.

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**Mr BAIRD:** Honourable members opposite should adopt the same responsible attitude as the honourable member for Pittwater shows for his constituents. Members such as the honourable member for Newcastle, who supports his union mates, have constantly asked questions on this subject in this House. One of the most appalling campaigns being waged around New South Wales - and I know it is with the support of people such as the honourable member for Newcastle and the honourable member for Kogarah - is the one involving the distribution of this pamphlet to all State Transit depots. The pamphlet states that public bus services are under threat. It contains so many lies that one would have thought it had been written by a member of the Opposition. It is so wrong that honourable members may think the honourable member for Kogarah had something to do with it. This pamphlet makes many allegations. It claims that the Government is about to privatise all the State Transit fleet. That is absolutely wrong. Did you issue this?

**Mr SPEAKER:** Order! I call the honourable member for Port Stephens to order for the second time.

**Mr BAIRD:** Your mates probably got up there and handed it out.

**Mr SPEAKER:** Order! I call the honourable member for Swansea to order.

**Mr BAIRD:** If honourable members opposite think this is funny, if they think it is the right thing to hand to pensioners who get on to the buses -

**Mr SPEAKER:** Order! I call the honourable member for Bulli to order for the second time.

**Mr BAIRD:** The Government is receiving many letters from pensioners who are concerned about this type of campaign. It is absolutely disgraceful that the Opposition would support this fear campaign. The Opposition, like the honourable member for Newcastle, knows the claims in the pamphlet are untrue. The Opposition is prepared to support this campaign which suggests that pensioners will have reduced services; and that the \$1 excursion fare will not be available, et cetera. That is simply untrue. The Government has no plans to alter pensioner concessions. They are ongoing. The Government has not changed them in the last three and a half years and does not intend to do so. This ongoing campaign, which is supported by the Opposition, is causing major concern among pensioner groups and those who use State Transit services. The 1,600 private bus operators in New South Wales are to be placed on five-year contracts, which will require them to meet a compulsory level of service. The bill which provided for this was supported by every member of this House. Honourable members opposite talk about minimum service levels. It was agreed that right across the spectrum New South Wales private bus services should provide a decent level of service. The Opposition, when in Government, did nothing about addressing private bus service

levels. The Government has set the absolute minimum threshold for service levels. These are compulsory levels they have to agree to. The result is that many areas now have weekend services, after-hours services, services to midnight - which were never available before - and services which have never been seen before.

**Mr SPEAKER:** Order! I call the honourable member for Penrith to order.

**Mr BAIRD:** I am prepared to debate with the honourable member for Penrith at any time that she is so much better off under this Government with minimum threshold service levels than ever before. The Government has provided a huge increase in services right across the board. Honourable members should be thanking this Government for what it has done. As part of that requirement the State Transit Authority

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is to undergo the same process, to ensure that minimum service levels are provided for State Transit buses as well. Do honourable members want that? Do they want services to be taken away? I am sure they probably do. But the honourable member for Newcastle should remember that the Government has indicated absolutely that it is not going to change the service levels in Newcastle, not at all, despite the claims that have been made. All the Government is after are the rorts that his mates get up to.

**Mr SPEAKER:** Order! I call the honourable member for Kiama to order. I call the honourable member for Hurstville to order.

**Mr BAIRD:** It is a matter of ensuring that right across the board - whether it be the private sector or the public sector - a minimum threshold service level is provided, which offers after-hours services, both private and public, for the people of New South Wales. This approach is welcomed by the people of New South Wales. This campaign is an absolute disgrace. The Government knows the campaign is being supported by the Opposition. It is one of the most disgraceful campaigns seen in New South Wales. It is totally wrong, wrong and wrong. I want to place on record that these claims are absolutely baseless. There are no plans to take away any pensioner concessions at all. The Government is improving bus services right across the State. In fact -

**Mr SPEAKER:** Order! I call the honourable member for Blacktown to order. I call the honourable member for Hurstville to order for the second time.

**Mr BAIRD:** New South Wales is being used as a model for the other States to show what should be provided.

**Mr SPEAKER:** Order! I call the honourable member for Blacktown to order for the second time.

**Mr BAIRD:** At the special conference on bus transport which is being held in Perth, the pattern set by this State is being used as the model for what should happen elsewhere. In Queensland the Goss Government is adopting New South Wales legislation, exactly the same legislation. This Government sets the pattern that other people follow.

#### **MEMBER FOR THE HILLS**

**Mr KNIGHT:** My question without notice is directed to the Premier, Treasurer and Minister for Ethnic Affairs. Did the honourable member for The Hills certify his address as 18 Mills Road, Glenhaven, when nominating for The Hills by-election in 1990? Does the Government hold documents which show that this was not

his real place of living at any time during the three months prior to the calling of nominations? Will the Premier investigate possible breaches of the Parliamentary Electorates and Elections Act?

**Mr GREINER:** I have no idea.

### **SOIL SALINITY**

**Mr CRUICKSHANK:** My question is directed to the Minister for Natural Resources. Is the Minister aware of agricultural production losses of \$65 million per year from soil salinity and waterlogging in the Murray and Murrumbidgee irrigation areas? What is the Government doing to tackle the problem and to assist better drainage in irrigation areas?

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**Mr CAUSLEY:** Honourable members will be pleased to know that only last week a pumping system was opened at Benerembah in Griffith, which will alleviate some of the water-table problems in that particular irrigation area. As I have said many times in this House, one of the greatest environmental -

**Mr SPEAKER:** Order! There is too much audible conversation in the Chamber. The honourable member for Murrumbidgee will listen to the answer.

**Mr CAUSLEY:** One of the greatest environmental problems we have in New South Wales is the salinity problem in our irrigation areas.

**Mr SPEAKER:** Order! I call the honourable member for Murrumbidgee to order.

**Mr CAUSLEY:** I must give credit to the irrigators themselves for doing something about this problem. The scheme at Benerembah in Griffith is a joint venture. The irrigators will pay \$1.6 million and the State will pay \$5.9 million. I might qualify that by saying there will be funds from the Commonwealth matched by the States. That particular project will alleviate some of the problems in the area where, in approximately 70,000 hectares, the water-table is only a metre from the surface of the ground. That is causing enormous problems with productivity and is costing about \$75 million a year in that area. I am sure that the honourable member for Murrumbidgee was well aware of the irrigators' comments about how pleased they were that this Government was at last doing something about the problems.

*[Interruption]*

I should like to talk about that - I notice that the honourable member for Mount Druitt is very quiet - because the previous Government did absolutely nothing about the infrastructure in the irrigation areas. There is an almost \$200 million backlog in irrigation structures. I am pleased that the honourable member interjected because I can carry on and tell honourable members a few things about what the former Labor Government did not do in the irrigation areas. The previous administration loaded an enormous debt on to the irrigation areas, which the irrigators now have to pay for. I am pleased that the irrigators have shown integrity, that they recognise there is a problem in the irrigation areas and that they are prepared to help. In the electorate of the honourable member for Murray at Wakool, Denimein and Deniboota areas exceeding 70,000 hectares have water-tables within one metre of the surface. That is the real environmental

problem in New South Wales.

I am sure that honourable members will be pleased to learn that this Government managed to convince the Murray-Darling council that \$1 million should be spent this year on drainage. That will continue. The tree replanting being done by the Department of Agriculture, in conjunction with the irrigators, will overcome some of the problems that are showing up and protect the valuable irrigation areas that contribute so much to the economy of this State. It is not easy. As honourable members know, great concern is expressed by Adelaide residents about the quality of the water that goes down to Adelaide. Under the Murray-Darling Basin Ministerial Council only a small amount of salt is allowed to be put back into the river each year. The problem has to be carefully managed. I understand clearly that the irrigators accept that and are prepared to do everything they can to overcome a problem caused by bad administration in the past. We never seem to learn. If one goes back through history to study Mesopotamia, the problem in irrigation areas was always salinity. At last something is being done in New South Wales to overcome that problem. I am sure the benefits will flow right through the community.

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#### **ST VINCENT'S HOSPITAL**

**Ms MOORE:** I ask the Minister for Health Services Management when funding arrangements will be finalised for the provision of six more beds for AIDS patients at St Vincent's Hospital. Will action be taken to ensure that very sick AIDS patients are not left in casualty?

**Mr PHILLIPS:** The honourable member for Bligh has asked an important question in relation to St Vincent's Hospital. I am able to report to the House that over the past couple of years the Government has been able to increase the number of AIDS beds in New South Wales to 88 - an additional 37 beds. The beds allocated at St Vincent's Hospital have a high occupancy rate. That hospital has developed a significant reputation in the AIDS community for the quality of care delivery. More and more AIDS and human immunodeficiency virus patients go to that hospital because of referral patterns or on word of mouth recommendation. The policy developed in conjunction with the AIDS community through the AIDS Council of New South Wales and the AIDS Bureau is to decentralise some of the funding for the AIDS community so that more AIDS patients can be treated closer to home. AIDS facilities at other hospitals, such as the Prince of Wales Hospital and St George Hospital, have increased. That is where the funding is going, but the AIDS community still tends to concentrate its needs in one particular area. The AIDS community, in conjunction with the Department of Health, has to overcome that problem. St Vincent's Hospital is faced with the problem also, but is tackling it. As the honourable member for Bligh well knows, the Government has been discussing with the Federal Government increased funding for the addition of six beds. The discussions are continuing, and in the next few days I hope to make an announcement about where the six beds will go.

#### **FLASH FLOOD WARNING SYSTEM**

**Mr HAZZARD:** My question is directed to the Deputy Premier, Minister for Public Works and Minister for Roads. Has the Government taken any action to improve flash flood warning systems for Sydney, Gosford, Newcastle and Wollongong? If so, has the Deputy Premier been advised whether there is any potential to warn of storms before they occur?



**Mr W. T. J. MURRAY:** The question asked by the honourable member for Wakehurst is particularly appropriate given the fact that last Thursday he had two feet of water through his home. It is quite intriguing that members of the Opposition think that happens in only one house in any given suburb. Water went through houses in electorates of Opposition members. They should realise that if they could represent their electorates as well as the honourable member for Wakehurst represents his electorate, they would be a lot better off. Last Thursday night a substantial amount of water went through homes in the Frenchs Forest-Cromer area. People got together last night at a public meeting to go through the processes currently available to warn of flash flooding. The Government recognises the important role that flood warnings play in the overall package of flood plain management. The Public Works Department is developing a sophisticated system to predict storm activity in the most densely populated areas of Australia. Conventional weather monitoring cannot predict or collect information on expected storm activity to provide advance notice to the same degree as the proposed system. Increasing urbanisation of the central New South Wales coastal corridor has caused increased flash flooding damage and disruption.

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Historically, the types of storms that occur along the Central Coast of New South Wales have not changed substantially. However, the impact of the storms on the community and the State's economy has increased. The Public Works Department is developing a high technology approach through its flood plain management group, based on the use of sophisticated weather radar, which can detect the development, intensity, location, movement, and the life of a severe storm. By linking that information to automatic rainfall gauges, weather stations, a central computer and databank, meteorologists will be able to predict where heavy rainfall will occur. In February last year the Government commissioned the international consulting firm ISMES to investigate the suitability of an advance warning system for the Sydney, Central Coast, Newcastle and Wollongong areas. A \$350,000 joint Federal-State study is nearing completion and is expected to be published next month. It is thought that the study will propose significant upgrading and duplication of the existing Sydney weather radar and the installation of weather and stream gauging stations that will report through the special communications channel to the Bureau of Meteorology at a total cost of about \$15 million.

To ensure that the study covers all angles, a steering committee comprising representatives from the Bureau of Meteorology, the Public Works Department, the Department of Water Resources, State Emergency Services, the Water Board and local government has had input. In March 1990 a major hailstorm over the western suburbs left a trail of disaster, causing damage in excess of \$300 million. Last year a severe windstorm in the northern suburbs resulted in \$185 million worth of insurance claims. Only last week a severe storm created havoc throughout the northern suburbs. Had the advance warning system been operating, millions of dollars worth of damage could have been prevented by residents being warned that a storm was about to hit their suburbs. Cars could have been put under cover to prevent expensive hail damage. Electrical equipment could have been turned off to prevent lightning damage, and in cases of severe windstorms windows could have been opened to stop them blowing out. In severe storm activity evacuations of potential flood areas and the barricading of roads could occur; police and emergency services personnel be alerted and potential road problems, rail disruptions and power interruptions identified.

*[Interruption]*

The honourable member for Cabramatta is not only incompetent, he is also irrelevant. The Government is excited about the possibilities of the proposed system, and once up and running it is expected that the system will have a 90 per cent success rate in anticipating when and where these severe storms will occur. The Government, through the Public Works Department and the Department of Water Resources, places great emphasis on flood mitigation and since 1988 has doubled funding for that area. The Commonwealth contribution is desperately lacking; it contributes only half the amount that the State Government contributes. It is expected that following the release of the study the Federal Government will be approached to fund the system and it is hoped that a favourable response from the Federal Government will be forthcoming. The system will reduce significantly the cost that the State, the Commonwealth, local government and the people have to meet following severe storms.

#### **MEMBER FOR THE HILLS**

**Mr SCULLY:** My question is directed to the Premier, Treasurer and Minister for Ethnic Affairs. Why is there no record of the honourable member for The Hills having voted in The Hills by-election? What action, if any, was taken against the honourable member for The Hills for failing to vote?

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**Mr GREINER:** It may surprise honourable members to know that I am not an absolute expert on the domiciliary habits of members on either the Government or the Opposition benches.

*[Interruption]*

I beg your pardon; did you say something, Mick? It is unusual for you to say something.

**Mr SPEAKER:** Order! I call the honourable member for Bathurst to order. I call the honourable member for Ermington to order.

**Mr GREINER:** This is an exciting question about where the member lived prior to, and where he lived at the time of, the by-election. I understand, because I have been given a copy of the returned writ, that the returning officer certified that Mr Packard, of 47 Crosslands Road, Galston, was, on 1st September, 1990, elected as the member for the electoral district of The Hills. I surmise, but do not know, that that particular address is not in the electorate, and that may be the reason for the honourable member's question. However, I am sure I can provide him with the answer.

#### **LOY YANG B POWER STATION**

**Mr TURNER:** My question is addressed to the Premier, Treasurer and Minister for Ethnic Affairs. Is the Premier aware of reports that the Victorian Government has sold 40 per cent of its Loy Yang B power station? If so, has he been advised what impact this will have on proposals to establish a national electricity grid?

**Mr GREINER:** It is commonplace, at least between the Prime Minister and me, that one of the best things Australia can do is to take advantage of its capacity to be absolutely world class so far as the provision of electricity is concerned. In other words, by international standards Australia can be a cheap supplier of electricity, which will not

only bring benefits to consumers, but, more important in the present recession, will bring economic growth and jobs to eastern Australia. I am particularly concerned about the deal that has been done by the Kirner Government. Obviously it is driven by financial desperation. The deal has not been made in the interests of electricity users, be they households or potential investors. It certainly is not in the interests of the people of either Victoria or Australia as a whole.

My specific concern is that the New South Wales taxpayer could be asked to help pay for the huge debt run up by the Victorian Labor Government, and that is simply not on. The deal jeopardises a concept that has been pushed successively by the Industry Commission, the Prime Minister and me - for an eastern Australian electricity grid. It runs a real risk of jeopardising that whole process. Above everything, the Loy Yang B power station is not necessary. This deal runs counter to all of the directions in which the States and the Federal Government are going in reforming the nation's electricity supply industry. It was here in this Parliament that all Premiers, including Mrs Kirner, agreed to a national grid management council as a step towards rationality and reducing electricity costs in Australia. Mrs Kirner is now going in exactly the opposite direction.

The House would be aware of the current oversupply of electricity in Australia. A major reason for this is the failure by the State Electricity Commission of Victoria to complete negotiations between 1985 and 1988 on a supply contract with New South Wales instead of building units one and two of Loy Yang B power station. Negotiations  
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for a contracted supply commenced in 1985 on the basis of shared net benefits to both States. These later developed into commercial negotiations, with a draft supply contract being prepared. It became obvious that the SECV was intent on building Loy Yang B units one and two when it withdrew a previous offer and attempted to gain supply from New South Wales at significantly less than the commercially negotiated rate. Following the SECV decision to proceed with construction at Loy Yang B, the SECV entered into a power purchase contract in August 1990 with our Electricity Commission, now known as Pacific Power, at virtually the same price as that previously negotiated commercially.

At the same time the SECV continued to commit itself to major capital investment on Loy Yang B, which could have been significantly deferred if the SECV had accepted our earlier offer. My Government strongly supports the entry of private enterprise into the electricity industry, provided it is to the benefit of the taxpayer. The SECV has now entered into a contract with an American company, Mission Energy. It involves a fixed contract price for the product of 5.4c per kilowatt hour. According to reports, the final charge is more likely to be 6.8c, and that does not include the additional cost of transmission. New South Wales offered the SECV a price substantially lower than 5.4c prior to the letting of the Loy Yang B power station construction contracts. In other words, we had and we have electricity to sell to Victoria, and we are and we were prepared to sell it at an acceptable price, which would have resulted in a reduction in electricity prices for the people of Victoria and for companies that are investing in Victoria.

Basically the Victorian people are yet again being asked to pay through the nose to cover up the failures of the Victorian Labor Government. That in itself is bad enough, but what makes it very much worse is that moves towards a national electricity market based on a national electricity grid - a concept that is prominently displayed in the Prime Minister's "One Nation" statement - are going to be severely disadvantaged if not killed entirely by the decision the Victorian Government has made. The deal is anticompetitive and anti this new national market. Basically its only purpose is to try to do something - and it will be futile - about the Victorian Labor Government's debt burden. New South

Wales is developing a competitive electricity market to ensure that only efficient investment decisions are made in the future. That market serves as an excellent model to be followed across the entire national electricity market, if it can be formed. If one goes ahead with such take or pay, large, fixed, long-term contracts as Loy Yang, lousy investment decisions will be made and an extra burden will be imposed on the taxpayers of Victoria and, ultimately, other States. As a result, electricity prices in Victoria and ultimately in all of eastern Australia will be very much higher than necessary.

On 11th May at the Premiers Conference I hope the Prime Minister shows that he has some backbone on this issue at least. The honourable member can ask a question if he wishes. If this is allowed to continue and to be treated outside the loan council, it would be a retrograde step. Agreement is always reached about the rhetoric of microeconomic reform and reducing costs to enable companies to invest and create jobs. On the one hand there is rhetoric. On the other hand, one of the major governments in Australia is acting in precisely the opposite direction to that rhetoric. Certainly the New South Wales Government will not allow Victoria's uncompetitive pricing deals to flow into the national electricity market to the detriment of our consumers. I hope that all Premiers will have the courage and vision to reject this move by Victoria. We must move to take advantage of one of our few real natural advantages, that is, the capacity to produce cheap and efficient electricity. This move by the Victorian Government flies directly in the face of that objective.

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#### CONVEYANCING LAWS

**Mr AMERY:** My question without notice is directed to the Attorney General, Minister for Consumer Affairs and Minister for Arts. Have the Attorney General and the Premier given public assurances that legislation to license conveyancers will be introduced during this session? Will the Attorney General now provide to the House a timetable for the introduction of that legislation?

**Mr COLLINS:** The Government is engaged in discussions with the Law Society of New South Wales and the Association of Property Conveyancers to try to refine the detail that might be included in a package which could be considered by Cabinet in the very near future.

**Mr SPEAKER:** Order! I call the honourable member for Ashfield to order. I call the honourable member for Swansea to order for the second time.

**Mr COLLINS:** Those discussions are on track, and I hope to bring a paper before Cabinet in the near future and make a public announcement on this matter soon thereafter.

#### STRATA TITLES ACT

**Mr FRASER:** I address my question without notice to the Minister for Housing. Has the Government commenced the promised review of the Strata Titles Act? If so, what opportunity will the public be given to suggest any changes to the Act?

**Mr SCHIPP:** I am pleased to advise the honourable member for Coffs Harbour and the House that the review of the Strata Titles Act is now well under way. When this legislative package is drawn up the total review of the residential and tenancy laws in this State will be almost complete, subject to agreement on the borders and

lodgers legislation. The review will encompass a whole range of measures. As with the Retirement Villages Act, ongoing monitoring and fine-tuning also will be undertaken with this legislation. By way of background, the Strata Titles Act 1973 commenced to operate on 1st July, 1974. Despite many amendments since, the legislation is increasingly inadequate in its application to modern strata schemes. Many strata schemes are in existence - estimated to be more than 30,000 - to deal with approximately 250,000 units of accommodation, covering residential, industrial, commercial, retirement villages and mixed-use developments. The 1973 legislation was designed mainly to apply to blocks of flats and is not always relevant to present strata developments. Usual problems include repairs to common property and inadequate sinking funds set aside for future maintenance and repairs. Honourable members are aware of the concrete spalling problem known as concrete cancer. The former member for Lane Cove often raised the dilemma of obsolescence of buildings and the requirement of a sinking fund to cover that problem. Other issues include problems with insurance; behavioural activities of some tenants; difficulty with tenants not complying with by-laws; tenants keeping animals; parking; noise; and lack of involvement in body corporate affairs by non-resident proprietors. In addition, a general lack of understanding exists about the role of the body corporate and the council.

**Mr SPEAKER:** Order! I call the honourable member for Keira to order.

**Mr SCHIPP:** To assist that process, some months ago the Tenancy Commissioner released a plain English booklet to help people better understand the existing law. The review committee now has been reactivated to carry out a complete

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review of the management and disputes provisions of the legislation. The committee has wide representation and is chaired by the Strata Titles Commissioner. Committee members are drawn from the Law Society of New South Wales, the Real Estate Institute of New South Wales, the Institute of Strata Title Management, the Home Unit Owners Association, the Real Estate Services Council, the Land Titles Office, the Business and Consumer Affairs Agency, the Building Owners and Managers Association, the Property Owners Association, the Retirement Village Association of New South Wales Incorporated, the Retirement Village Residents Association Incorporated, the Department for Housing, the University of Technology, Sydney, and Mr Gary Bugden, a solicitor and expert in strata titles matters.

An issues paper has been prepared from submissions made by the review committee and has been released for public comment. In the week commencing 6th April advertisements will announce the release of the issues paper and call for public comment by 30th June. The review committee will prepare a discussion paper from responses to the issues paper. The discussion paper, which will be released in early September, will set out issues identified in the issues paper, present ideas for dealing with them and comment on the effects of those ideas. Submissions will close at the end of October. A range of public forums will be held throughout the metropolitan area and country locations. These forums will be held in Sydney city, Parramatta, Penrith, Blacktown, Campbelltown, Liverpool, the southern suburbs, the northern suburbs, Gosford, Newcastle, Wollongong, Wagga Wagga, Tweed Heads, Coffs Harbour, Orange, Queanbeyan and Batemans Bay. Also, during that time the committee will be available to meet with specific interest groups. It will consider the first and subsequent drafts of the final report in February 1993, and it is proposed that the final report will be submitted to me on 29th March, 1993.

### **Public Sector Employment**

Petition praying that the House ensure that vital jobs and services in the public sector be retained and public infrastructure projects be commenced as a matter of urgency to create jobs and reduce the unacceptably high unemployment levels, received from **Mr Rumble**.

### **Eastern Distributor**

Petition praying that the House, because of the impending opening of the Sydney harbour tunnel, implement stages 2 and 3 of the Eastern Distributor, received from **Ms Moore**.

### **North Head Sewage Treatment Plant**

Petition praying that safe toxic trade waste and sludge management methods be implemented urgently at the North Head sewage treatment plant, Manly, received from **Dr Macdonald**.

### **Duck Hunting**

Petition praying that the House legislate to ban the annual duck hunting season to protect native waterfowl and New South Wales wetlands, received from **Ms Moore**.

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### **Cooks River Pollution**

Petition praying that the House take steps to restore the Cooks River to its original condition, received from **Ms Moore**.

### **Royal Agricultural Society Showground**

Petition praying that because the Royal Agricultural Society Showground, the E. S. Marks Athletics Field, Centennial Park, the Cricket Ground, Moore Park and Queen's Park form part of the original bequest by Lachlan Macquarie as commons land, future planning for this land be subject to open space study, received from **Ms Moore**.

### **Woolloomooloo Finger Wharf**

Petition praying that public money not be wasted demolishing the structurally sound finger wharf and establishing a walkway on the western side of Woolloomooloo Bay but instead that basic renovations be carried out on the wharf and an integrated multimedia arts centre be established, received from **Ms Moore**.

### **Newcastle Rail Services**

Petitions praying that the rail line between Civic railway station and Newcastle railway station not be closed, received from **Mr Bowman, Mr Gaudry, Mr Hunter and Mr Mills**.

### **Newcastle Buses**

Petitions praying that the House support the continuation of the public transport system provided by Newcastle Buses, received from **Mr Hunter and Mr Mills**.

#### **Cockle Creek Railway Station**

Petitions praying that the House urgently reconsider the proposal to demolish buildings at the Cockle Creek railway station and that it make no attempt to reduce the frequency of trains to that station, received from **Mr Hunter and Mr Mills**.

#### **Newcastle to Central Coast Rail Services**

Petition praying that rail services on the Newcastle to Central Coast line be restored and that easy access be provided to platform No. 1 at Fassifern railway station by the installation of ramps to the overhead walkway, received from **Mr Hunter**.

#### **Swimming Pools**

Petition praying that because the Swimming Pools Act has failed to achieve its objectives, the House amend the Act by revoking the requirements in respect of fencing swimming pools and deleting section 13 of the Act, received from **Dr Macdonald**.

#### **Harbord Heathland**

Petition praying that Portion 490, Gardere Avenue, Harbord, known as Harbord Heathland, be retained as open space for the enjoyment of all citizens of Warringah Shire, received from **Dr Macdonald**.

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#### **Adoption Information Act**

Petition praying that the Government take urgent action to prevent the damage that will be done by the Adoption Information Act becoming effective in its present form, received from **Dr Macdonald**.

#### **Royal Hospital for Women**

Petition praying that the House provide funding to the Royal Hospital for Women to ensure that it maintains its leadership role in women's health care, received from **Ms Moore**.

#### **Hospital Waiting Lists**

Petitions praying that funding cuts to health services and hospitals cease and that funding be provided to ensure that waiting lists for hospitals and operations are eliminated, received from **Mr Bowman, Mr Gaudry, Mr Hunter, Mr Mills, Mr Sullivan and Mr Yeadon**.

#### **Lidcombe Hospital**

Petition praying that because of dissatisfaction with the rationalisation of health services the House prevent the downgrading and possible closure of services at Lidcombe Hospital, received from **Mr Shedden**.

## UNANSWERED QUESTIONS UPON NOTICE

### Privilege

**Mr Whelan:** On a matter of privilege. The sessional orders provide that several answers are required to be lodged by 7th April. Page 403 of the paper relates to unanswered questions directed to the Minister for Housing, the Minister for Transport, the Minister for Sport, Recreation and Racing and Minister Assisting the Premier, the Minister for Health Services Management and the Minister for Justice. No answers have been forthcoming, though the questions are scheduled to be answered today.

**Mr Moore:** On the matter of privilege. As I understand the position, information was circulated to Ministers at the beginning of the session, after the questions were lodged, as to the date by which answers would be required. Departments were advised as to the date by which answers should be lodged, but then there was an additional sitting day. In the normal course of events that would be tomorrow. On behalf of any Ministers so affected, I offer an apology. The answers are being provided in accordance with the original timetable of which departments were notified.

**Mr SPEAKER:** Order! The requirement is that answers be lodged by a certain date, which means up to the end of that sitting day. If the answers are not lodged today, that will have to be explained tomorrow.

## BUSINESS OF THE HOUSE

### Matters of Public Importance

**Mr SPEAKER:** Order! Before calling on the Deputy Leader of the Opposition to move his matter of public importance I should like to make a cautionary statement. I view with some concern the practice developing of matters of public importance  
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purporting to direct the Government to do something, whereas they should note an expression of opinion of the House. Further, there is a grave danger that the matter of public importance of which the Deputy Leader of the Opposition gave notice earlier will infringe the anticipation rule. As I have not had a chance to deliberate on this issue to any great extent, I intend to allow the matter to proceed today, but I warn members, in framing matters of public importance, to take cognisance of other matters before the House. If a matter infringes the rule about anticipation of debate, members run the risk of having it ruled out of order. However, as I have indicated -

**Mr Whelan:** This matter should be resolved now.

**Mr SPEAKER:** Order! I intend to allow the matter of public importance to be debated today. In due course I will consider the matter further, but I warn honourable members that it is of some concern.

## PRIVATISATION OF HEALTH SERVICES

### Matter of Public Importance

**Dr REFSHAUGE** (Marrickville - Deputy Leader of the Opposition) [3.14]: I move:

That this House notes, as a matter of public importance:



1. Its previously expressed opposition to the privatisation of public hospitals and community health services.
2. Its grave concern at the Government's stated intentions to disregard the previous expression of this House's view regarding the privatisation of public hospitals and community health services.
3. The need to establish a committee to examine the proposed contract between the Government and Health Care of Australia regarding the privatisation of Hastings District Hospital and the associated community health services, before the contract is signed by the Government.

The Government is breathtaking in its audacity and stupidity in disregarding the views of this House; it is breathtaking in its show of disgust for the principles of democracy. What is this Parliament about unless it, as the forum of the elected representatives of the people of New South Wales, can ensure that the will of the people of New South Wales is followed? It is this House and the democracy that it represents that is being examined today and will be examined during the next few weeks, as the Government is hellbent on defying the will of this House - as has been stated previously and as I anticipate will again be stated today - and on taking the horrendous route of privatising the health care system. One does not have to look very far to see what the Government has done previously; one sees a double standard when it comes to health care and privatisation. The proposal to privatise GIO Australia was not decided by Executive Government; it was brought to this Chamber to be debated so that the elected representatives of New South Wales could deliberate on whether GIO should be privatised and, if so, how. A decision was made by this House. That is how democracy should work. It should not be that this House makes a decision and then Executive Government makes secret deals behind closed doors, particularly where health care is concerned. This is a black day for the Government. If it continues on this route of privatising the health care system against the will of this House and of the people of New South Wales, it will be the beginning of the end of the Government.

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The proposal to privatise the GIO was not the only matter decided by this Chamber. Many other privatisation proposals - for example, the privatisation of the Electricity Commission - concerning the general perception of corporatisation were debated in this Chamber. The views of all sides, of all members and of all people of New South Wales were expressed in this Chamber. From a synthesis of those views, a collective decision was made and implemented. This is not the case with Port Macquarie health services. Why is this so? It is because this Government is not prepared to present the contract to the Chamber and to have it examined. We have seen a little of what this contract is about; a range of matters has been revealed. We have heard from the Government that the bed-day cost at the new privatised Port Macquarie hospital will be \$650. We have read in the *Port Macquarie News*, an august journal, that all of a sudden the bed-day cost will be \$660. The cost has increased by \$10 in about two weeks. At that rate, by the time this Government is thrown out in three months, the cost will be \$1,000 a day. The cost is not just \$660; the board of the Hastings District Hospital was told that the bed-day cost will be \$890 a day.

Let us have a look at the contract before it is signed and see which of the figures add up, what is included in the \$600, \$660 or \$890. Let us look also at what is included in the so-called availability fee. The people of New South Wales will basically pay a

subsidy to have a hospital at Port Macquarie. The Minister for Health Services Management said that might be a few million dollars a year. I have been told that an amount of the order of \$4 million a year will go directly from the taxpayers to Health Care of Australia to have that hospital there, when this State could have had its own public hospital. Why is it that those facts have not been brought to the notice of honourable members? Why is it that a contract is to be signed on Friday of this week without any member of this House, except the Minister - and I doubt that he has seen it - having seen what is in that contract? Why is it that the representatives of the people of New South Wales in this democratic Chamber that we so cherish are not being given the chance to see what is in that contract?

Let us consider what happens when one moves down the privatisation route. On the one hand the Greiner-Murray Government is privatising infrastructure, privatising the running of the health care system. On the other hand there is the Hewson proposal to dismantle Medicare. Put those two pincers together and what does one get? One has the people of Australia being crushed towards the horrendous United States style of health care. In the United States at present it costs \$800 billion a year to run the health care system, that is, 13 per cent of that country's gross national product. That is the route this Government wants to take. In Australia it costs 8 per cent of the gross domestic product to run the health care system - 8 per cent compared to 13 per cent. That is the route this Government wants to follow, the high-cost route of privatisation. In the United States of America 34 million people do not have health insurance. Under a Hewson-Greiner plan those figures would be mirrored in Australia. It is not surprising that the people of the United States regard health care as the most important issue in this year's presidential election, nor is it surprising that only 10 per cent of the American people believe that their health care system is working; 90 per cent of them cannot say that the American health care system is working. In Australia of the order of 70 per cent or 80 per cent of people believe our health care system is the best system and we should continue with it rather than go down the privatisation route.

Medicare should be maintained. We should not be fooled by Hewson's proposal. This New South Wales Government should not be given the platform to introduce privatisation that is similar to the American system. We should not allow our public hospitals to be taken out of the hands of the people of New South Wales. It was the

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prestigious *Wall Street Journal* which said, "The laws of economics have been repealed in the health business". The proposition that market forces should dominate production and distribution of baked beans is beyond argument, but that market forces should dictate health care is a different proposition. For an unfettered market to work, customers would need to have knowledge of the product, the price, the options and the consequences of each option. That is not possible in the health care system. The difference in knowledge and the difference in power relationship between the doctor and the patient ensure that the patient's need to work in an unfettered free market and make it productive does not exist. It is not surprising that at present the Australian Institute of Health is examining the issue of unnecessary surgery, the excessive rates of surgery performed by some doctors on a national scale. When one has regard to the power relationship and the knowledge difference between doctors and patients, it is not surprising that this issue should be examined

Why is it that this Government continues to go down the privatisation route? It is blinded by its ideological blinkers and has decided to get out of running health care. It no longer has any responsibility. The Government used to have the philosophy of letting the managers manage. Now it is moving towards the philosophy of letting the private

sector take over. It is surprising to me that any members on the other side of the House want to stay in government, as most of them do not seem to want to leave any role for government. In answer to a question in this House about the financing of public hospitals or new hospital development in New South Wales, and in referring to the option put up by the Opposition and by the honourable member for South Coast that a private company build a public hospital but the public sector run it, the Premier said:

There are only two problems with the proposal, and they are both absolute. First, this sort of arrangement would be totally - 100 per cent - within the Loan Council guidelines.

In other words, it would affect our borrowing limits. This proposal is being put into effect in Victoria at present at two hospitals: St Vincents Hospital and at Werribee. The St Vincents Hospital is to be run in a similar way to that in which the public St Vincents Hospital in New South Wales has been run, within the public health care system - not outside of it but within it. In Werribee the hospital is being constructed by a private company but will be managed by the public sector. That is happening now. That is what the Victorian Government is doing now. The Premier has said that this is within Loan Council guidelines. The Loan Council has not determined that. I understand that in the future the Loan Council may change its guidelines; it strongly wants to do so. But this proposal has not been ruled to be within Loan Council guidelines. It is time the Premier started producing evidence to this House and telling the truth, not trying to hide behind what might happen or even what should happen. This hospital in Port Macquarie should be constructed as a public sector hospital; whether it is built by the public sector or the private sector does not matter. But it should be run by the public sector.

If the honourable member for Oxley wants to sell out his constituents, that is his affair. That should be brought to the attention of the people of New South Wales and their representatives in this place. He should listen to them, because if he fails to do so, he will be thrown out by them. The Premier suggested also that the people of South Australia through their Government would follow the same route as was being taken in regard to Port Macquarie hospital. Certainly the Government of South Australia is examining that option. But it has pointed out clearly that it has made no commitment that that will be the route it will follow. Instead of telling half-truths, it is time the Government told the complete truth. More importantly, it is time the Government showed us the contract before it signs away the money of the people of New South Wales

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for 20 years. There is no doubt that the privatisation route is the wrong way to go. Undoubtedly the people of New South Wales need to control their health care system. In a previous debate on a similar issue the Minister for Health Services Management said that his priorities and objectives were to provide quality, equity and access. There was one thing he missed: accountability. It is not surprising that he missed mentioning accountability when one has regard to the way he has behaved in ramming through this contract without the people of New South Wales having had a chance to look at it.

We all believe in equity - members on this side believe in it, but members opposite only say they believe in it. We believe in quality assurance. We believe also that there should be accountability. That is what this debate is about. There is no doubt that the privatisation route is wrong - ask the people of New South Wales. More importantly the people of New South Wales, through this Parliament, should be given their democratic right to have a look at that contract, to tear it to pieces or endorse it, before it is signed. This contract is for 20 years. If the subsidy the Opposition has worked out is anywhere near accurate - of the order of \$12 million to \$16 million a year - Port Macquarie hospital could have been built four times over out of the public subsidy that this Minister is imposing on the people of New South Wales.

**Mr PHILLIPS** (Miranda - Minister for Health Services Management) [3.29]: This debate has sunk to the lowest level of hypocrisy and nonsense that I have heard in this Parliament for years. I shall go through some of the absolute nonsense that the Deputy Leader of the Opposition has raised on this issue. First, he has clouded the Loan Council issue. The Government has pursued this matter through the Commonwealth Treasury for some time and has received a letter from the Commonwealth Treasury that states clearly that the Port Macquarie project is outside the Loan Council's guidelines. Let that issue be clear once and for all. The second nonsense raised by the honourable member related to the bringing of a contract before this House. I have been a member of this Parliament since 1984. I have made quick inquiries about the existence of any precedent for point by point analysis of a commercial contract by a committee of this House before a contract is signed. If the Opposition insists on travelling down that road, everyone's hands will be tied and no one will want to deal with the Government. The government of the day must be accountable. I have no problem with that. The Government has ways of dealing with the question of accountability which it will pursue after the contract is signed, and I will advise the House towards the end of my contribution what the Government is looking to do.

Let us talk about hypocrisy. Labor was in government when the tunnel was dug. The coalition parties, in opposition at that time, said that the problems associated with the tunnel contract should be discussed. The response of the Labor Government at that time was negative because it knew - and in Opposition it knows now - that a government cannot lay on the table all the details of a contract that is being discussed in an attempt to resolve its pros and cons. If that happened the contract process would fall apart and the parties would get nowhere. I wish to raise another example of hypocrisy. In 1986 Ron Mulock, a member of the previous Labor Government, was described in a newspaper article as the "greatest reformer of the health system" when he signed a contract with St John of God Hospital at Richmond to provide that area with drug and alcohol related services. Did the Labor Government at that time want to bring its contract before the House? After all, it was that Government's contract. The Opposition now says that this Government cannot be trusted to make a contract in respect of Port Macquarie. That is the height of hypocrisy.

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I cite a further example of hypocrisy. The other day at Fairfield Archbishop the Most Reverend Donald Robinson of the Anglican church and I signed a contract for the Government in conjunction with the Anglican church to develop a new hospital for the Home of Peace at Fairfield. On that occasion the honourable member for Smithfield and the honourable member for Cabramatta also attended but I did not hear them say that the contract should be closely examined before being signed. The Opposition is spouting nonsense and hypocrisy. The Deputy Leader of the Opposition attempted to compare the actions of the Government with what happens in the American health system. The honourable member knows that the dramatic difference between the health systems in America and Australia is that this country has universal health care coverage whereas America does not. In the United States 35 million people are not covered by insurance and cannot afford their health care system. Governments in Australia have a responsibility for ensuring that everyone has access to health care services. The New South Wales Government is carrying out that responsibility.

The question has been asked: why travel down the path of privatisation? It is nothing new; it has been done a number of times. Thousands of doctors in the system, such as visiting medical officers, work on contract. Other contracts have been let for

food services, linen and medical services, and for a whole range of other services. The Government has to travel the path of privatisation because the Opposition left the present administration with a \$2 billion backlog of work to be done in the health system. The Labor Party, when in government, allowed that health system to run down. The previous Government, during its 12 years in office, allocated a low level of capital investment funding to health care. The coalition parties, on attaining office, embarked on a record level of health care investment. Since 1988 the health budget in this State has increased by \$1.46 billion, from \$3.1 billion to \$4.56 billion. All honourable members know that the health care system is under pressure, but who will provide the money to relieve that pressure - the Federal Government? What has the Federal Government done? In 1986 that Government picked up 40 per cent of this State's health budget: today it picks up only 34 per cent. What does that mean in dollar terms? The Federal Government is gypping this State of \$250 million per year. The New South Wales Government, with health care a major priority, has consistently increased the health budget: the Federal Government has consistently ripped off the people of New South Wales in the allocation of taxpayers' dollars. The New South Wales Government is all about trying to find other ways of getting money into the health system.

The Deputy Leader of the Opposition is correct in saying that I spoke the other day about access, equity, affordability and quality. The people of Port Macquarie undoubtedly need a new hospital. Our commitments over the next five years have all been made - as long as funding is continued. The Government is building new hospitals: at Liverpool for \$400 million; a new children's hospital at Westmead for \$300 million; at Nepean for \$100 million; another \$100 million at St George; and new hospitals and new developments at Lismore and at Tweed Heads. Facilities in all those areas need to be upgraded. The honourable member for South Coast, who represents the Shoalhaven, has written to me saying, "Thanks for stage 1A but we now want the money for stage 1B very quickly". I would like to know from the honourable member where he thinks the Government will get that money. There is no magic pudding, as has been suggested by some members. The people of Port Macquarie would have had to wait years for a new hospital.

The Government has consulted with the people of Port Macquarie, the community hospital board, the medical staff association, the staff, the chamber of commerce and the media. All of those groups in Port Macquarie want to go down this

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path and have said they want their hospital within 18 months. The New South Wales Government has a responsibility to give that option to those people. The Government has guaranteed that public patients will have the same access to that hospital as they have currently to hospitals in that area. The Government also has said that the staff currently in the system will remain as staff in the private hospital. They will be given access to a larger and better hospital that will help overcome the waiting list. On admission, public patients will not know the difference except that they are entering a new high quality hospital, which they do not have at the moment. Are the people of Port Macquarie not entitled to have access to such a hospital? Is not that equity of access? It is fine for people living in the eastern suburbs or Marrickville to have a choice of major State teaching hospitals. But what about the people of Port Macquarie?

I want to come to motive. Why would the Opposition come up with something like this? The motive is base and political; absolutely nothing else. It has nothing to do with the interests of the patients at Port Macquarie. The Deputy Leader of the Opposition knows the contract is due for signing within the next few days. How does he know? Because the Government has told everyone the contract will be signed by the middle of April. That is fine. He is implementing delaying tactics: "Let us delay it.

Let us cause doubt about it, because we can continue the political pain." I hope that the Independents do not fall for his nonsense. Having spoken about the hypocrisy of those on the other side, I now turn to the Opposition's endeavours to deny the people of this State the opportunity to have an improved health care system. The Government has no intention of selling off the whole health care system; it is talking about privatising probably as few as four or five hospitals out of 250 in the State in the next five, seven or 10 years. With an injection of private money into the health care system the Government will be able to free up more money for the long list of things waiting to be done. That is an honourable intention and will be an honourable achievement. I have spoken about hypocrisy and the opportunities that the Opposition would deny the people of New South Wales. I now refer to precedent. I am staggered that a member with the experience of the honourable member for South Coast is trying to set a precedent of having contracts examined in detail in the Parliament.

The honourable member for South Coast is showing his naivety. He might smile about it, but such a precedent will have serious consequences when dealing with business. Some months ago, when the Government began negotiations with the current contractors for the Port Macquarie hospital, the contractors had particular points of view and the Government had particular points of view, each point requiring thorough negotiation. If those negotiations were required to be conducted in a public arena or before a committee of the Parliament, they would absolutely fail. The Government is quite happy for its approach to be tested after the contract is signed, and to lay the contract on the table so that people can see quite clearly exactly what are the pluses and minuses, because the Government is confident that its approach will withstand that test. I am able to tell this House that the Government has decided that this is an appropriate contract, when entered into, for scrutiny by the Public Accounts Committee of the Parliament - a committee that is already established, with representatives of both sides and the crossbenches, and with a proven track record - to review the public accountability mechanisms introduced into the Port Macquarie contract, including quality assurance mechanisms and equity of access mechanisms. I am happy to discuss with the players in the field the terms of reference, to ensure that the review of that contract by the Public Accounts Committee is worth while, with the committee being required to report by the end of the year.

**Mr Hatton:** After its signing?

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**Mr PHILLIPS:** Yes, of course it has to be after. I am doubting the motivation of the honourable member for South Coast. I thought a number of his proposals on parliamentary reform which he put forward in the past made a lot of sense, and I have backed him on many of them. But it is absolute stupidity to create this precedent for the Parliament. It would go too far and have ramifications far wider than Port Macquarie. The Government is prepared to lay all its cards on the table in terms of testing of public accounts. It is of great benefit to the people of New South Wales. I caution the Independents, in particular, not to fall into the trap. The Independents should look at the motivation of the Opposition and where it stands on this issue. Independents should realise they are being dragged across the line, screaming, on this matter.

**Mr Hatton:** I initiated the debate.

**Mr PHILLIPS:** Is the honourable member for South Coast admitting that he wants to lead this Parliament to examine every detail of a whole range of contracts before they are signed? [*Time expired.*]

**Dr MACDONALD (Manly) [3.44]:** This debate is too important to be left, in a sense, to the politicians. Many furphies have been raised in the debate, such as tunnels and American health systems, but this is an enormously important debate about the future funding of the public hospital sector. It is also about the core services of the public sector. I am saddened that some honourable members, particularly the Minister for Health Services Management, suggest that this is not a matter that requires the scrutiny of the Parliament, that it can be managed by the Executive arm. They are wrong. However, the Minister was right about a number of points he made, for instance, the question of service contracts. But it is shameful to suggest that this is a trivial matter which does not need to be considered by Parliament. It should not be debated in Parliament through a series of matters of public interest. I would argue that had the Minister been serious about the matter being considered by this House he would have proposed something like a health reform bill that would have done away with the furphies and ensured proper debate. The Government could be accused of implementing change by stealth. This proposal is not consistent with remarks made by the Premier on a number of occasions, that he supports the concept of open and democratic government. I appeal to the Minister not to deal with the issue by stealth through the executive arm, but rather through proper debate. It is not a small matter.

The Minister has confirmed in this House that he will expend \$1.5 billion in capital renewal of hospitals. The debate is about the benefits and the risks of privatisation and about the funding of the public hospital sector. I have spoken to the Minister about joint ventures previously. The structure of the public hospital sector needs review. Corporatisation, efficiencies and microeconomic reform need to be examined. But this model is wrong. It will put a health service in a coastal town, where there is no competition, straight into the privatisation model. Full-blooded privatisation subjecting social values to a balance sheet mentality has grave risks. Privatisation means deregulation, and deregulation disregards the need for protective regulatory functions and puts health consumers at risk. When profit and short-term gains are the motivating force, how are service quality and performance affected? The Minister could argue, but most would agree, that a public sector asset should give a return of about 4 per cent; in the private sector that return is more like 12 per cent. How are those two figures reconciled? The risks are greatest in the area of community health. How can private sector principles be applied to preventative health? The benefits of and return on investment in preventative health do not accrue for 30 or 40 years. That is a contradiction in terms. My criticism is not aimed at the Minister alone. I am confused about where the

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Australian Labor Party stands. Its draft discussion paper supports privatisation. For the Opposition spokesman on health to say that privatisation is all wrong is not consistent with this statement from his party's draft discussion paper:

It requires a recognition of the limitations on the traditional use of the public sector as a means of advancing Labor's goals of equity and quality but it also demands innovative Australian responses to Australian conditions and needs.

There is a signal that the Australian Labor Party is reconsidering its position. The document refers to a cost-benefit analysis. I believe the Labor Party has already signalled its agreement that privatisation is the way to go even in the hospital sector. The other point raised in the MPI concerns the will of the House being defied and the full parliamentary and public scrutiny process not being allowed to take place. [*Time expired.*]

**Mr SMITH (Bega) [3.49]:** This debate is a rerun of many other debates we have had about the building of private hospitals and the public hospital system. There is a philosophical difference between the Government and the Opposition. This matter is not about whether a public or private hospital is built at Port Macquarie; it is about whether one is built at all. If a private one is not built, there will not be one. Honourable members should understand that. Labor left a capital works debt of \$2 billion, which cannot be made up by public funds. The simple fact is that the health system will run down unless we find other ways to provide the services. Every other government in Australia is going down this track in one form or another. Honourable members opposite are the only ones who do not recognise this. The Independents are being led astray. The Opposition's philosophies in the 1990s are totally wrong.

**Mr ACTING-SPEAKER (Mr Chappell):** Order! I call the honourable member for Kiama to order.

**Mr SMITH:** The Federal Government, the Victorian Government, the South Australian Government and the Queensland Government are adopting our approach. New South Wales has a hung Parliament and the Opposition is philosophically opposed to our policies. It is rubbish for the Deputy Leader of the Opposition to say that the Government does not have the right to pursue its approach because a couple of weeks ago the Parliament voted against it. He knows that the Government got more than 52 per cent of the vote. The Independents decide which way a vote will go. If that is democracy, I would hate to see what will occur in future votes. There was no ill feeling in the community about the Federal Government's proposal to sell Qantas Airways Limited. Hospitals are very close to the community and people's welfare is involved. There are already results from this Government's approach. In my electorate a very good nursing home was built by the Jennings company, Edgewood at Batemans Bay. It is extremely popular.

Just because a hospital is built with public money does not mean that it has a monopoly on love and care. Many people within the private sector would love to be running a hospital. They have consideration, love and care for people. It is rubbish to say that only a bureaucrat can look after sick people. It is philosophical blindness for Opposition members to say this. They know that if they got into government they would be going down the same track. If the \$2 billion worth of hospitals are not built, people will suffer badly from the lack of facilities. If they are not provided through private finance, New South Wales will be deprived of them. The Government's decision will allow a brand new, modern hospital to be built at Port Macquarie within 18 months - not in five or eight years' time - and cheaper than the public sector could build it. The cost

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will be \$50 million instead of \$80 million. The money saved may be used in other areas. I need it in my electorate. John Hatton needs it in his electorate at Shoalhaven. Did he state in the local paper that he wanted demountables? Where are we heading? [*Time expired.*]

**Mr HATTON (South Coast) [3.54]:** Attempts to trivialise this debate will simply fail. It is about privatisation of not just public hospitals but also community health services and public hospital services. It is about disregarding the previous expression of this House of Parliament. It is about the need to establish a committee to examine the proposed contract. It is about accountability and the right to know. The public has a right to know. Talk about hypocrisy! It was not the member for South Coast who promised hospitals all over the State when Labor was in office. It was not the member for South Coast who complained about not being able to see the harbour tunnel contract and the contract for Darling Harbour; it was the Premier. The Premier and the



present Minister for Transport day after day made political capital. I ask that a committee of this Parliament have a look at the contract. Consideration of a \$50 million contract for the building of a hospital would be an important matter for a committee. This House used to have a Public Works Committee which automatically would examine capital expenditure.

**Mr Phillips:** It did not look at contracts.

**Mr HATTON:** There is no reason why it should not look at contracts. The Minister says with shock and horror that this is commercial in confidence. That is the greatest sleight-of-hand trick that has been used by government to prevent the public from knowing what it has a right to know. The Australian Association of Surgeons provided me with information on 7th April. It stated:

The Association has always expressed concerns about the integration of public and private facilities on the same campus.

We believe competition between the two sectors is a healthy arrangement and most conducive to the preservation of optimal patient services.

After referring to small towns the association went on to state:

Before commenting further, we need to know what arrangements are being made in the contract for the management of both public and private patients.

The association also stated:

It may well be that in small towns, satisfactory arrangements for private management of public sector facilities would be the preferred way to go but precise details of the contractual arrangements should be made available for public scrutiny before approval is given.

In relation to government contracts one has only to look at the "7.30 Report" item on Eastern Creek. People who know anything about water and sewerage contracts would be able to tell us about government contracts; and water and sewerage contracts are much easier to write than health service contracts. We are not talking about \$50 million; we are talking about potentially \$1.5 billion to \$2 billion. Minister Hannaford said that to the three Independents. The Minister for Health Services Management referred to this figure in an interjection. People may say that I voted for privatisation. That was for government owned corporations. In response to a censure motion the Minister for Housing said that the Government would not privatise the Hunter Water Board unless that matter comes before the Parliament. Why does the health issue not come before the  
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Parliament? Why do I have to raise it before it is debated? I have a sheaf of more than 100 letters in my folder from people in Port Macquarie who do not want the private hospital. A survey carried out in Port Macquarie said that 75 per cent of people were against the proposal. Specific groups were consulted but there was not a full debate so that the community could express its views on the hospital. There has not been a full parliamentary debate about privatisation.

Many doctors and specialists are concerned about privatisation. There is no reason why a committee of this Parliament should not examine any contract for that hospital. Why should it not be the Public Accounts Committee? What is the point of having a Public Accounts Committee if not to conduct such examinations? What is the point of looking at this after the event? We want to know what is in the contract before

it is finalised. Are we to have State pre-schools, transport, community services? What is intended? There should be full debate on this issue of privatisation. There was a full debate on forests. Is someone saying this issue is less important than forests? The fact is that a hospital could be built at Port Macquarie and it could be done within Loan Council guidelines. They can have their hospital at Port Macquarie; they can have their hospital at Shoalhaven; they can lease the premises but they do not have to hand over control. This issue is being used as a Trojan Horse to push privatisation and it has been trivialised. The fact is that there are people throughout New South Wales who - [*Time expired.*]

**Mr JEFFERY (Oxley) [3.59]:** If we are to continue to improve health services in New South Wales, we must address some major concerns. The 5th April edition of the *Sun-Herald* carried an article by Professor John Dwyer who put forward a very compelling case in an item entitled "Why public hospitals need private money". He mentioned the coalition's legacy from the former Labor Government. He said in the article:

In NSW, \$2 billion is needed to modernise our hospitals, let alone build new ones to serve our ever increasing population . . .

The first step in our attempts to remedy the situation, namely an invitation to the private sector to help us build and manage some of our public hospitals, is topical and controversial . . .

Port Macquarie Hospital, for example, could benefit from an injection of private sector finance and management skills. No services would disappear and none of the hospital's current clientele would be disfranchised.

We must look at the effect of an ageing population on the health services. By the year 2000 there will be a marked increase in the proportion of the population aged 65 and over. The use of health services by this aged group is four times higher than that of the average person in the population. My electorate of Oxley includes north Port Macquarie. The aged population in that region of the mid North Coast is more than twice the State average, and 40 per cent of that community receives social security benefits. The Port Macquarie community needs a bigger hospital and it needs it now. The only way that will happen is with private sector involvement. The best plan of the Opposition - this mob opposite - is more than five years into the future and is unfunded. Of course, those opposite will never be in office. I recall that 15 years ago the Minister for Health, Mr Stewart, promised a hospital for Port Macquarie. So much for Labor Party promises. They are nothing but lies. The Labor Party has established a de facto branch by setting up the hospital action group. A few well-meaning people have been incited to work for the cause. That hospital action group is a Labor puppet group. It is a group designed to scare pensioners. It is peddling misinformation and lies. One Labor lie is that the people of Port Macquarie will need health insurance in order to get into hospital.

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Rubbish! Lie No. 2 is that jobs will be lost. Rubbish! Lie No. 3 is that people will have to pay up before they are treated. Rubbish! The list goes on and on. The people of Port Macquarie will not be disadvantaged by the privatisation of the hospital. The Government is agreeing to pay for 70 per cent of the beds for public patients. That sort of arrangement hardly represents the dramatic break from the Australian tradition that the Leader of the Opposition would have us believe it is.

**Mr Harrison:** Yes, but it lies. The Government will break its promise in six months' time. It was promised for Kiama too.

**Mr JEFFERY:** It is all very well for the honourable member for Kiama. He wants what the honourable member for South Coast wants.

**Mr ACTING-SPEAKER (Mr Chappell):** Order! I call the honourable member for Kiama to order for the second time.

**Mr JEFFERY:** The honourable member for Kiama would have us put in demountable wards at Port Macquarie.

**Mr ACTING-SPEAKER:** Order! I call the Minister for Health Services Management to order.

**Mr JEFFERY:** Most of the doctors who treat public patients in New South Wales hospitals are private contractors. As the Minister said, visiting medical officers have been servicing our hospitals for decades. Increasingly the non-medical services of public hospitals, such as cleaning, cooking, laundry and administration, are being put out to tender. What is happening in the Federal arena? In New South Wales 90 per cent of nursing homes are privately owned and operated, and funded in part by the Federal Government. That Government will not be in office for much longer. In New South Wales 17 per cent of hospital beds are private beds. Let us get away from the rubbish. The benefits of the privatisation proposal for the people of Port Macquarie far outweigh any downside. Port Macquarie and the mid North Coast will have a greater range of higher level specialised services. At the moment many of my constituents have to travel to Newcastle or Sydney - and in some instances to Adelaide - in order to obtain specialist services. When the new hospital is built many of those services will be available locally. Surely that must be of benefit to the local community. Completion of the new hospital with upgraded specialist services will occur at least two years earlier than any other alternative arrangements. The waiting list for orthopaedic services -

*[Interruption]*

What about the people who are now in pain? Does the honourable member for Manly not care about them? Let us give them the services they require. The new hospital will provide 63 additional beds and that will result in reductions in waiting times for surgery for public patients. *[Time expired.]*

**Dr REFSHAUGE** (Marrickville - Deputy Leader of the Opposition) [4.4], in reply: I would like to thank all honourable members who have participated in this debate. A number of issues raised in this debate should be highlighted and answered. First, mention was made of the requirement for capital works for health over the next 10 years. The week before last the Minister listed the capital requirements for health over the next decade. He issued a list which showed that about \$1.5 billion of works are already in progress and another \$1 billion of works are required but not yet started. In

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all the program amounts to \$2.5 billion over the next decade. If we cannot find that \$2.5 billion over the next decade, we certainly have a major problem. Perhaps the amount will be more than that because there are things I would like to do and I am sure there are things the Minister would like to do that are not included on the list. We need to find \$2.5 billion. At the moment the Government is spending of the order of \$300 million a year on capital expenditure. Over 10 years that equates to \$3 billion. That is already \$500 million more than the amount required for the major list of capital works for health over the next decade.

The Opposition believes that more money should be put into health capital

works. The Opposition's policy is that the revenue from a casino should go to health capital works. The Opposition expects revenue from the casino to be similar to what the Government expects, that is, of the order of \$100 million a year. That is not a bad estimate when one considers that at present revenue of \$300 million a year from poker machines is applied directly to health services. Revenue of \$100 million a year from the casino over 10 years would put an extra \$1 billion into health capital works. If the money allocated to health capital works is maintained at the present rate of \$300 million a year, and an extra \$1 billion is added over a decade, \$1.5 billion more than the Government says is required over the next decade will be available. Why is it that the Government cannot add up the figures? It is because it needs to provide new hospitals within the next few months. It needs to make sure that before it faces an election it does something, because it has promised so much. There is no doubt that in private conversations that I know the Minister for Health and Community Services has had with people in the health industry he has blamed his colleague the former Minister for Health for going about and promising these things.

**Mr Phillips:** Oh, rubbish. Name the hospital that should not be built.

**Dr REFSHAUGE:** I am saying they all should be built and it can be done, according to the figures I have just given. However, the Government does not need to take the privatisation route.

**Mr SPEAKER:** Order! I call the honourable member for Bega to order. I call the honourable member for Murrumbidgee to order. I call the honourable member for Bega to order for the second time.

**Dr REFSHAUGE:** I am happy for the private sector to build hospitals. That has never concerned me. I am not happy for the private sector to run hospitals because we must have control over how we run the health care system. If we do not have control over the health care system -

*[Interruption]*

Would the honourable member for Bega like to make a further contribution?

**Mr SPEAKER:** Order! I call the honourable member for Oxley to order. I call the honourable member for Bega to order for the third time.

**Dr REFSHAUGE:** I am happy to have the private sector build those hospitals and be involved in a range of health care services. But I am not prepared to hand over responsibility for the planning of health care, control of health costs, quality assurance or accountability to the private sector. The private sector has an important role to play, but that role is not to run public hospitals. There is a massive difference between the public sector running a public hospital and the private sector running a public hospital.

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That is where the Minister is unable to understand the Opposition's point of view. He has tried to understand it, but cannot. I suggest he should have another think about it. The Minister claimed that cleaning and catering services have already been privatised. I remind honourable members about the massive privatisation experiment on cleaning at King George V Hospital. The Opposition brought the sad news to this House that the privatised cleaning service at that hospital resulted in piles of contaminated waste lining the corridors.

**Mr SPEAKER:** Order! I call the Minister for Health Services Management to

order.

**Dr REFSHAUGE:** It is not surprising that the former Minister cancelled that contract because the required quality could not be provided. I remind honourable members also of the privatisation of laundry services in the Hunter with Brambles as the private contractor. Brambles was paid \$500,000 of taxpayers' money for work it did not perform. That is an example of the contracts written by the Government. That amount of \$500,000 could have been better used in Marrickville, Port Macquarie, Bega or even Miranda. Instead it was given to a private contractor, for whom the Government wrote a stupid contract. The Government is asking to be trusted. The honourable member for Manly quite rightly suggested that a whole range of options can be looked at, but the Port Macquarie model is the wrong one. Not only will a public hospital be privatised; community health services will be privatised. As previous speakers have clearly shown, there is no way in which the private sector can make a commitment to guarantee the quality of those services.

More importantly, even in that citadel of privatisation, the United States of America, a privatisation such as that at Port Macquarie would not have been allowed. The anti-trust legislation in the kingdom of privatisation would have prevented the same company running the only two hospitals in the Port Macquarie district. But the Government still goes ahead with it. In his contribution the honourable member for Manly asked whether the Labor Party supports privatisation of the public hospital system. I can give a categorical denial: the Opposition does not support the privatisation of the public hospital system, whether it is public hospitals or community health services. The Opposition has no objection to a private developer building a hospital. For the short-term relief of waiting lists, the Opposition does not object to some beds in a private hospital being bought on a short-term contract to do a short-term amount of work.

**Mr Phillips:** So they can provide short-term quality of care, but not long-term quality of care.

**Dr REFSHAUGE:** The Opposition believes it can be controlled in the short term. When the Government signs away for 20 years not only a massive subsidy but also the control, guarantee and planning of health services in Port Macquarie -

**Mr Phillips:** Why would the Government do it if it was not making a gain?

**Dr REFSHAUGE:** I believe the Minister expects he can do it, and that is the real tragedy. It is a great tragedy that the Minister is so deluded that he believes his own rhetoric. Let me refer to the final point that was so belaboured by the Minister. He said members of Parliament could not be trusted to scrutinise a contract before it is signed. By implication he said 20 members of Cabinet, the Executive and every public servant in the Department of Health and Treasury could look at it, but five elected members of Parliament, five representatives of the people of New South Wales, cannot be trusted. It is not surprising that in his three dicta, the Minister did not talk about accountability. Accountability is what this motion is all about, and that is what honourable members will  
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vote on right now.

**Question - That the motion be agreed to - put.**

**The House divided.**

**Ayes, 49**

Ms Allan  
Mr Amery  
Mr Anderson  
Mr A. S. Aquilina  
Mr J. J. Aquilina  
Mr Bowman  
Mr Clough  
Mr Crittenden  
Mr Doyle  
Mr Face  
Mr Gaudry  
Mr Gibson  
Mrs Grusovin  
Mr Harrison  
Mr Hatton  
Mr Hunter  
Mr Iemma

Mr Irwin  
Mr Knight  
Mr Knowles  
Mr Langton  
Mrs Lo Po'  
Mr McBride  
Dr Macdonald  
Mr McManus  
Mr Markham  
Mr Martin  
Dr Metherell  
Mr Mills  
Ms Moore  
Mr Moss  
Mr J. H. Murray  
Mr Nagle  
Mr Neilly

Mr Newman  
Ms Nori  
Mr E. T. Page  
Mr Price  
Dr Refshauge  
Mr Rogan  
Mr Scully  
Mr Shedden  
Mr Sullivan  
Mr Thompson  
Mr Whelan  
Mr Yeadon  
Mr Ziolkowski

*Tellers,*  
Mr Davoren  
Mr Rumble

**Noes, 45**

Mr Armstrong  
Mr Baird  
Mr Blackmore  
Mr Causley  
Mr Chappell  
Mrs Chikarovski  
Mr Cochran  
Mrs Cohen  
Mr Collins  
Mr Cruickshank  
Mr Downy  
Mr Fahey  
Mr Fraser  
Mr Glachan  
Mr Griffiths  
Mr Hazzard

Mr Jeffery  
Dr Kernohan  
Mr Kerr  
Mr Longley  
Mr Merton  
Mr Moore  
Mr Morris  
Mr W. T. J. Murray  
Mr Packard  
Mr D. L. Page  
Mr Peacocke  
Mr Petch  
Mr Phillips  
Mr Photios  
Mr Rixon  
Mr Schipp

Mr Schultz  
Mr Small  
Mr Smiles  
Mr Smith  
Mr Souris  
Mr Tink  
Mr Turner  
Mr West  
Mr Windsor  
Mr Yabsley  
Mr Zammit

*Tellers,*  
Mr Beck  
Mr Hartcher

**Pairs**

Mr Beckroge  
Mr Carr

Mr Greiner  
Ms Machin

**Question so resolved in the affirmative.**

**Motion agreed to.**

## **BUSINESS OF THE HOUSE**

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### **Motion: Suspension of Standing Orders**

**Dr REFSHAUGE** (Marrickville - Deputy Leader of the Opposition) [4.23]: I seek leave of the House to move a motion to suspend standing orders in order to permit consideration forthwith of the motion standing in my name, moved this day, concerning the formation of a select committee to examine the contract between the Government and Health Care of Australia.

**Leave not granted.**

## **CASINO CONTROL BILL**

### **Second Reading**

**Debate resumed from 5th March.**

**Mr FACE** (Charlestown) [4.24]: I indicate to the House that I lead for the Opposition in the debate on the Casino Control Bill. The Opposition will not be opposing the bill in its entirety. During the Committee stage I will move amendments to the legislation based on the policy of the Labor Party and other concerns of the Opposition. I appreciate the thoroughness of the second reading speech of the Chief Secretary and Minister for Administrative Services. I will endeavour to highlight the thinking and background to the bill. The Minister, in her second reading speech, referred to the Darling Harbour Casino Act and described it as "an unhappy episode". A lot of the hypocrisy about whether New South Wales should or should not have had a casino can be attributed to the present Premier. In 1986 the Chief Secretary and Minister for Administrative Services was not a member of this Parliament. Most of the decisions leading up to a complete about-turn in Liberal Party-National Party policy did not occur in the period she has been a Minister. I would be the first to agree that, in retrospect, the 1986 proposal to bring a casino into being should have had a full and open inquiry. If that had occurred it might have slowed down the whole process, but today we would have had a casino in New South Wales.

In 1986 the former Government was working towards a timetable to get things moving in Darling Harbour. However, the Opposition totally rejects the innuendo by members of the present Government that at that time something sinister or untoward was occurring. If something sinister or untoward was occurring I have no doubt that the former Opposition, now Government, would have had no hesitation in bringing that to the notice of the public. I accept that the former Government was naive by not holding a



public inquiry. It was impetuous in wanting to get the casino up and running. But it is a manufactured lie - to use words so often used by the present Government; a Government which mastered the manufactured lie in its 12 years of opposition - for honourable members opposite to continue to allude to the proposed casino in such a way. In my view that is distasteful and unbecoming. Even though the Opposition wants to put forward a constructive view on this bill, there is no harm in making some reference to and reminding the Premier of all these about-turns. What he said at that time is in stark contrast with what he has said since and with what he is now saying. I will give the House several examples to illustrate this point. The Premier has not only broken his promise that there would be no casino in New South Wales; he has also misconstrued what he has said at various times and he has tried to re-write history.

It is to the eternal credit of former Premier Barrie Unsworth that when he  
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detected a problem with the Darling Harbour casino proposal, his Government withdrew from the Hooker-Harrah's bid for the casino. He alone brought about that set of circumstances, yet he was pilloried far and wide. Later, the judgment of George Herscu was vindicated. The present Government has a lot to answer for. It paid \$38 million in compensation to George Herscu, even though the dogs were barking in the commercial world and in various other sections of the community about the trouble he was in. This trouble led to the gaoling of George Herscu. The present Government paid out \$38 million in compensation, yet it will not reveal the basis for that payout. This will be known with the passage of time. I am sure history will not be kind to the present Government for having paid that amount as compensation.

The Minister, in her second reading speech, placed great reliance on the findings of Sir Laurence Street. I am not about to condemn Sir Laurence Street. Suffice to say that, if the Labor Party had been in government, it would have held a full and open inquiry on casinos, not one with limited terms of reference. I emphasise again that the Opposition has learnt from its 1986 experience. In 1986, even though contrary advice was tendered to the former Government, it believed that that was the process it should follow. It is to its credit that it has admitted that it should have had an inquiry. One of the amendments that the Opposition will move - I will elaborate on it later - concerns an impact statement of the likely effects of a casino on slot machines. This issue should have been addressed in a full and open inquiry but, because that did not take place, the Opposition will move such an amendment. The Minister, in her second reading speech, alluded to the fact that this Government has held an inquiry. However, I reiterate that she was not a member of Parliament at the time the Labor Party requested such an inquiry. This Government held such an inquiry once it realised that it might be forced to do so by the Opposition and the Independents because of its lack of a majority in the upper House before the last election and because of the precarious nature of its numbers in the lower House since the last election.

Be that as it may, there has been pressure on the Labor Party to move an amendment that the Government create a full and open inquiry into casino legislation. During the presentation of this legislation, however, the Opposition has taken the view that, although it may not have been the full inquiry the Opposition would have undertaken had the Labor Party been in government, the present Government has at least conducted an inquiry and, therefore, the Opposition has rejected the move for a full and open inquiry. During the second reading speech mention was made of the amounts of revenue likely to be derived from a casino or casinos. I will elaborate on that at a later stage in my contribution. The history of proposed casinos in New South Wales from the period of 1986 until now suggests that it would be impossible because of all the unknowns for anyone to come up with any proper figure.

I shall now outline some of the experiences of other States. The present Government cannot point to any second casino in any other State to support its argument for two casinos. At present in Queensland there are two casinos - Jupiters on the Gold Coast and the other at Townsville. The Queensland Government has had to reduce the Townsville casino's tax rate to 10 per cent because of its financial problems. The tax rate of Queensland's first and main casino, Jupiters, has remained at 20 per cent. The Townsville casino, like Sydney's planned second casino, was designed specifically for high rollers and, on my understanding, tourists. Similarly, in Tasmania the Launceston casino - that State's second casino - has been consistently outperformed by its Hobart counterpart. Naturally, it contributes far less to government coffers. The casino has recently increased the number of poker machines to solve financial problems. Although Adelaide supports only one casino, it has increased the number of poker machines and

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has removed gambling tables to stay afloat and improve finances. That option would not be available to Sydney casinos.

New South Wales experience has shown that any economy has a natural saturation level for gambling - and I shall refer to that in more detail later. New South Wales, with its diversity of gambling interests, stands to reach that level before other States. That is why the Opposition advocates only one casino. The Opposition approach is based on the following: when new forms of gambling are introduced, they usually take revenue from existing gambling enterprises - an argument acknowledged by Premier Greiner. It is quite enlightening to compare the Premier's attitude at that time to his attitude today. For instance, keno has taken revenue from Lotto and lotteries, just as Lotto, when it was introduced, damaged the revenue of the lotteries. Similarly, Sunday racing has already had a negative effect on Saturday race crowds and betting levels at some midweek race meetings. New South Wales has an extraordinarily high level of gambling already. It has the second highest concentration of poker machines in the world - second only to the United States, which has a population of 250 million. New South Wales has 60,000 poker machines and the United States has 160,000 but the population of New South Wales is only somewhere between 7 million and 7.2 million.

The New South Wales Government, I believe, is too greedy and too optimistic about gambling revenue continuing to rise. In just four years the Government has introduced keno and Sunday racing, increased draw poker machines in hotels from a limit of five to 10, and now wants to introduce across the board sports betting. In addition, there have been linked progressive poker machines in clubs. All those measures will affect the revenue raising ability of a Sydney casino or casinos. In 1990-91 the people of New South Wales gambled \$7.1 billion - an increase of \$500 million on the previous year. Some of this increase could be attributed to the introduction of keno, pub draw machines, et cetera. There is no data to suggest that gambling turnover will, or should, continue to grow at a rate to sustain two casinos. The New South Wales Government maintains that two casinos will realise double the profits of one. There is no evidence to support that proposition. The most likely outcome would be roughly the same income divided between two casinos.

Other States do not have poker machines in clubs or hotels, which maximises the profits for their casinos. With poker and draw machines in New South Wales clubs and pubs, a vital form of casino revenue will be denied to the new casinos. The Opposition believes one, but not two casinos, will be sustainable, particularly given the high establishment costs. Today's *Sydney Morning Herald* reported the Premier as saying that the two casinos will be of club-like style. That will not be so. It is an indication of how little the Premier knows about casinos, their performance, and their likely revenue. The

size he suggests - one 50 to 75 tables; another, 175 to 225 tables - is anything but club-style. By virtue of the number of tables he suggests in the article, both would compare with larger style casinos in Nevada and Atlantic City. In the second reading speech of the Chief Secretary and Minister for Administrative Services, the Minister spent some time lauding the efforts which went into the drafting of the bill. She referred to:

... an extended period of public review and examination unprecedented for any casino legislation known in the world ...

It is new law. It is modern casino law. It has been described as the third generation of Australian casino law ...

This is hallmark legislation ...

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I believe there is no substance whatever in those remarks. It seems obvious that the Minister and her advisers are not aware of the commissions of inquiry into gambling in Great Britain and the years of work in New Jersey where casino gambling was allowed only after two referendums. This is not new law at all. It is essentially the New Jersey legislation, with bits and pieces plucked from legislation on the subject from all Australian States and Territories, New Zealand and even Christmas Island. Victoria has drafted similar legislation and has been co-operating with New South Wales, and vice versa. I am not suggesting that New South Wales should re-invent the wheel, but it would be an obvious step to proceed using the New Jersey legislation as a basis. Mr Xavier Connor, in his report to the Government of Victoria last year, recommended the Queensland legislation as a model, with the addition of an independent authority. That was an eminently sensible recommendation, as the Queensland officials worked closely with officials from New Jersey. They still do to this day. The Opposition, since I have been the shadow chief secretary, has consistently believed the New Jersey model to be the vehicle for any legislation on casinos. That is a departure from the Opposition's view in 1986, but it is a view that I adopted as a consequence of research and consultation with various people because the New Jersey model is considered throughout the world to be the best. The Government has a desire to now direct revenue to health services. I quote from the Minister's second reading speech:

The bill before the Parliament requires that Government duty from casinos will go to the Consolidated Fund. That is the normal process for dealing with and accounting for public moneys.

I quote further:

The Government has determined that revenue from the casinos for the first five years of the casinos' operations will be applied to the improvement of health services in the State. The Labor Opposition has similarly vowed that the revenue from casinos will go to help fund the hospital system.

Yes, it is true that the Opposition would direct revenue from a casino to the hospital system, over and above the funds normally allocated for that purpose, but the Opposition would not put a time limit on it. It would be an assignment absolute of those funds for that purpose. In recent months the attitude to where the revenue should be directed has been different from that prior to the last election when the Opposition stated consistently in its policy that the revenue would go to health funds. Perhaps the five years proposed

by the Minister is an estimate of the time it will take for the Government to privatise the hospital system in New South Wales, and it may be that there will be no need for hospital funding after that time - that is, if what I heard in the Premier's debate has any semblance of truth. Duty derived from the casino will be paid into the Consolidated Fund. There is no provision in the bill to direct these funds to the health services of the State. In other words, all we have is a statement by the Minister. Once this revenue is paid into the Consolidated Fund, it can be used for any purpose to which the Government wishes to allocate it.

I do not doubt the sincerity of the Chief Secretary and Minister for Administrative Services, but I have some reservations about the past performance of some of her Cabinet colleagues in regard to promises. The Minister said that payment into the Consolidated Fund is the normal process for dealing with and accounting for public moneys. Generally that is so. But there are exceptions and, lo and behold, this bill contains one. Clause 116 provides for the payment by the operator of a community benefit levy in addition to the casino duty. Does that follow the normal process referred to by the Minister? From my observation it does not. Subclause (4) requires a fund to be established in a special deposits account. Honourable members will recall the

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exposure draft of the Casino Control Bill, clause 6 of which would have given the Minister the power to open any number of casinos round the State. The legislation was completely open ended. I thank the Minister for the early deliberations. I indicated to her that it is a power I would not want if I were the Minister. It is right and proper for the legislation to come back before this Parliament. The change of heart is to the Government's credit. Clause 6 now reads:

Not more than 2 casino licences may be in force under this Act at any particular time.

A casino licence is to apply to one casino only.

That clause does not mean there will be only two casinos in New South Wales; it says that no more than two casino licences may be in force under the Act at any particular time. Whether that was done purposely or unintentionally, I do not know. The Minister and her advisers might clear up that matter for the information of honourable members. Clause 29 provides for the appointment of a manager if a licence is suspended, cancelled or surrendered. The term of appointment of a manager can be extended by regulation, and subclause (5) provides that the manager will be considered to be the holder of a casino licence granted on the same terms and subject to the same conditions as the suspended, cancelled or surrendered licence. It does not say, however, that the manager will be issued with a licence. Therefore, a licence may not be in force for the purposes of clause 6. If the manager's term is extended indefinitely by regulation, there is a possibility that a further licence could be issued; therefore, there could be more than two casinos. That aspect is not clear. The one aspect that is clear is that the Opposition cannot agree with the Government on the number of casinos.

Subclause (7) of clause 29 also demonstrates to some extent the muddled thinking in the drafting of the bill. Though the casino operations will be conducted by a manager, the former operator will be entitled to what the bill calls a fair rate of return out of net earnings. I ask: what is a fair rate of return? What is the benchmark to be used? The bill says nothing about that. I am sure prospective tenderers will be unimpressed with the possibility of part of their profits being confiscated. The New Jersey regulations are quite clear on payments to an operator when a conservator - who is effectively a manager - is appointed. The payment is linked to industry earnings. I draw attention to some other matters. The Minister said in her second reading speech:

The Government does not intend to repeat the mistakes of the Australian Labor Party Government in allowing casino proponents to bid up the rates to absurd heights in an attempt to seduce acceptance of their proposal.

In almost the same breath the Minister said:

In addition to the duty as a percentage of gross gaming revenue, intended operators would be asked to submit proposals for a once only specific amount to be paid as duty upon grant of the licence by the authority.

That up-front payment will do exactly what the Minister said the Government would not do - require proponents in their tenders to bid up the overall payment to the Government. If the Government is seeking to bid up tenderers' prices, it should admit that to the House. The Opposition does not object to the State's maximising returns, but it does object to what appears to be double-talk. The invitations for tenders in the latter processes of the Darling Harbour casino bid referred to a duty of 30 per cent of gross gaming revenue and no up-front payment. The proponents were not required to bid up the rates to seduce - and that is the word the Minister used - acceptance of the proposal. The advice given to the Minister on this issue - and I do not say it was given intentionally - has been found wanting. The Minister used some convenient selective

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quotes from the Premier when he was Leader of the coalition Opposition. She omitted some of the more interesting quotes such as his criticisms of the estimated revenue of \$100 million to the State from the Darling Harbour casino. Even as late as a few months ago the Premier said that two casinos would probably bring in only about \$40 million. However, the Street report revealed that annual gross gaming revenue will be of the order of \$500 million. Using the Darling Harbour casino rate of duty of 30 per cent, to which I referred, State revenue would be \$150 million. The Government now tells honourable members that it underestimated by a whopping \$50 million. At a duty of 25 per cent it would be \$125 million; even at 20 per cent it would be \$100 million. The Premier no longer talks about cannibalising other gaming revenues, which he used to repeat parrot fashion when he was in Opposition. Sir Laurence Street expressed many of the concerns the Opposition has about the impact of casinos on registered clubs. In his report he said:

The nature and extent of the casinos' effects on registered clubs cannot be reliably forecast, but there is likely to be a shift of some patronage from registered clubs with consequent decline in gross profits in the first year or so of casino operations; the shift is not likely to pose a long-term threat to the viability of the registered club industry.

I share Sir Laurence's opinion to some extent and believe that the Government should try to find out the extent of the threat to the viability of the registered club industry. That is hardly reassuring and is somewhat dismissive of a major industry in the State. Now that Sir Laurence Street has drawn attention to the likelihood of a threat to the registered club industry, some serious work would appear to be required. The Opposition has misgivings about the removal from the bill of any obligation on the Casino Control Authority to observe the rules of natural justice and the immunity now provided by the bill from the jurisdiction of the Ombudsman Act. The Opposition does not resile from the draconian - one of the Minister's most used words on this measure - legislation, but it does not want to break down the democratic processes built up in this country. The Opposition and I feel that, though more thought should have been given to it, we will not oppose it. The Opposition will not cause the House to divide on the proposed legislation. There is no way that the Opposition would vote for two casinos. The Minister said that Sir Laurence Street was to examine the adequacy of the draft legislation, but the terms of reference required him to examine the adequacy of the

principles of the draft legislation.

Sir Laurence's comments on the unreliability of forecasts about the impact of casinos on registered clubs, particularly bearing in mind the new gross gaming figure of \$500 million, have highlighted the need for a more thorough examination. Now that this defect in research has been highlighted in the Street report, if the Australian Labor Party were in office, it would direct more attention to the effect of casino gaming and commission an impact statement on the effect of casinos on the registered club industry. It is 19 years since the first legal Australian casino commenced operation in Hobart. The event marked the beginning of what now can be regarded as Australia's casino industry. Today eight legal casinos operate in this country, with a ninth soon to be opened in the Australian Capital Territory. Two more are under consideration in Queensland. Therefore, New South Wales and Victoria, at this stage, are the only States without legal casinos. At times past debate on the topic of New South Wales having a casino has been emotive, with strong arguments presented by both the supporters and opponents of legal casinos.

In May 1990 at Sydney technical college final year students in the management course undertook an impact study entitled "Project Casino". A total of 757 people were surveyed at major shopping centres, including Chatswood, Mascot, Eastwood, Pagewood, Parramatta, Darling Harbour and the central business district. Country areas were not

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surveyed but honourable members would acknowledge that it was a reasonably good demographic survey of the Sydney metropolitan area. Demographic questions were used to determine the age, sex, income and area of residence, but no attempt was made to stratify the questionnaire by these categories. Respondents were chosen totally at random. From the results, the areas of residence were then divided into north, south, east, west and country New South Wales. Though I stated that the survey was not carried out in country areas, the place of residence of some people surveyed in the Darling Harbour area was in the country. The demographic boundaries adopted by a leading finance company were used for the survey. The results indicated that across all the aforementioned geographic areas there was majority approval for a legal casino in New South Wales. The approval rating varied between 65.4 per cent and 75.8 per cent.

The results of the survey were then split into age groups which indicated that all age groups approved of a legal casino in New South Wales and that in general younger people had a higher approval rating. When the ages of the people surveyed were correlated it was found that the age spread was skewed towards the lower age groups, with the mean age being approximately 27 years. The results were then split by income groups, which showed that in general all income groups approved of a legal casino in New South Wales, with the approval rating varying between 68 per cent and 77 per cent. That is quite astounding. I should have thought the figures would not have been as high as that, but, as I said, this survey appears to have been conducted in a genuine and positive way. Of those surveyed, 51.4 per cent were males and 48.6 per cent were females. The approval rating was higher amongst males - 76.3 per cent of males compared with 68.2 per cent of females.

The results of the primary questions were: 72.4 per cent approved of a casino in New South Wales, 16.4 per cent disapproved, and 11.2 per cent were unsure; 11.2 per cent considered a casino immoral, 73 per cent did not, and 15.8 per cent were unsure; 55.9 per cent of the people surveyed said they would gamble at a casino, 33.3 per cent said that they would not, and 10.8 per cent were unsure; and 48.2 per cent thought a casino would be affected by crime, 19.4 per cent did not, and 32.4 per cent were unsure. That indicates that although the approval rating for a casino in New South Wales was 72

per cent, people believed that a casino could be affected by crime. The main opposition to legal casinos in New South Wales appears to be based on fear that it would attract organised crime. That has been the bulk of the argument in the past. Major concern has been expressed by the Government and that was the reason originally given for opposing casinos in this State. The supporters of legalised casinos argue that there has been no evidence of criminal involvement in the existing casinos and that there is no reason to believe that New South Wales would be any different to other States. There is also the argument that with legalised establishments there would be a reduction in illegal establishments.

I turn now to the vexed question of illegal casinos. The 1985 committee of inquiry into gaming in New South Wales found that the deficiencies in the Gaming and Betting Act, together with the level of demand in the community, provided avenues for extensive illegal gambling in New South Wales. The report stated that almost 200 illegal gaming places operated constantly, mainly in Sydney but also in Newcastle and elsewhere. These varied in size and facilities, but none was in the class of what is generally considered as a large-scale international casino. The report stated also, "These illegal establishments are associated with organised crime and laundering of money from drugs". It should be noted that in the context of the Lloyd-Jones report, illegal casinos are referred to as mini casinos where only card games are played; they are not true casinos in line with the Australian model - casinos in other States. This was confirmed

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by Mr George Tayforth, Detective Chief Inspector of the gaming squad, who, when speaking on the level of illegal activity in 1990, said that to the best of his knowledge no illegal casinos were operating in Sydney. His definition of a casino was "a place where roulette, blackjack are played with croupiers overseeing the bets". However, he acknowledged that illegal gaming is now operating in the area of card games and prohibited amusement devices.

Contrary to Detective Tayforth's statement, on 1st May, 1990, the "7.30 Report" reported that six large illegal casinos were operating in the Sydney area. Its definition of a casino was "a place where there is gaming tables, for example, roulette et cetera and card games with croupiers, which is a well organised business with a high turnover of revenue". The debate as to the number of illegal casinos has been going on for as long as I have been a member of this House. In the past there has been debate as to whether the introduction of a legal casino in New South Wales would eradicate illegal gaming. Some proponents of legalised gambling argue that it is a service that is in demand by individuals and that with legalised betting there would be a reduction in illegal wagering. It has been said that the introduction of legal casinos would eliminate the illegal card games and playing of prohibited amusement devices that at present are taking place in Sydney. The Lloyd-Jones report concluded, "There is no course which can eradicate the problems long term other than the introduction of wider legal gaming in large casinos and smaller venues under strict government control". However, the Lusher report stated, "Mere legislation as such may not necessarily cause voluntary closure of illegal casinos". It is interesting that the two reports differ significantly. As I said, debate on this matter has been going on for as long as I have been a member of this House. Mr Justice Lusher stated:

The legality itself can be manipulated to create an atmosphere of approval and the act of gambling in illegal and legal casinos can become blurred in the mind of the public. Illegal casinos would not need to comply with restrictions which may be placed on legal casinos such as hours of operation, serving of liquor at tables, granting of credit et cetera. This may leave the illegal operation as the more attractive option. Illegal casinos would not be subject to the taxation obligation placed on legal casinos. This may enable illegal casinos to offer better odds, facilities,

free liquor, meals and so forth which could not be matched by legal casinos . . . In short, the aims of legalised casino gambling to provide an outlet for casino gambling and the control of crime in the sense of illegal gambling may be likely to be self defeating.

The latter view is supported by Detective Tayforth, who commented, "Illegal gaming will continue regardless of whether a casino is built or not". The logic behind the differing conclusion reached in the Lloyd-Jones report appears to be that if legal gaming operations were established to match the current demand of illegal establishments the public would attend the legal operation in preference, provided that the illegal operation was seen as less attractive. It is like the revenue issue: only time will tell after the establishment of a casino whether or not it will survive. With regard to whether a casino would be affected by organised crime, it was found in the public attitude survey that about 48 per cent of respondents believed that a casino would be so affected. I refer once again to the findings of the impact study carried out by Sydney technical college.

Dr Blaszczyński, a member of the National Association of Gambling Studies, believes that the false perception that exists between casinos and crime can be linked to the American experience. In America the involvement of organised crime in casinos can be traced back to the 1920s era of bootlegging and illegal gambling. In fact, the mafia established the gambling outlets in Nevada. The European casino scene, on the other hand, shows minimal correlation between crime and gambling. Although organised crime was once a significant factor in some Nevada casinos, its influence has declined considerably and consistently in the past 10 years. By comparison with 15 years ago, the

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presence of organised crime in Nevada today is negligible. This was also concluded by the Morrin Commission on the review of the national policy towards gambling in the United States of America in 1976. Prior to the commencement of operations of the Wrest Point Casino in Tasmania, no evidence was adduced to support misgivings by community groups about increases in crime and prostitution. Many people associate casinos with crime and gangsterism. There is no evidence in Hobart of casino-related criminal activity or casino malpractice - even as late as last week when I spoke with a leading authority. When the Australian Capital Territory was addressing the casino issue, the Canberra impact study commented:

Experience in several countries has shown that organised criminals will attempt to become involved in any activity where there are large amounts of money, either by infiltration of the organisation for substantial profits or by attempting to "launder" criminal proceeds. The diverse strategies incorporated into regulations for these later Australian casinos have established what is arguably the most stringent and comprehensive casino control system in the world.

I believe this bill will achieve the same in regard to regulation and compliance. Laundering of money is one aspect of crime often mentioned in conjunction with a casino. However, on a Federal level legislative steps are being taken to prevent large scale laundering by using a cash transaction bill. A number of easier alternatives to a casino would then be available to launder money. The present no tipping policy ensures a degree of honesty, and corruption would not be an issue with strict surveillance. Legalised casinos have existed in this country for 19 years, under close scrutiny from media and interest groups, with no reported case of criminality by the management or members of a casino operation. It is often perceived that a casino would inevitably increase street crime, prostitution, drug trading and fraud. However, there is limited tangible evidence to support that theory. An example will illustrate the difficulties associated with any attempt to explore the supposed relationship between casinos and community crime with any degree of confidence. Submissions were made to the Canberra impact study suggesting that the growing crime wave on the Gold Coast is



directly related to the establishment of Conrad Jupiter's Casino. Evidence of this phenomenon relied mainly on media reports. Efforts by a team to obtain more reliable data to confirm this argument were not successful. It may be that the casino crime problem of itself is largely a product of media sensationalism and self-interest exploitation of any newsworthy event which can be connected to casinos.

Australian casino controls are more stringent than those of many of our overseas counterparts. Today casino gaming is well controlled in all States where it operates and many other countries. In Tasmania, to remove any opportunities for criminal activity, the Government is present at all counting of money. At the end of each day all money that has been cashed into chips is counted in a locked room with casino and government officials present. The count is either filmed or videotaped. Winnings are paid out at a cash desk. The casino will not issue a cheque for chips cashed unless it is satisfied that the player has won most of the amount to be cashed. The difference between money received in the drop boxes on the tables and money paid out by the cash desk is the agreed win. State tax is paid, based on this published figure, limiting opportunities to use casino cash flows for criminal purposes and thus making it unattractive for the criminal element to own legal Australian casinos. For example, casinos in Britain pay a table tax. This leaves it wide open for criminals to launder money from other activities. In 1984 in the United States of America casinos were subject only to intermittent audit inspection. In Tasmania a system of floor or overhead catwalk inspections are carried out by casino supervisors and government inspectors. While I was present at Conrad Jupiter's Casino I was informed that the catwalks had not been used for a considerable period. Members of that casino can successfully hone in on any criminal activity. Also, in Tasmania the

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system for tracing money entering the casino and being paid out is carried out under supervision. The tipping of croupiers is not permitted. The Government is responsible for issuing and testing all casino chips and equipment.

On a recent visit to Conrad Jupiter's Casino in Queensland I was informed that security and gaming controls were as tough as possible. The controls are fashioned after those in New Jersey, which are the toughest in the world. I was informed that the company had extensive experience in hotels and casinos. Conrad Jupiter's has 186 cameras panning its gaming floors, 100 gaming tables and hundreds of video gaming machines. It is evident that in those States where casinos are operating governments have developed an internal control system based on an extensive set of procedures designed to control all activities on a casino floor and monitoring the operator's internal accounting system. The European and American surveillance methods have been combined to allow direct observation of gaming tables and specific high-risk casino areas. In conjunction with this, regular examination of films detailing the counting procedures and auditing of casino records have been designed to strengthen the capacity to sanction casino offences. The Australian control system was developed using a careful mixture of legal constraints and inspection procedures utilised in overseas casinos. There is nothing to suggest this will not occur in New South Wales under the new authority. It is worth while mentioning that governments have insisted that the initial costs for the establishment of controls be met by the casino operators. The strategies incorporated by Australian controls have established what is arguably the most stringent and comprehensive control system in the world.

In relation to the concept of a casino, the first requirement is to establish a definition and understanding of the term casino. Gambling is one aspect that generally comes to mind and all casinos have this in common. However, there is more to a casino complex than gambling. As the Government will experience on the passing of this

legislation, casinos vary in size, type of patronage, facilities offered, location and many other variables, including the rationale behind their existence. The Lusher report of 1977 described the differing philosophies for the existence of casinos. These philosophies are summarised as follows: the first referred to a casino as a type of business activity similar to any other form of business with the aim of achieving commercial success; the second referred to a casino as a catalyst to initiate and develop a tourist area in countries where tourism is regarded as an essential industry; and the third looks at a casino as a necessary form of entertainment to cater for a minority interest, intended primarily to satisfy the demand of the local population rather than to cater for the needs of tourists.

The 1988 Canberra impact study described two models of casinos. First, European casinos, which are characterised by their unobtrusive size, elegant appearance and sophisticated ambience, derived from their origins as the playgrounds of the aristocracy and wealthy middle classes. Most European casinos operate mainly for social purposes, providing a prestigious recreational venue for residents and tourists. Second, the American model, which is characterised by large-scale open casinos, usually associated with large hotel complexes, offering a variety of live entertainment and providing table games and slot machines. In general, they pursue an aggressive commercial approach, with marketing and advertising campaigns designed to achieve maximisation of profits. My research shows that each Australian casino has its own features. For example, the Adelaide casino has been likened to the European style earlier described while the Conrad Jupiter's Casino in Queensland has been described as tending towards the American model.

Though each of the Australian casinos differ to some degree, they all have similar characteristics, providing us with the Australian model. Each casino has a

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separate gaming area offering games such as roulette, blackjack, baccarat, keno, and various dice games; some also have slot machines. Each casino has accommodation, convention, dining and entertainment facilities of a high standard, catering for a wide variety of tastes. Also available are numerous recreational facilities which appeal to a range of patrons. With respect to the philosophies described by Mr Justice Lusher in his report, all Australian casinos act as a catalyst to promote tourism in their area but at the same time - it cannot be escaped - they cater for local demand. The notion that many international tourists will be patronising these places is a little suspect. One aspect which distinguishes a casino from a hotel-entertainment facility or a club is the existence of a gaming area offering several forms of gambling other than poker machines, bingo or keno. It is this aspect of a casino which draws opposition to its establishment. However, the existence of gambling is nothing new to this country. It is a well established part of the Australian way of life. This is best described by John O'Hara who states in his book *A Mug's Games. A History of Gaming and Betting in Australia*:

Almost ninety per cent of Australians gamble - anything from two-up to the Melbourne Cup; from the "pokies" to the glittering casinos; from Harold Park trots to frog jumping in Queensland. Gambling is our national obsession and has been an integral part of our history since the first convicts and settlers gambled with cards, coins and dice . . .

This somewhat colourful and probably overstated description is, however, indicative of the level and acceptance of gambling in this country. Within New South Wales the population has various gambling opportunities, some actively sponsored by the Government. The level of gambling has grown over a number of years with the introduction of pools, Lotto, FootyTAB and scratch lotteries. The per capita expenditure on gambling by the population of New South Wales was commented on in an article appearing on Sunday last in the *Sunday Telegraph*. The article stated:

Already, NSW punters spend an astronomical amount on gambling each year and experts say the nation as a whole spends more money on betting per capita than any other country in the world.

Last financial year New South Wales punters fluttered more than \$7 billion on horse racing, poker machines, lotteries, electronic amusement devices, and that does not include an estimated \$100 million spent on illegal betting.

That estimate is probably a little conservative. It continues:

That means more than \$19 million was gambled each day, or put another way, every man, woman and child in NSW spent \$1200 last year on some form of betting.

This is the highest level of gambling in any State of Australia, including those States that already have a casino. As well as there being extensive opportunities for legal gambling, there seems to be some demand for illegal forms of gambling. The Lloyd-Jones report of 1985 found that in New South Wales there was widespread gaming operating illegally through the exploitation of loopholes in current laws. The report identified about 200 illegal-loophole gaming establishments operating throughout the State. The report recommended the legalisation and establishment of various forms of gaming establishments varying in size, facilities, location and types of gaming offered. These categories were to cater for all areas of gaming demand within New South Wales being satisfied by illegal establishments. The categories are summarised in the Lloyd-Jones report as follows. Category 1 describes an establishment which offers a gaming area as part of a large, well-run casino of international standard and supervision and which caters for the local population and for established tourist patronage. The casino incorporates large hotel accommodation and entertainment areas. Category 2 describes the area

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represented by widespread illegal-loophole gaming. Category 3 consists of small cafes and coffee-houses where primarily ethnic groups play their traditional games. And category 4 is an area of private gaming involving poker schools or small casual two-up games.

To assess the demand for casino gambling, we need to research trends in gambling expenditure in Australia, giving special attention to the casino States. There seems to be evidence that the nature of gambling has not remained static. There has been a decline in traditional gambling expenditure on horseracing and a trend towards gambling expenditure on gaming. Gaming refers to all non-racing forms of gambling such as casinos, poker machines, lotteries, Lotto, pools, keno and approved amusement devices. Not only has gambling expenditure on racing declined as a proportion of total gambling expenditure, but also the proportion of the gaming dollar spent on lotteries, Lotto, instant lotteries and pools has declined while the proportion claimed by casinos has increased. For example, in Western Australia in 1984-85 - before the establishment of a casino - casinos obviously had no share of the gaming dollar. By 1986-87 casinos had taken 56.2 per cent of the market; Lotto had dropped from 53.7 per cent to 28.6 per cent; and instant lotteries had dropped from a 34.5 per cent to a 12.6 per cent share of the market. In 1986-87, the casino share of gaming expenditure in Western Australia was 56.2 per cent; in Queensland, 48.6 per cent; in South Australia, 37.4 per cent; in Tasmania, 52.25 per cent; and in the Northern Territory, 80.4 per cent. To some degree those figures emphasise what I have been saying: only so many dollars in the community can be spent on gambling.

The major political parties within New South Wales have, over the past decade,

taken the casino issue as an element in their political campaigns. Greater emphasis has been placed on this issue since the Darling Harbour project was first conceived. The previous Labor Government, under Neville Wran, saw the casino as being the major cornerstone of the project. The development reached the stage where an operator was selected through government tender processes, however, claims of corruption led to a review of the decision by the newly-appointed Labor Leader, Barrie Unsworth. In the leadup to the 1988 election, the then Liberal Opposition, under the leadership of the now Premier, used the claims of corruption as a campaign issue. Soon after taking office, the Greiner Government repealed the Darling Harbour Casino Act, which I will refer to in more detail, and effectively the casino had been shelved until the introduction of this bill to the House. I will now comment on what could be described as a bit of a chestnut. On 18th May, 1988, in the second reading speech of the Premier on the Darling Harbour Casino (Repeal) Bill, the Premier indicated that his Government was opposed to the legalisation of casinos in New South Wales. He said:

There could be no guarantee that a casino would have generated the net revenue claimed by the former Government . . . a legal casino would in large part simply cannibalize revenues that come to the Government from registered clubs.

Mr Greiner stated:

Not only is the danger of infiltration by organised crime a reason for not proceeding with the casino, but there are cogent economic and social reasons for the community good and in the public interest that ought to be recognised when considering casinos.

An increase in political and economic pressure over the past four years has forced the Greiner Government to rethink its position on casinos. The Liberal Party-National Party policy on a casino has shifted from one of opposition to one of qualified acceptance - after

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its first term of office - of the legislation we now have before the House concerning two casinos. To show the hypocrisy of the Government on the casino issue, I quote from a letter, dated 16th June, 1990, from the office of none other than Gary Sturgess, Director-General of the Cabinet Office, replying on behalf of the Premier:

. . . a casino in New South Wales is not one which is under active consideration by the Government.

The reason for this is stated as follows:

. . . reports of various bodies across Australia state that the establishment of a casino provides an opportunity for the infiltration of organised crime.

Further, Mrs Wisener, who is from the Liberal Party public relations section, said that there was no policy as such and that the position of the Liberal Party reflected only what had been in public view last month. She said that the Liberals were against a casino. That was said in 1990 - at least during the first term in office. The Premier's secretary went further:

There is no policy in print. Suffice to say that the Premier's and the party's position is that Liberals are against a casino in the first term of office.

The reasons stated included election promises, potential criminal involvement and the belief that a casino would not produce revenue but rather absorb funds that would usually

go to other forms of gambling. However, the Premier said that the State might get a casino. That was said on the "7.30 Report" on the Australian Broadcasting Corporation on 1st May, 1990, and reported also in the *Weekend Australian* of 28th July, 1990. But in September that year it was said that the State would have two casinos. All of the corruption had been cleaned up in two and a half months! Various people have said a great deal about the Labor Party policy regarding casinos in the period leading up to the introduction of this bill. Therefore it is necessary that I put on the parliamentary record what has been the Labor Party's position regarding casinos consistently since 1985-1986. The Labor Party's consistent position is in stark contrast with that of the Liberal Party and the National Party which were opposed to casinos; then they were not opposed to them; next they were opposed to casinos only in the first term of office of the coalition Government; then they did a 180 degree turn in their attitude to casinos and decided that New South Wales should not have only one casino, it should have two.

As I said, the Labor Party has been consistent in its attitude to the need for a casino in New South Wales. After the defeat of the former Government in 1988, the Labor Party maintained that Sydney needed a casino. Nevertheless, the coalition Government introduced a repeal bill that brought an end to the Darling Harbour Casino Bill. Following that the Hon. Michael Cleary on behalf of the Opposition gave notice of the introduction of a casino bill. On becoming shadow minister I re-introduced a casino bill also. During 1989 the Opposition reassessed its policy. It had learnt from its experience in regard to the previous bill in two ways. First, our policy showed the need for a full and open inquiry. As I have said in this debate, the Opposition admits that it made a mistake in regard to the previous bill. Second, in 1989 the Labor Party was of the opinion, following research it had undertaken, that the New Jersey model, on which the present legislation is based, was the way to go. That legislation has stood the test of time and is regarded throughout the world as being the best available. The Labor Party continued to say that there should be one casino, preferably located at or near Darling Harbour, as it was believed that it would be the catalyst to make Darling Harbour and the nearby central business district work.

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Though the Labor Party has continued to suggest that there should be one large casino, it has always been concerned about the effects of a casino on poker machine revenue. That would have been taken into account had there been a full and open inquiry. If poker machines, or slot machines, were to be permitted in any casino, they should be only of high denominations, that is, machines that would take only \$1 or \$2 coins. In recent times, the Labor Party has been of the view that if slot machines were to be permitted in any casino tokens should be used rather than coins of the realm. Part of our policy has been that any casino should include an oriental room for the benefit of Asian tourists, some of whom are not familiar with table games but are accustomed to a range of games that are played in Asian countries. Such a room would be more attractive to Asian tourists and in turn provide additional revenue for the Government. So long as games of chance are regulated and there is compliance with regulations, anything is possible in a casino. As a consequence of research, the Labor Party believes that reasonable dress rules should apply. We believe that the open holiday atmosphere of the Gold Coast where tourists pour through the casino should not apply to Sydney. The two market-places are different. The Gold Coast is a laid-back tourist holiday destination; in Sydney a casino would attract clientele who would go out of an evening dressed up to some degree. It was also considered that the relaxation of regulations and the effect that had on the Adelaide casino were undesirable.

The Labor Party has always been concerned about the effects a casino would

have on inner city or near city registered clubs. If slot machines were to be permitted in a casino, part of the Labor Party's policy is an undertaking to conduct an impact study of the effects of a casino on clubs following the first 24 months of the casino's operations. Though this is not part of the written policy of the Opposition, I have given assurances to the Poker Machine Council of New South Wales that if slot machines were available in the casino, in the initial period, only a percentage of the total number of machines approved would be installed. During that period the effects of the machines on registered clubs would be monitored. The Government should not have any doubt about the commitment to and concern of the Opposition for the registered club industry. During the Committee stage the Opposition will move amendments to enable an impact study to be held into the effects of slot machines in the casino on registered clubs.

Another aspect of our policy is that all government revenue from the casino would be dedicated to the health budget. I note that the Government has said that it will direct revenue from a casino to the health budget in the first five years of operation of the casino. That is another change in attitude by a Premier who was not going to have any part of being told what would be done with revenue from the casino. I emphasise that during the Committee stage the Opposition will move an amendment to enable revenue from the casino to be directed to health services on an ongoing basis, not simply for five years. From time to time the Government has suggested that there should be public debate as to whether there should be one casino or two casinos. Some sections of the media have asked what is the difference between having one casino or two casinos. When the Labor Party policy was put together following an assessment of the events of 1989 the conclusion was reached that there should be one casino. Because of concern for registered clubs and the effect a casino would have on them, the Opposition has been consistent in that regard. Of the other States that have casinos, Victoria and Queensland are about to get slot machines and it is likely that South Australia will have slot machines in the near future.

New South Wales already has a structured gambling industry. That is another reason for the Opposition's belief that initially there should be one casino only. All we have heard about is the likely revenue from casinos. No one seems to be able to agree

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on the amount of revenue that is likely to be derived from a casino - not the Government, existing operators, Treasury, or those engaged in other aspects of the gambling industry. There is a simple reason for that: there is no evidence available that would enable one to come to a conclusion as to the likely level of revenue. I have been told by a former Treasury official that because of the many forms of gambling that are available already in New South Wales a casino, regardless of its size, initially would probably generate only about \$20 million in revenue, and when in full operation an optimistic figure would be \$30 million. During the term of office of the former Government all sorts of figures were discussed, ranging up to hundreds of millions of dollars. In the mountain of press comments made by the Premier the figures have ranged from \$20 million up to hundreds of millions of dollars.

Another major reason it is not possible to predict the revenue that might be available is the doubt about how much more money is left in the community for gambling. New South Wales has more race-meetings than ever before, including Sunday meetings. Though the early figures for the first Sunday race-meeting looked good, there were downturns in the extent of gambling in the days preceding and following that meeting. The on-course totalisator receipts at the Newcastle two-day racing carnival were down on previous years. This State also has harness racing and greyhound racing. There is hardly a day in the week when a New South Wales punter cannot place a bet on a meeting somewhere in Australia. In recent years, Totalisator Agency Board

investments have increased dramatically, not only in its own agencies but in clubs and PubTAB. New South Wales Lotteries have been corporatised and are becoming market oriented. This State also has Lotto, Pools, FootyTAB, slot machines in hotels, and clubs have poker machines and linked poker machines. More recently keno has been introduced. One of my concerns is for the charities that run housie and art unions. Sporting associations hold raffles. All of those organisations are feeling the pinch, not only as a result of the economic downturn in Australia but also because the gambling dollar can go only so far.

As a person who has always had a lot to do with charities which rely on art unions and housie, I am satisfied that some of the problems they are experiencing are a direct result not only of the state of the economy but also of the many forms of gambling that are available. There is just not enough money to go around. That has been reflected in the problems experienced by small and large charities throughout New South Wales. In recent months media coverage has referred extensively to that fact. It is one of the major reasons for the Opposition continuing to believe that at this stage there should be one casino only and that the policy should be: steady as we go. The gambling dollar can go only so far. It is all very well to say that most of the revenue from the casino will come from tourism. I accept that some of the tourist dollar will go to the casino if it has a large range of games that appeal to international tourists. The most optimistic estimate of the proportion of casino revenue from international tourists is 20 per cent; probably a more realistic figure is 15 per cent. The remaining tourists will be internal, that is, from New South Wales or interstate, and they will be attracted to a casino as a different form of entertainment, if it is attractive and well located. The remainder of those who will visit the casino will come from Sydney, people who will visit the central business district or Darling Harbour for a different form of entertainment. The gambling dollar from existing modes will be redirected to the casino.

Tourism is something that is always mentioned when casinos are proposed. The tourism sector has been a major factor of growth in the Australian economy in the 1980s.

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In 1988-89 total gross expenditure in New South Wales accounted for 34 per cent of the Australian total. The effect of this was \$5.4 billion net income for the State economy. In the past the Queensland, Western Australian and Tasmanian tourist commissions have expressed the view that casinos had a positive effect on tourism in their States. It was reported in the *Sun-Herald* on 18th May, 1990, that, according to leading figures in the tourist industry, Sydney needs a world-class casino if it is to become an international tourist destination. I do not totally agree with that statement as I consider that Sydney already is a major tourist attraction.

**Mr SPEAKER:** Order! It being 5.30 p.m., pursuant to sessional orders the debate is interrupted.

#### **PRIVATE MEMBERS' STATEMENTS**

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#### **SUTHERLAND SHIRE COUNCIL**

**Mr DOWNY** (Sutherland) [5.30]: Tonight I had intended to talk about the great job that the Greiner Government is doing with the reconstruction of Sutherland railway station. Unfortunately, I have had to change the subject of my contribution and will talk instead about the blatant politicisation of Sutherland Shire Council. Tonight at Sutherland Entertainment Centre a meeting sponsored by the council will be held

regarding Sutherland Hospital. The meeting tonight will be the latest in a long line of blatantly political activities being pursued by Australian Labor Party councillors on Sutherland Shire Council since their election last September. Those councillors, once elected, changed the list of priorities for the Roads and Traffic Authority regional road program by relegating Woronora bridge from number one to number seven and promoting minor roadworks that will never be built in a thousand years. The ALP councillors also decided to give \$17,000 to the anti-third-runway committee, despite the fact that the vast majority of shire residents are in favour of the third runway. The same councillors then decided to give \$35,000 to an ALP front, the anti-tip committee, to run a campaign.

**Mr McManus:** That will bring you down.

**Mr DOWNY:** It will not bring me down. They then ran a campaign on the train timetables, and now they are running their latest campaign on the hospital. In effect, the ratepayers are funding election campaigns for ALP councillors who have higher ambitions. Though those ambitions will never be satisfied, it is an absolute disgrace that the ALP should use Sutherland Shire Council in such a blatantly political way. Today in the *St George and Sutherland Shire Leader* Paul Smith, the councillor involved in the hospital campaign, criticised the Southern Sydney Area Health Service for having the temerity to put pamphlets in letterboxes not only in the Miranda electorate, but throughout the shire, to counter the wild and inaccurate claims being made by himself and other ALP councillors about Sutherland Hospital. Given that councillor Paul Smith is running a blatantly political fear campaign, the Southern Sydney Area Health Service had no option but to put that pamphlet into the letterboxes of shire residents to paint a true picture of what is happening at Sutherland Hospital.

The simple fact of the matter is that the ALP councillors are playing politics while the shire is being neglected. They were elected to look after the interests of the shire and to provide services to the shire such as roads, kerbing and guttering and all the traditional services that councils provide. Unfortunately, a cabal of ALP councillors at Sutherland Shire Council does not give a damn about the residents of the shire or

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providing those services; it is pursuing its own political ends. Evidence of the ALP councillors' neglect of the shire is to be seen in today's *St George and Sutherland Shire Leader* where, underneath the council advertisement for the public meeting to be held tonight at the Sutherland Entertainment Centre, the following notice proclaiming the closure of the Como School of Arts appears:

Due to circumstances beyond council's control it is regretted that the Como School of Arts has had to be closed to the public effective immediately.

The Como School of Arts has had to be closed because it is full of white ants and is going to fall down. What has the ALP-controlled council done about that problem? The council erected a safety barrier around the building and turfed out all the community groups that use that School of Arts. Dozens of community groups have nowhere to go and want to know how the council will resolve their problem. So far nothing has happened. I suggest that the ALP councillors, instead of using ratepayers' money to wage political campaigns, should deal with the real issues that concern residents of the Sutherland shire and do the job for which they were elected in the first place - and that is to provide the services to Sutherland shire residents that councils traditionally are supposed to provide.

**Mr PEACOCKE** (Dubbo - Minister for Local Government and Minister for



Cooperatives) [5.35]: I will certainly ensure that the matters raised by the honourable member for Sutherland are referred to my department for consideration. I must express some concern about the matter, but I, as always, would be loath to interfere with the normal affairs of council unless there has been a breach of the Act.

#### **CULPABLE DRIVING**

**Mr NEWMAN** (Cabramatta) [5.36]: I wish to raise in the Parliament the sad death of Benjamin Cox of Cabramatta, who was killed last Saturday when a car swerved across three lanes of traffic and hit him from behind. Benjamin Cox was thrown on to the bonnet of the car, smashing the car's windscreen before rolling off. Police said the driver of the car turned off the headlights after the collision and sped away. Motorists who saw the incident chased the car along the Hume Highway but lost it. Benjamin was rushed to Liverpool Hospital where he was pronounced dead at 6.10 a.m. Police said witnesses believe the driver of the car deliberately swerved to hit Benjamin, although police said it was unlikely that the driver knew the youth. Police found the car, which had been stolen from Yagoona earlier, dumped at Warwick Farm. In raising this matter I express extreme concern on behalf of Benjamin Cox's family, myself and residents of the Cabramatta electorate about the culprit who committed this crime eventually being charged and dealt with by our legal system.

The results of recent research on people charged with culpable driving concern me greatly. Statistics show that, in 1990, of 98 people convicted of culpable driving, 81 per cent received non-custodial sentences. Of those who received prison sentences, four received less than one year, eight received one year, four received two years and one received three years. The sentences, ranging from less than one year up to three years, were pathetic penalties for causing death by culpable driving. My further research showed that last year the Staysafe committee, of which I am a member, was told in evidence by Dr Perl, consultant pharmacologist with the New South Wales Police Service, that the majority of offenders convicted of driving with high blood alcohol levels associated with culpable driving and road deaths did not receive sentences of detention after conviction. Dr Perl told the committee that at District Court level the Director of

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Public Prosecutions will not accept a culpable driving plea to a charge of manslaughter because few offending drivers are charged with manslaughter. Dr Perl also said that deals are often done before manslaughter charges reach the courts because of the difficulty of achieving convictions, and that most people charged with culpable driving walk away with a bond and are not sentenced to any form of detention. There is a loophole in the Crimes Act. The police may charge someone with murder or manslaughter but inevitably, at the District Court, the charge is changed to culpable driving because manslaughter is too difficult to prove. Subsequently there is a fall-back position by the Director of Public Prosecutions. I have a letter from him clearly outlining that situation which says:

... a much greater difficulty has been experienced in obtaining convictions in front of juries. For that reason there has been a very longstanding practice of not charging manslaughter charges unless the degree of negligence involved was such as to lead to some real prospect of a jury being prepared to convict.

This section of the law needs to be examined. A fall-back offence other than culpable driving is needed; there should be something in between. It is totally unfair that a charge which can result in a life sentence can be watered down to a charge that can result in the person receiving up to three years in prison. It is unreasonable for a family in the situation of Benjamin Cox's family that the culprit who killed their son last Saturday will be

released after 12 months' imprisonment or possibly a lesser sentence depending on the result of a lengthy court case. I appeal to the Minister to review this section of the Crimes Act and to introduce a fall-back position other than culpable driving.

**Mrs COHEN** (Badgerys Creek - Chief Secretary and Minister for Administrative Services) [5.41]: I agree with the comments made by the honourable member for Cabramatta, and I will ensure that the Attorney General and the Minister for Justice are made aware of his speech in the House today and will reply to him.

#### **COFFEE INDUSTRY**

**Mr D. L. PAGE** (Ballina) [5.42]: I request, as a matter of urgency, some form of financial assistance to help establish a viable coffee industry on the North Coast of New South Wales. In particular, I am seeking assistance to purchase a mechanical harvester valued at approximately \$120,000 for this small but potentially large industry. The acquisition of this mechanical harvester is absolutely critical at this time to the economic viability of a coffee industry in New South Wales. The industry is prepared to put up some money and I have made various approaches to the Department of State Development, so far without success, and the Department of Agriculture to see whether they can contribute to the purchase of this much-needed mechanical harvester. I know the Minister for Agriculture and Rural Affairs is very keen to see the coffee industry established in New South Wales, and his departmental officers, in particular Mr David Peasely and the North Coast regional director, Richard Stevens, have done a lot of good work to establish the coffee industry on the North Coast. However, the acquisition of a mechanical harvester has now become critical and I urge the Minister for Agriculture and Rural Affairs and the Minister for State Development to leave no stone unturned in helping the coffee industry in its embryonic stage.

The New South Wales Department of Agriculture and the Queensland Department of Primary Industries have jointly developed a coffee bean harvester for specific Australian needs. Bundaberg cane harvester manufacturer, Austoft, has entered into a licensing agreement to produce the coffee harvester for commercial sale in the Australian and export markets. In recent harvesting trials in Hawaii the Austoft machine

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outperformed coffee harvesters manufactured in the United States of America, Japan, Sweden and Brazil, which are currently in use around the world. The Austoft machine averaged 90 per cent bean removal at higher speeds and with less leaf damage and leaf removal than other machines. Because of its high quality and its demand in the local gourmet market, the current price for North Coast produced coffee is more than \$8 per kilogram retail compared to approximately \$3 to \$4 for imported coffee. Unfortunately, the high cost of hand harvesting prevents the North Coast coffee industry from being commercially viable on a large scale.

The high cost of hand harvesting is the very reason Australia has not had a commercial coffee industry for the past 100 years. Conventional hand harvesting costs approximately \$5 per kilogram of green bean while mechanical harvesting can reduce this cost to approximately 50c per kilo, or one-tenth the cost of harvesting by hand. When the current world price is \$3 to \$4 per kilogram, Australian hand-harvested coffee cannot compete on the open market. However, the North Coast coffee industry would be viable if a machine harvester were utilised. Approximately 100 landholders are evaluating coffee as an alternative crop following positive responses from domestic and international buyers on the quality of coffee from my area. There is some local support for North Coast coffee, but I emphasise the overriding reason for the excellent local price is its quality. Northern New South Wales has significant areas of suitable land for a coffee

industry based on mechanical harvesting. Between 2,000 and 3,000 hectares is currently suitable, with additional areas planted to macadamia nuts and other crops which can be interplanted or replaced with coffee. Expansion of the coffee industry has been limited by the uncertainty of which varieties to plant, the size of the gourmet market and the lack of a commercially available harvester suited to local conditions.

However, with the variety evaluation work nearing completion and keen interest from domestic and export markets for local coffee, the factor limiting the confidence and expansion of the New South Wales coffee industry most is the lack of a mechanical harvester. One mechanical harvester will serve the needs of the whole industry for at least five years. A mechanical harvester in New South Wales will trigger accelerated expansion of a significant new horticultural industry for the North Coast. It will create up to 500 jobs during the next five to seven years on farms and processing facilities; it will reduce the State's reliance on coffee imports, an important replacement industry which could replace \$20 million to \$30 million worth of imports; it will boost income; and it will provide additional employment opportunities for the region through coffee-related tourism projects. Austoft has agreed to undertake operator training and to update and modify the machine as necessary. Austoft has also agreed to some form of time payment over a three-year period. I urge the Minister, whom I know is very supportive of the establishment of a viable new coffee industry on the North Coast, to give my request his complete attention so that a valuable, new, employment-generating and import replacement industry is not lost through lack of government initiatives.

**Mr ARMSTRONG** (Lachlan - Minister for Agriculture and Rural Affairs) [5.46]: I am indebted to the honourable member for Ballina for raising the subject of the emerging New South Wales coffee industry. The industry was initially established prior to the war, but particularly in the 1950s and 1960s. It is far past the experimental stage, far past the embryonic stage; it is a real industry capable of making commercial returns on a sustainable basis not only to those involved in the production of coffee but also to the infrastructure that it would support. That is sometimes forgotten with the newer industries that have been established on the North Coast of New South Wales. The quality of coffee produced in the region is world standard. Members on both sides of the House may have been fortunate enough to have tried some of the coffee from the North  
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Coast. I am always delighted and surprised by the number of brands that are emerging. As the honourable member for Ballina has said, currently the only method of harvesting is by hand, and it is well-known how expensive that is. With technological advances an industry that cannot pick all of its product at the same time cannot possibly be viable.

I have given the honourable member for Ballina an undertaking to explore every possible avenue both within Government circles and within private enterprise to find funding to purchase and establish mechanical harvesting within the coffee industry in New South Wales. Together with the honourable member for Ballina I have discussed the matter with the Minister for State Development and Minister for Tourism, who is most supportive in principle. I have also discussed the matter with my colleague, the Minister for Local Government and Minister for Cooperatives. The Government is endeavouring to obtain sufficient funds to add value and security to this industry which has enormous potential not only for domestic purposes but also export purposes. This country is in dire need of new export income. I thank the honourable member for Ballina for his continuing interest in this matter and for his presentation.

#### **LONDONDERRY ELECTORATE PUBLIC HOUSING**

**Mr GIBSON** (Londonderry) [5.49]: I wish to speak about my concern for

public housing, particularly in my electorate of Londonderry. In the Mount Druitt part of Londonderry there are 3,000 to 4,000 people on the waiting list for public housing. This year the Government will build 34 accommodation units in Mount Druitt. Richmond has a long public housing waiting list and the Government will build five accommodation units in that area. Grave concerns exist about the future of people wanting accommodation at that end of the scale. The handling of transfers within the Department of Housing is appalling. It is in a complete mess. Some form of common sense is the only way to alleviate the problem. I wish to inform the House of the plight of two people living in my electorate. A young girl with two children, seven and one, is seeking departmental accommodation. Seven months ago her husband walked out and left her and her two children. She applied to the Department of Housing for public housing. She was told she would go on to the priority list but not to expect any news in the near future. She has not received any news in the past seven months. She again asked the department how long she would be waiting and was told that the department could not give an answer. When she came to see me the other day I made inquiries and was told that it would be one to two years and there would be no guarantee that she would get a place. This woman is not living in the way most people in New South Wales today would accept. She is living in what I would call Third World conditions: in a makeshift workshop with a cement floor and tin roof which leaks in wet weather. It is as hot as an oven in hot weather and very cold in cold weather. She has no water, bath, shower or laundry and the place is riddled with white ants. That is where the Government has her and that is where she will stay until we can get her a departmental house. It is just not good enough.

The next case is more tragic. I can supply the Minister with the name of the woman involved if required. In the past two years she has made five applications for transfer on safety grounds. She believes that her life could be in danger. This woman is 44 years of age and has two children with her at the moment. She is dying of breast cancer and has been given at the most six months to live. She made another request to the Department of Housing for transfer and it was knocked back. Subsequently, three weeks ago, she was brutally beaten in her house. Some hoons broke into her house and brutally bashed her. The motive was to take the drugs she was on. She received a fractured skull, broken ribs, and bruising. She was unconscious for many hours. If she

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had been given a transfer that may not have happened. Late last week she came to see me. I made inquiries of the department on Monday and was told that the department needed more information. This woman has only six months to live, she has two kids to look after and she wants a little safety for that six-month period. There is no compassion in the department. They cannot give this woman a transfer, even for safety reasons. An officer from the department - I will also supply his name to the Minister on request - told me as late as yesterday afternoon that there is more to this story than meets the eye. When I asked him to tell me the other parts of the story that I was not aware of he said, "Do you know that this woman is on drugs?" I said, "Yes, I do". She has been clean for two years. She had a history of taking drugs until two years ago.

The clanger was yet to come. The officer said, "There is still more to this story". I said, "What is it?" He said, "Do you realise that this woman is a lesbian?" Mr Acting Speaker, I ask you and I ask the Government, as I did the departmental officer yesterday, would this woman dying of breast cancer with six months to live and with two young children be given a transfer if she was a heterosexual? Would that have satisfied the criteria? Because she may or may not be a lesbian the department has decided not to give her a transfer. This is an absolute disgrace. The Department of Housing under the present Government and the present Minister for Housing is an absolute joke. The two people I have mentioned tonight should be looked after. The department's performance

is an utter slur on New South Wales in 1992.

**Mrs COHEN** (Badgerys Creek - Chief Secretary and Minister for Administrative Services) [5.54]: I note very clearly the concerns of the honourable member for Londonderry. I make the point that since these cases came to his notice only last week he obviously has not paid the Minister for Housing the courtesy of notifying him or writing to him directly.

**Mr Gibson:** Yes, I did.

**Mrs COHEN:** He has obviously not given the Minister much chance to receive the letter or to reply. However, I will take it upon myself to advise the Minister urgently of your concerns.

### **THIRD PARTY INSURANCE CLAIMS**

**Mr HATTON** (South Coast) [5.55]: The case of Mr Ted Smith, a retiree not depending upon a pension, and his experience with the new third party arrangements is a disgrace and reflects very, very badly on the administration of the legislation and in particular on the Roads and Traffic Authority and the GIO. The RTA has a computer list of everyone's third party insurance company. The GIO was shown as the insurer of Mr Ted Smith of Vincentia, who was a passenger in a vehicle hit by another vehicle driven by Mr Roy Rice. Mr Rice was covered as a pensioner and could claim his medical expenses. Mr Ted Smith is going through severe pain and suffering, added to by the trauma caused by the incompetence of the RTA and the GIO and an uncaring system. He has to meet his medical expenses until the whole mess is sorted out. The GIO was shown as the insurer on the RTA computer list and proceeded to process Mr Smith's claim for almost six months. The GIO twice made specialist appointments for the driver of the other vehicle, Mr Roy Rice, and obtained statements from Mr Smith's general practitioners. Despite the fact that Mr Smith, as a passenger, is clearly a victim and could in no way be held responsible for the accident, GIO did not

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admit liability. It took GIO from 20th August, 1991, to 13th February, 1992, to realise that it was not the insurer. GIO informed Mr Smith that it thought Mercantile Mutual was the insurer. But when he checked he was told that the RTA computer still showed that the GIO was the insurer. Mercantile Mutual finally accepted that it was the insurer. The RTA computer is in a mess.

As we know, few doctors will see third party patients unless liability has been accepted, because they fear they will not be paid. GIO did not accept liability. Mr Smith was left up in the air for almost six months. It is only in recent weeks, as an act of grace, that Mercantile Mutual has offered to allocate a liability number. Medicos would have nothing to do with Mr Smith, except his local general practitioner and physiotherapist in Shoalhaven. No specialist in Wollongong would touch his case and he had to meet the cost of going to Sydney for treatment. He was informed that he could go to Medicare but discovered that he cannot claim from Medicare because his is a third party case. His experience at the local Nowra community hospital was just as bad. After having paid half the account he was told he could not come back unless he had money ready to pay up front. The working of the new third party arrangements is an absolute disgrace and discriminates particularly against the elderly and the retired. Many of these cases under the new arrangements are just coming before the court.

Young people can make a claim for pain and suffering and economic loss with a maximum set at \$198,000. Matters that come before a court require that the judge assess

the pain and suffering and economic loss as a percentage of the \$198,000. However, \$16,500 is deducted from any award as the threshold. That amount of \$16,500 has to be determined by a lawyer before the matter can be taken to court. If the court makes an award of, say, \$19,000 the litigant receives only \$2,500 because the \$16,500 is deducted. A victim has to reach \$16,500 to get any award over and above medical expenses. This clearly discriminates against people who are more than 60 and retired and who do not depend on a pension - the salt of the earth people who have looked after themselves. For all intents and purposes in personal injury cases they are worthless as they cannot prove economic loss and the required estimate of pain and suffering must reach \$16,500.

Like many hundreds of thousands of similar people in this State, Mr Smith has worked all his life, does not rely on the Government for a pension and is living off his own investments. He is suffering great pain, so much so that at times he cannot stand it. He cannot get recognition from the medical profession. He is suffering because of the shocking state of the records kept by the RTA, the inefficiency of the GIO, and a third party system that treats accident victims who are retired, such as Mr Smith, as worthless. I have no objection to the attitude taken by members of the medical profession. They are getting sick of not being paid. This matter demands urgent attention. I have taken the opportunity today to raise this matter for the first time with the Minister. I make no apology for that. I simply wanted to bring the working of the system before the Parliament. I have done this not just for Mr Smith's benefit but for the benefit of all people similarly affected. I ask the Minister to carry out an urgent investigation and take urgent action.

**Private members' statements noted.**

*[Mr Acting-Speaker (Mr Tink) left the chair at 6 p.m. The House resumed at 7.30 p.m.]*

**CASINO CONTROL BILL**

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**Second Reading**

**Debate resumed from an earlier hour.**

**Mr FACE** (Charlestown) [7.30]: Earlier in the debate I referred to the effect a casino will have on tourism in Sydney. Leading people in the tourism industry say that Sydney needs a world-class casino in order to be a world-class tourist destination. I do not agree totally with that statement as I believe that Sydney is already a major tourist attraction. Though other States may say that their level of tourism has increased since the introduction of a casino, they fail to say that other attractions also draw the tourists. However, I believe that other States and Territories are more concerned about a casino being located in New South Wales than they would have us believe. Whatever form the casino in New South Wales takes, it must be part of the existing entertainment structure so that people are attracted to it, after attending the theatre, a restaurant or some other form of entertainment. It is for that reason that the Labor Opposition has always believed that a casino should be built in or near Darling Harbour so that the Darling Harbour area and the central city area adjacent to it can become a complete entertainment area. Hotels do not necessarily attract people to an area. People are attracted by entertainment and recreational facilities and hotels become successful when people are attracted to those facilities. If a casino is planned properly as part of an entertainment area, adjacent restaurants, clubs and other establishments will generate additional business.

The economic viability of a casino is also affected by nearby industries and facilities. In many areas throughout the country the establishment of a casino resulted in new businesses being set up nearby, such as restaurants. People are attracted by a variety of entertainment facilities. Mr John Beagle, a member of the National Association for Gambling Studies, does not believe that registered clubs would suffer greatly by the introduction of casinos as he believes that a large number of non-club users would be attracted by the entertainment facilities a casino could offer. The Opposition holds a contrary view, but I wish to present the House with a balanced view of those who say a casino will have no effect on clubs, and the view of the Opposition. The prospect of raising government revenue through taxation of casino operations is an argument that is often used to support the introduction of legal casinos. The prospect of raising additional revenue from legal casinos in New South Wales is one reason behind the change in attitude of the State Government on this issue. In an interview on 24th June, 1990, in the *Sunday Telegraph*, Mr Greiner spoke about the economic situation in New South Wales. He said that a casino was becoming a more attractive option as the economic situation deteriorated. He said, "It's an option we will have to look at and might have to look at sooner than later".

The Government and the Opposition differ in opinion as to the extent of revenue that would be raised for the Government by a legal casino. The Hooker-Harrah's consortium, which was given approval to build and operate a casino in Darling Harbour, estimated that gross takings would be \$400 million in the first year of operation. On that amount the State Government would have received taxation revenue of \$140 million based on a tax rate of 35 per cent. I believe the estimate of taxation revenue from the 1986 Hooker-Harrah's proposal is too high in the light of the little evidence that is available and by comparison with casino revenue raised from taxation in those States where casinos operate. For example, the total Queensland revenue from the two casinos was \$30.3 million in 1988-89 compared with the 1986 New South Wales estimate of \$140 million. Some reasons for that difference may include the fact that the gaming tables from the two Queensland casinos total about 140 while the Hooker-Harrah's proposal for New South Wales was 400 gaming tables. I have already pointed out that

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the Townsville operation had an adjustment in taxation revenue in that period. The tax rate to be levied on the New South Wales casino was 35 per cent, compared with the Queensland tax rate which ranges from 15 per cent to 21 per cent.

In order to determine the level of government revenue for any future legal casino to be built in this State, a number of factors must be considered. First, the amount of revenue would depend largely on the number, size and location of casinos throughout the State as well as the type of gaming offered. Second, it would be difficult to determine the number of patrons who would be attracted away from existing illegal gambling to the casinos. I have emphasised this issue previously. This would depend on the size and location of casinos throughout the State and on the gaming offered. Finally, New South Wales has an existing club industry with poker machines - an element not encountered in other States in which legal casinos operate. The Labor Opposition has always been concerned about the effect the introduction of a casino would have on the club industry in this State. It is the existence of poker machines in New South Wales that seems to cause most dispute about the level of revenue that might be received by the Government. I refer again to the article in the *Sunday Telegraph* on 24th June, 1990, in which Mr Greiner is reported as saying, "It's not so much the golden goose it might appear because it will only make a lot of money if it's got poker machines, and that would cannibalise the existing poker machine revenue to a certain extent".

A large proportion of casino revenue in other States comes from small groups of individuals willing to bet large sums of money. They are often referred to as high rollers. For example, in Tasmania about 25 per cent of casino revenue comes from high rollers, although they constitute less than 5 per cent of the players. That information was reported in the *Canberra Times* on 12th March, 1988. The majority of high rollers in Australia apparently come from New South Wales and Victoria. I agree with the Premier that this is an area of possible revenue for New South Wales that is being lost to other States in which legal casinos operate. Revenue could also be generated as an indirect result of the casino operations. For example, the State would benefit from increased payroll tax as a result of an increased level of employment. Any further business activity generated by casino operations, which I believe would be attracted by any casino, would net the Government various taxes and charges, although these would be difficult to determine and there is no yardstick by which to measure them. It is anticipated that a casino in New South Wales would be established and operated by private industry. Therefore, there would be no government outlay of capital. However, there would be some cost to government as it would be necessary to extend the regulatory bodies. This is not a matter of the Labor Opposition stubbornly saying we should have one casino just because the Government says we should have two. I have outlined the Opposition's concerns to the House. The Opposition says that when the first casino is established and operating, it will be up to the Government of the day to present a case to the Parliament about the need for more casinos.

As I said earlier, part 2 of the original draft legislation left the issue of the number of casinos open-ended. To its credit, the Government has provided specifically for two casinos only. If the Government of the day wants to establish additional casinos, it will have to bring the matter before the Parliament. The Registered Clubs Association, which is one of the major groups concerned, would have one believe it is responsible for that. From the outset - when the draft legislation was exposed - the Opposition has maintained that it would attempt to amend the legislation so as to delete the provisions which left the number of casinos open-ended. Rather than exposing who has done what, the conferring between me, the Minister and her staff has resulted in a change of attitude by the Government. I compliment the Minister in that regard. Nothing is set in

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concrete. At some time in the future it will be the responsibility of the Government of the day and the Parliament to decide if New South Wales should have additional casinos. The Opposition continues to be bound by its policy, which has been consistent throughout, of steady as you go. Having indicated the Labor Party's policy to the House, I should like to refer briefly to the attitude of the Liberal Party-National Party coalition when in Opposition and in Government. Its approach could not be referred to as a policy, because it had no policy. In 1986 the then Leader of the Opposition, Mr Greiner, did not like casinos. He made various suggestions about improving the Darling Harbour Casino Bill, but the thrust of his approach is contained in the quotes to which I shall refer. On 29th April, 1986, when speaking to the Darling Harbour Casino Bill, Mr Greiner said:

The Opposition opposes this bill in its entirety. It does so first because of its opposition in principle to legalized casinos at a time when the Government has so blatantly failed to come to grips with organized crime in New South Wales.

When speaking to the Darling Harbour Casino (Amendment) Bill on 17th February, 1987, he said:

The Opposition remains, as it was in April 1986 when the Darling Harbour Casino Bill was introduced, opposed in principle to the legalization of casinos in New South Wales at this time. Neither experience with the casino, nor the academic information available at the conference



on gambling held in Sydney in August 1986 - which produced a great deal of research on the impact of illegal casinos on the socioeconomic fabric of any society - has caused the Opposition to change its view. Nevertheless the Opposition does not propose to take the matter further in this case.

The Premier probably said everything that could be said when speaking to the Darling Harbour Casino (Repeal) Bill on 18th May, 1988. He said:

There could be no guarantee that a casino would have generated the net revenue claimed by the former Government.

I ask honourable members to bear in mind that they have heard all the figures in relation to the profits which will supposedly be generated by the proposed casinos. He continued:

Recent experience with casinos in other parts of Australia indicates that quite often legal casinos are not viable money-making ventures.

Earlier I pointed out that in other parts of Australia, casinos have not proved to be the milking cows some people believe them to be. The Premier continued:

New South Wales has the additional problem that a legal casino would in large part simply cannibalize revenues that come to the Government from registered clubs.

I find it difficult to understand why the Government would not take that into consideration. He went on:

As the coalition parties perceived that the infiltration of organized crime into a casino was almost impossible to avoid, I made an election promise that there would be no legal casino in this State. We were of the view also that, on economic and social grounds, there was no desirability or justification for a casino.

He went on to refer to tourism. Honourable members have heard it said that tourism will be one of the great panaceas. The Premier had this to say about that subject:

It is, of course, a furphy promulgated by the Labor Party that the people patronizing this casino would be tourists from Tokyo or New York. The realities are that in excess of 90 per cent of the patronage of the casino, as was projected by the Government and the casino tenderers, would

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be ordinary men, women and families of New South Wales. We are talking about a significant increase in legalized gambling in New South Wales, with all the attendant problems that were recognised by the former Government when it donated money to the Wesley Mission to encourage the mission to run programs for those suffering from gambling addiction.

He said in conclusion:

Not only is the danger of infiltration by organized crime a reason for not proceeding with the casino, but there are cogent economic and social reasons for the community good and in the public interest that ought to be recognised when considering casinos. The introduction of this bill is intended as a further demonstration of my Government's resolve that there will be no legal casinos in this State. Part of the justification for development of the Darling Harbour casino given by the former Government was that this was a necessary part of the elimination of illegal casinos.

One only has to give those statements a cursory examination to realise that the Premier has done a 180-degree turnabout. Although the Premier opposed casinos, I should like to refer to an article that perhaps best describes his fairly wishy-washy attitude about the matter. The article appeared in the *Daily Telegraph Mirror* on Monday, 8th October, 1990. It is significant that in a letter dated 16th June, 1990, Mr Sturgess of the Cabinet Office said on behalf of the Premier that a casino in New South Wales was not under active consideration by the Government. The reason stated was that "reports of various bodies across Australia state that the establishment of a casino provides an opportunity for infiltration of organised crime". The New South Wales Liberal Party was saying the same thing. Yet about 10 to 12 weeks later the Premier claimed that casinos were not a bad idea and that the level of organised crime was no longer a problem. In other words, in the period of about 10 to 12 weeks from June to September or October, corruption in New South Wales had been cleared up. I shall now quote from the article to which I referred and acquaint honourable members with some of the realities. The article which is headed, "How Nick Greiner gambled and lost", stated:

Just before winning the March 1988 State election, Nick Greiner vowed in a rush of sanctimony he would later regret that there would be no legal casino for Sydney.

Within weeks of gaining power, Mr Greiner's chief Treasury advisers were telling him it was one of the silliest decisions he had made.

The Premier is no wowser -

I agree with that. The article continued:

- and nor is he a mad punter -

I agree with that also. The next phrase in the article is wrong. It reads:

- but he is a good economic manager.

That is open to debate. The article continued:

The scope of the tax and licence fee revenue he had given away in that pre-election pledge quickly became clear. By as early as May 1988, he was deftly adjusting his stance.

Mr Greiner had announced the casino ban because of the political points he was winning from the bungled attempts by Labor leaders Neville Wran and Barrie Unsworth to install a gambling palace in Darling Harbour.

In June 1986 the Wran Government approved a proposal by Hooker Corporation . . .

There were doubts over the probity of some key figures in the deal and a court was asked to decide on compensation - although it was Nick Greiner's Government which eventually had to pay

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Hookers and Harrah's \$38 million.

In public at least, the Premier was standing by his casino ban, but in private he was telling Government strategists the 1988 election pledge would expire at the next scheduled poll in 1992.

In the meantime he has been preparing the way for his shift in policy. In July he asked

a committee to estimate the amount of money escaping New South Wales to existing casinos in other States.

As I said, in June 1990 Mr Sturgess claimed that casinos were not under active consideration but in October the Premier was having a good look at them. The article concluded:

The committee is expected to report that the Government stands to lose about \$150 million a year.

Now he has taken the next logical step of nominating the fringes of Darling Harbour as a casino site - while still rueful about that rush of blood to the head in 1988.

The Opposition has known since the latter part of 1988 that the Government's decision to allow a casino was taken not on moral grounds but on revenue grounds. In early 1989 the Premier had people looking around at casinos here and overseas - a fact revealed in answer to questions asked by me in this Parliament. The Premier, serene on the surface like a duck and all the time denying that he was going to allow a casino, was paddling like anything towards establishing a casino or casinos. From the latter part of 1990 this process was being speeded up. Some of the articles that appeared in newspapers in the silly season - the new year of 1991 - established that. On Tuesday, 1st January, 1991, an article entitled "Greiner gamble on casinos", which appeared in the *Sydney Morning Herald*, stated:

What has changed Mr Greiner's mind? His opposition to the previous Government's proposed Darling Harbour casino project is still so fresh in the public memory that many people will find it difficult to understand his enthusiasm now for having two casinos operating in Sydney within the next 18 months. One casino, probably to be installed in the old Lands Department building in Bridge Street, is said to be planned as similar to the small club-like casinos of London and intended for the wealthy. The other, larger, flashier and less exclusive, is proposed for Darling Harbour or Pyrmont.

In explaining his present position, Mr Greiner has laid great emphasis on the fact that Melbourne, Brisbane and Canberra are soon to have casinos. That, Mr Greiner says, would leave Sydney the only capital without one, a notion which strikes him as "unreal". Beyond that, however, he has very little to say in justification for his change of mind. The reality, of course, is that the Government cannot resist the temptation of a new tax. It now sees pleasing revenue prospects in casinos. Gone are the concerns loudly voiced by Mr Greiner when he was vigorously opposing the Wran Government's Darling Harbour casino proposal. For example, a little over three years ago, he worried about the impact legalised casino gambling would have on the income and savings of "the ordinary men and women of NSW", and on viability of RSL and Leagues clubs. "We don't believe that in social and economic terms it is desirable to either have their disposable incomes tempted in this way or to have registered clubs and other forms of legal gambling lose their viability", he was reported as saying in October 1987. As for the suggestion that the proposed Darling Harbour casino would attract mainly "high-rolling tourists", Mr Greiner said that was nonsense.

Another article, entitled "Nile seeks Labor help against decision", which was written by Matthew Moore for the *Sydney Morning Herald*, stated:

Mr Nile described the Premier's announcement that Sydney would get two casinos as "hypocritical" and claimed that politicians could use casinos to launder money obtained from crime figures.

Though Reverend the Hon. F. J. Nile is concerned about it, I do not think that will happen under this legislation, as it is pretty tight. The article continued:

He pointed to repeated assurances from the Premier that Sydney would not have a casino because of possible problems with organised crime.

That question is always popping up. The article then stated:

Mr Greiner said yesterday -

And this is a big turnaround by the Greiner Government -

- that he had only promised no casino in the first term of office, but Mr Nile said "there was no hint that I can find that these comments were qualified".

"If these comments had been qualified they would have been pointless as an election issue. He is misleading the electorate."

By 6th January it is obvious that the Premier was working hard to try to convince people that they were really mistaken about the fact that he intended to have a casino. On 6th February Sue Quinn wrote in an article entitled "New life for \_dead" for the *Sunday Telegraph*:

Two Sydney casinos will reduce the potential for corruption and provide facilities for two distinct types of gamblers, according to Premier Nick Greiner.

Explaining the Government's decision to establish a casino in the Lands Department building in Bridge St, and another one possibly near Darling Harbour, Mr Greiner said the plan would also enliven the City at night.

I do not disagree with that statement. The article continued:

He said the Government had recognised the need for at least one casino in Sydney following a Treasury report which showed NSW was losing up to \$50 million a year in potential revenue.

Of course, that figure has inflated as time has gone by. The article then stated:

He said that following a recent decision by the Victorian Government to proceed with a casino, NSW would have been the only State without a legal gaming house. Under the two casino plan, NSW would have fewer legal gambling facilities than other States with very large, hotel-style gaming houses.

Although there would be two casinos, said Mr Greiner, there would be fewer gaming tables than at one large casino in Queensland.

I find that a bit hard to believe. The two figures relating to gaming tables that the Premier referred to in newspapers today exceed the number of tables in the Queensland casino. The article also stated:

The reason basically for two casinos is that we think there are two fairly distinct markets, and you can best cope with them by serving them separately, rather than trying to

combine them in one.

You ask yourself, would a big businessman who likes to gamble go to Darling Harbour casino and the answer is probably not, he would probably go to the one in the Lands Department building.

The Premier is reported in that article as saying that one casino operator would keep an eye on the other and that that would prevent problems from occurring. I could quote at Page 2352

length from many articles that refer to the about turns and hypocritical double-talk by the Premier and his Government on the casino issue, but I will not do so. Let me put into perspective why the Premier wanted two casinos. Besides the revenue aspect he did not want his Government to appear to be the same as the Labor Party by having no casino. To be different, the Premier proposed two casinos. How did the Lands Department become involved? Honourable members would be aware, from the article written by Sue Quinn on 6th February, that the Premier advanced all sorts of reasons for wanting two casinos. I will tell honourable members the real reason. One of the Premier's grand plans under his asset sales program was to sell off the Lands Department building in Bridge Street. For various reasons, including the economy, heritage orders on the building, its location, and may be other reasons we do not know about, he could not flog it. Adjacent to the Lands Department building is the Department of Education building, which, likewise, the Premier could not flog.

I am reliably informed - though the Premier will deny it - from a source close to the situation that when a decision was made on the Bridge Street site the Premier received no advice about whether it was a good location for a casino. He made the decision straight off the top of his head. From time to time Premiers of all political persuasions are prone to do such things. This was one such instance. He received no advice that the Bridge Street site was a good site for a casino. Had he sought such advice, he would have been told that it was most inappropriate on many grounds. Heritage orders on the building alone would make it extremely difficult, if not impossible, to place gaming tables in confined spaces. From a regulation and compliance point of view it is a nightmare. The advice I have received from people who know something about the casino industry, is that with two casinos operating in the way the Premier wants them to operate the percentage of profit would be questionable. The Premier, on the spur of the moment, saw a way of getting rid of the embarrassment of the Bridge Street building. He had the fanciful belief that, if he put a casino in the Lands Department building, a hotel might want to purchase the Department of Education building and the two could be interconnected. I am informed, once again from a source close to the situation at that time, that the Premier received no considered advice; this was just his brainwave.

That is the truth of why two casinos were touted, not the story the Premier now tells us. The Labor Party has continued to say that it is not only in the best interests of the Government but also in the interests of the community and existing players within the gambling industry to have one casino only in the initial stages. What about the public attitude towards casinos? Of course, public acceptance of casinos as a form of gambling has changed markedly during the post-war period. Increased international travel has exposed many Australians to the novelty of casino-style gambling. This exposure has prompted a desire for a similar style of gambling in this country, resulting in the establishment of many casinos throughout Australia. The attitude of Australians towards casinos has shown a very clear trend since 1973. Figures published on 24th November, 1987, by Morgan Gallup Poll showed that the Australian approval rating rose from 39 per cent in 1973 to 57 per cent in 1987. That survey found that in 1987, 55 per cent of the population of New South Wales was in favour of a casino, and that people living in States

where casinos already existed had a more positive approval of casinos. That was Morgan Gallup Poll finding number 1654.

As I said earlier, a survey of the public attitude towards a casino carried out in New South Wales during May 1990, three years later, found a 72 per cent approval for a legalised casino in this State. That figure is consistent with the Australian trend, showing increased acceptance by the public. Honourable members should note, however,

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that the figures do not indicate the degree of demand for a casino. In addition, the same survey showed that 5.8 per cent of those surveyed claimed that they would gamble at a casino, while 1.2 per cent considered that a casino was immoral, with 48.2 per cent concerned that the casino would be affected by organised crime. Once again, the same trend all through, the concern about crime. What about industry attitudes? A casino, like any other industry, relies on other businesses to provide goods and services. A casino also has an impact on businesses located nearby. This impact may be positive, by encouraging additional passing trade for other local business; or negative, by establishing direct competition in certain facilities offered - for example dining facilities, which may compete with local restaurants.

In the initial stages of the Darling Harbour development proposal in New South Wales, a casino was perceived as a major drawback for other businesses establishing themselves in the vicinity. It has been widely publicised in the media for example on the ABC "7.30 Report" of 1st May, 1990, that many of the retailers currently operating in the Darling Harbour complex were initially attracted to it on the basis that a casino would be built. A casino, like any business, creates - directly or indirectly - employment for skilled and non-skilled labour. Employment would be created in both the initial construction of the casino, and in its operation. Honourable members should concentrate on the jobs created in the operation of a casino. The possible number of jobs created for the operation of a New South Wales casino would be primarily related to size together with a host of other variables. I believe that is one of the things that has emerged during debate on this legislation, together with a host of other variables. An article published in the *Weekend Australian* of 12th April, 1986, reported that one Darling Harbour proposal was for a 300-table casino which would cater for 20,000 to 25,000 patrons a day and employ 4,000 staff. I believe that was totally in excess of the realities. The 7,000 jobs referred to in the Minister's speech are like many things - we can only assume the creation of 7,000 new jobs. This figure is found on page 92 of the Street report, based on table numbers in other States. The inquiry estimated that two casinos would employ 7,000 people. Two adjustments need to be made to that figure: first, an addition for employment in ancillary facilities, such as a hotel, theatre and recreational facilities; second, some possible job losses in industries affected by the introduction of casinos - such as racing and clubs.

I want to put on record the opposition of various people in the community. I refer in particular to the opposition of the churches - something which has been skirted around throughout this debate. It is true to say that the various religious organisations form the largest and most forceful opposition to the establishment of a legal casino in New South Wales. Religious organisations in general are opposed to casinos and all other forms of gambling. Though there are differences in attitudes amongst the various denominations, their opposition has two distinct facets. One is their objection to the effect on the physical well-being of the population. That is, they see the possibility of gambling causing problems within our society and they expect that the introduction of a legal casino would increase the social welfare work of religious organisations. This facet of objection seems uniform amongst religious denominations, but the legislation is

more strongly opposed by those organisations with active social welfare programs, such as the Salvation Army.

The other facet of their objection is based on purely theological grounds. The churches see gambling as detrimental to the spiritual well-being of the population and contrary to religious teachings. Within the Christian faith gambling is not specifically

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forbidden and the theological objection is based on a number of general religious principles, including the following: it is un-Christian to gain at another's expense; material possessions should have no attraction for a good Christian; a good Christian should rely on God to provide all that is necessary; and the Bible does not mention gambling after the arrival of the Holy Spirit. This view, whether honourable members like it or not, is held in varying degrees by different religious organisations. The Salvation Army, Methodists and Baptists hold these opinions fairly strongly. However, this view is not shared by all the denominations. For example, the Catholic church, though often opposed to certain types of gambling, has never seen gambling as immoral in itself. In this respect it is interesting to note that the Catholic church has for many years used gambling, in the form of bingo, to raise money. The opposition of the Catholic church has been based - quite rightly, I can understand - mainly on social issues.

The Opposition has received representations from the Anglican Church, Sydney Diocese and the New South Wales Council of Churches. The Opposition proposes to move for a limitation on the period of appointment to the authority. I believe, with all due respect, the churches are concerned about what has happened in Las Vegas, what is called the revolving door policy. My view is there are many safeguards in this legislation to prevent a similar occurrence in New South Wales. However, the churches have been quite consistent in their concerns. Therefore the Opposition proposes an amendment to ensure that appointments to the authority be for a period not exceeding five years. That is not to say that people cannot be re-appointed and, in line with various other government boards, those appointed to the authority will not have a tenure of three years or five years and that various others will not be appointed from time to time.

On the aspect of community revenue, a matter not often considered during public debate with respect to the establishment of casinos is the contribution that casinos make to the community in general. Whether as part of the contractual agreement with the Government, or the social responsibility of the operators, some of the local communities surrounding existing casinos in Australia have received substantial benefits. Some examples of those benefits are as follows: the Breakwater Island Trust pays a compulsory community levy of 1 per cent of gross revenue; Jupiter's Casino, as part of its development conditions, allocates \$2 million to the community. In addition, Jupiter's Casino gave \$1.2 million to the Albert Shire Council on the Gold Coast, \$500,000 to the development of the sportsground for the Brisbane Bears, \$250,000 to the Surfers Paradise Golf Club, and \$50,000 to another Gold Coast golf club. As well as the above, Jupiter's Casino allocates a percentage of the gross house takings to a community benefit fund.

Adelaide Casino funds 54 organisations, on which it spends a minimum of \$100,000 per year, according to a March edition of the *Canberra Times*. It has been proposed that in the development of the Canberra Casino, provision be made by the casino owner for a territorial library, a theatre complex, and an enhanced city square. I know that the Minister has in mind a community benefit. I shall be interested to hear in her reply how the Government proposes to use the benefit. As I have said, a special account will be set up in the Treasury. Many religious organisations and welfare agencies claim that the casino would increase the number of people who would look to gambling to solve their financial problems, and possibly would lose money that they

could not afford to be without. They claim this would have an adverse effect on family life and the well-being of many people. The Sydney technical college final year management students, in their 1990 report "Casino Project", obtained statistics from Dr A. Blaszczyński, a clinical psychologist at St John of God Hospital, Burwood, and Westmead hospital. He commented that 80 per cent to 90 per cent of adults will gamble at one time or other in their lives, with minimal adverse consequences.

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Between 0.2 per cent and 1 per cent of the population fall into the category of compulsive gamblers. This percentage of the population as a result of their gambling will experience emotional dependency and suffer adverse consequences to their personal and family life, as well as employment and legal problems. They will also exhibit specific problems such as depression, anxiety and suicidal thoughts. Of this 1 per cent, 66 per cent will contemplate suicide, while 20 per cent will attempt suicide. The hard forms of gambling with these compulsive gamblers are poker machines, video poker machines and horse gambling. Whilst formulating its casino policy the Australian Labor Party has been concerned about the problems of people who become addicted to gambling. In fact, in the mid-1980s the previous Government provided a one-off grant for gaming research. At the time it was made available particularly to assist groups dealing with addicted gamblers. Carrying on from that previous grant, as I said earlier, for some time now the Opposition has believed something has to be done to address the percentage of the population - small though it may be, as I have just highlighted - that have gambling problems. Some of the public believe gambling problems are brought about only by casinos. Those who are addicted to gambling and become compulsive can lose their money on any one of the many gambling avenues available in Australia. Some people are addicted, believe it or not, to things such as the pools, lottery tickets, housie and things that are usually not thought of as problem areas for gamblers. Most people think it is gambling on horses, poker machines and the like.

For too long successive governments have ignored the problem even though, as I said, the previous Government did attempt to do something in the mid-1980s. There are all sorts of programs for those with alcohol problems or, more recently, smoking problems and a variety of other problems facing our community, yet compulsive gambling creates as many, if not more, problems than many of the better known addictions. In many cases theft and misappropriation of funds from employers, generally and practically without exception, are the basis of a person's addiction to gambling. That is why the Labor Party believes there is a need for casino revenue to be directed to health services. Part of the moneys for those health services should be used to remedy the problem of those addicted to gambling. As well as taking into account the Opposition's desires in that regard, I asked the Minister - and I understand it is her desire - to exhibit in a variety of places the phone number of any program set up to help gamblers, including the number for Gamblers Anonymous - which in my view is a very worthwhile organisation. I hope that will occur not only in casinos but in other areas where gambling takes place, including, though it is not in the Chief Secretary's jurisdiction, areas where racing betting is conducted, including Totalizator Agency Board agencies. I have already undertaken some steps in that direction. I understand that casinos in New Jersey have a slogan throughout their length and breadth, even in the toilets, "Bet with your head, not above it. That slogan probably says it all.

In concluding my speech I refer to the director of casino surveillance. The Minister mentioned in her speech that the Governor, on the recommendation of the Minister, will be able to appoint a person to be director of casino surveillance. The director's functions are to be independent of the proposed authority. This is a very



powerful and responsible position, and I am sure the Minister will make certain that the appointee has the appropriate skills and qualifications. However, I must echo a word of warning, particularly having in mind that the Chief Secretary and Minister for Administrative Services was not a member at the time the previous Government attempted to create a casino in New South Wales. Honourable members may well ask what that has to do with the position I have just spoken about. I can only say that, though I have the greatest respect for the New South Wales Police Service, from time to time instances occur when even the most staunch supporters of a policing body can be critical of a set

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of events, and unfortunately this is one of them.

During the time leading up to the proposed establishment by the previous Government of a casino in the period 1986-1988, a body within the Police Force of New South Wales, now known as the Police Service, was opposed to the establishment of a casino in New South Wales. That became obvious many years later, when the Minister at that time, the Hon. Ken Booth, who was a man of tremendous honesty and integrity, with whom I had a close working relationship, conveyed to me that he was unaware of the degree of opposition evident within the police force in relation to his efforts in trying to establish a casino in this State. This is not mere speculation or rumour. What I am saying now is based on the advice of several people who were close to the scene at the time. They are now coming forward and indicating there was strong police opposition to the scheme. The same information came from other people of considerable integrity who were in a position to know what had taken place. Of course as is usual in situations such as this, after the event things come to notice that are not evident at the time. It can be summed up in a nutshell: the police opposed to the casino wanted some control of its operation if and when it came to fruition. The full reason they wanted control has not emerged, even to this date. This is where people like me are left in a position where we can only assume what the ramifications might be if certain persons within the police force gained the control they wanted over the conduct of a casino in this State.

There is only one casino in the world, to my knowledge - and that is Conrad Jupiters in Queensland - where police are physically present in the casino. I confess that I am unaware of anything developing in Queensland up to this point of time to suggest the any events have arisen reflecting adversely in any way on the Queensland situation. However, I believe - and I base that belief on information I have been able to obtain - that police involvement in the casino management or surveillance is undesirable and leaves the door open to situations occurring that could have an adverse effect on casino management. The Opposition and I believe that police should be called to the casino only when breaches of the law have been committed or after they have been detected. In the period of time that I specifically refer to in 1986, there was a good example of a person within the police force involving himself in a political process of the State and trying to meddle in that process. That person was doing it not only then, but to my knowledge is still, to some degree, doing it today.

The person I refer to is Sergeant Bob Clark who, at the time in 1986 and at least up to 1988, was contacting the then Opposition spokesman on police matters, the Hon. Ted Pickering, now a Minister in another place. Though Clark may deny it - and the Minister for Police and Emergency Services, in response to a question in another place has denied knowing Clark - people who were close to the implementation of the casino back in 1986 say, without equivocation, that that was the true situation. The same Bob Clark went with another detective to Victoria and interviewed Ministers of the Crown. During those interviews they improperly used recording devices to record the conversations without the knowledge of the politicians involved. The same Bob Clark

also took information to the Criminal Justice Commission in Queensland and, to this day, no one will say on whose authority he supplied that information; because, as things subsequently turned out, the information used by the Queensland Criminal Justice Commission was shown to be either false or misleading. It is understood that in this regard Clark is being protected. The same Sergeant Clark has been overseas on numerous occasions involving himself in casino matters and held himself out to be a considerable expert on casino control and supervision. I find it rather astounding that Sergeant Clark has so much power and influence within the Police Service. I could understand it if he was an officer of considerably higher rank, such as a superintendent  
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or chief superintendent.

Though I have known the present Commissioner of Police, Tony Lauer, for a long time and admire him, I find it difficult to understand how Clark continues to tinker in matters involving casinos and is relied on so heavily by the New South Wales Police Service. Tony Lauer and I have had a long and close relationship and I do not understand how he can countenance this situation. Even though the Minister and I differ on the number of casinos that should be established, I am concerned to see this legislation work. The people I have spoken to over a period of time were in a position then, and some have been in a position since 1988, to indicate to me that the part Clark played in the tendering process for the casino bid in 1986 was above and beyond what a policing role would be expected to be in those circumstances. It is known that Detective Clark had given information to certain members of this Parliament for the purpose of having questions asked relevant to his views and ambitions on casinos. It is known also that Detective Clark, over a period of many years, has had a continuing association with a person engaged in the gaming area whose business record and ethics could only be described as deplorable.

The associate of Detective Clark has falsely claimed to hold certain academic qualifications, has falsely supplied such information to a financial institution to obtain credit, and has left numerous creditors in his wake. The relationship of those persons cannot be disputed and has endured for at least 10 years. The very nature of that association should be sufficient to query Clark's suitability to be employed, as a police officer or otherwise, within the licensed gaming arena. Those facts are the basis of the reasons I advance for having reservations about Detective Clark and those who have been involved with and around him for the past seven to 10 years. The Chief Secretary and Minister for Administrative Services should have grave reservations in relation to these matters. As I have said, I believe the New South Wales Police Service should not play a major role in the casino or in the tendering process on a day-to-day basis when the authority comes into being.

From information currently available to me, and if I am any judge of the given facts, several people in the New South Wales Police Service would be seeking to be the director of casino surveillance, and no doubt some would attempt to call on past favours. I am pleased that the Minister for State Development and Minister for Tourism is present in the Chamber. I should like to draw to his attention and to the attention of the Chief Secretary and Minister for Administrative Services a matter that the Opposition would like to have clarified in relation to the casino co-ordination unit, which apparently was set up by the Government some time ago. The Minister will remember my asking about various matters pertaining to its workings and costings in the budget debate last year. Though the Minister and her officers indicated they would give me information about the casino co-ordination unit and the person running it, Mr Ron Brown, to date I have not seen the results of their inquiries. The Opposition is concerned about the existence of the casino co-ordination unit, though there may be a reasonable explanation why it was

set up. My understanding is that it reports to the Minister for Planning and Minister for Energy. I understand also that the Minister for State Development and Minister for Tourism is involved from the tourism and development point of view.

Is the co-ordination unit to pass information to the new authority? Is it to have a role when the authority comes into existence? The Opposition and I believe that everything concerning the casino to date, and this legislation, has been done by the Chief Secretary's Department, yet this co-ordination unit has been involved in talking to various people within the casino industry. By its very name, co-ordination unit, it obviously has a co-ordinating role. The only contact I have had with it is that a person who said he was Mr Ron Brown from the unit rang my office some weeks ago and asked whether he  
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could make an appointment to see me. As I was away from my electorate at the time, I asked my secretary to ring him back and indicate that there was no problem in him seeing me but that to date major matters concerning the casino had always been dealt with by the Leader of the Opposition and me together. My secretary conveyed that to Mr Brown and his comment was that he would see if he could advance it in that way. To add further to the mystery, I have had no further contact from Mr Brown.

Obviously there is a simple explanation as to why the unit was set up and how it operates. I understand that Mr Brown receives a daily fee of \$700-odd. Given that I have been unable to find out how much this unit has cost or what its purpose is, I would appreciate the Minister addressing that matter in her reply. As the Government wants to be at arm's-length from the final process, this matter needs to be cleared up. Is Mr Brown, as is being speculated, to be the chief executive officer of the casino authority? I find it hard to believe that the Government will not be going through a process similar to that of Victoria in calling for applications from far and wide in order to select the best person for this important position. The Premier should not suggest that every time an additional \$25 million is needed another casino will be established. I have demonstrated that at present there are many gambling outlets for the gambling dollar in this State. However, if major clubs in New South Wales fail as a result of the loss of their funds to this casino, the Government will have to justify its actions to the sporting bodies, to the New South Wales Rugby League and to the thousands of other organisations that depend on registered clubs for their survival. As I have said repeatedly, no one can say how much revenue a casino will yield, because no one knows. There is no formula available to establish what revenue a casino will generate.

Whenever the State requires more revenue the Government looks to yet another form of gambling. The Government will not get \$30 million from a second casino. That money will come from other areas of gambling. Whatever casino is to be established, it will have an impact not only on the clubs but also on the racing industry. It will be fatal for the revenue this gambling Government derives from clubs in this State if it does not support an impact statement on the effects a casino will have on the club industry. Labor's is a steady-as-you-go policy of seeing one casino in place. If at any time there is a need, the Government can come back to the Parliament of New South Wales. In Committee the Opposition will move appropriate amendments. I thank the Minister and her staff for the assistance given to the Opposition in the period leading up to this bill.

**Mr YABSLEY** (Vaucluse - Minister for State Development and Minister for Tourism) [8.29]: In my capacity as Minister for Tourism I wish to outline briefly what I see as some of the key aspects relating to the establishment of a casino - I hope two casinos - in New South Wales. As the honourable member for Charlestown stated, I do so as a member of the casino subcommittee of Cabinet, which has been meeting for some

months. I pay tribute to various people, including officers of the Chief Secretary's Department and Mr Brown, who have worked diligently to bring together the details of this present bill. I will defer to the Chief Secretary to respond to the detailed comments of the honourable member for Charlestown and to address the key issues he raised. The New South Wales Government is committed naturally to creating an economic environment conducive to business growth and investment which leads to increased productivity, employment and exports for the State of New South Wales. As has been recognised right across the political spectrum and throughout the community, tourism certainly offers New South Wales the most immediate and substantial opportunity for economic development. That was highlighted in the Premier's recent statement entitled "New South Wales Facing the World". It was highlighted in the Prime Minister's recent One Nation statement and in discussions between the State Government, the Federal

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Government and key organisations which have at heart the interests of Australia's economic and community well-being.

Given the important contribution that tourism is making to our economic and social development, it is necessary to ensure that the Government creates a climate conducive to optimising the potential of industries. The introduction of legal casino gaming in New South Wales will be a significant and positive step in this regard. I make these comments because I am absolutely satisfied about the credibility and propriety that has been pursued in introducing this bill. While it is recognised that a casino, except in certain circumstances, will not of itself be a prime attraction for visitors to Sydney, when combined with other tourism attractions a casino can indeed enhance the overall tourism product and result in a significant increase in tourism and economic benefit to a region. That must be quantified and I shall do that shortly. Casinos diversify the existing range of tourism attractions and amenities of their cities and States. This adds to the attractiveness of a destination and enables it to capture a broader range of tourists. In fact, it creates inevitably for a city a new demand for conferences and other activities.

More specifically, the impact on tourism of casinos in Sydney is demonstrated in a number of ways. I do not have a great passion for casinos. I have attended a couple and, quite frankly, would not care if I did not visit another again. However, that is not the point. The point is that many people enjoy visiting casinos, just as many people like going to the races. I am pretty ambivalent about going to the races. I enjoy other activities by way of sport and recreation, but visiting casinos and attending races do not happen to be activities that I find particularly attractive. Without a doubt an increase in the level of international tourism to New South Wales will occur as a result of the establishment of a casino or casinos in New South Wales. This will be achieved principally by attracting so-called - it is something of a crass term - high roller gamblers, particularly from South-east Asia. It is abundantly clear that some people are happy to arrange their international travel itinerary according to the location of casinos. I would not do that, but clearly some people are keen to do so. The establishment of casinos in New South Wales will enhance the ability of Sydney to capture international conventions and exhibitions. Casino facilities have proved a powerful draw card for an accompanying hotel in the highly competitive business and convention sectors. I would hope that any casinos established in New South Wales in the near future have comprehensive ancillary facilities. I emphasise the desirability of having various sporting activities, theatre activities; in other words, an institution with a bit more of a soul than the normal run-of-the-mill casino. An important element of any convention or exhibition is the social aspect of the event. Sydney is fortunate in having a world-class convention and exhibition centre located at Darling Harbour.

It is also important to stress, in a State development context, that a casino will

maintain the level of competitiveness of Sydney with other destinations in Australia. Without a doubt that was a major consideration of the Government supporting the establishment of a casino or casinos in Sydney. How absurd it would be if throughout the 1990s casinos were located on the Gold Coast, in Melbourne, Tasmania, Adelaide and Western Australia but Sydney did not have a casino. It would be supreme irony for the leading city of Australia not to have this modern facility to cater for the obvious demand. The importance of a casino in the overall tourism product which a city has to offer is demonstrated by the percentage of international tourists who visit casinos. Figures have been obtained and they are worth mentioning. Jupiter's Casino in Queensland attracts 22 per cent of the total number of visitors; for Birdwood in Western Australia it is 35 per cent; in Darwin and Alice Springs it is 25 per cent; in Adelaide it is 23 per cent; and in Wrest Point in Tasmania it is 31 per cent. In other words, a total of 465,000 people visit  
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existing casinos in Australia, and that represents 21 per cent of all visitors to Australia. That shows in a statistical and objective way that there is a demand. This is not a creation of the proponents of casinos or those who have a passion for their establishment.

Another major incentive for the establishment of a casino in New South Wales is that casinos, through their ability to diversify visitor markets, also increase the average length of stay of visitors because of increased amenities and attractions. The development of a world-class entertainment facility with a casino will also have a significant impact on extending the length of stay of visitors, particularly if the facility is at present lacking in Sydney, such as a lyric theatre, resort or other recreational facilities. Apart from the impact a casino will have on international tourism and encouraging international tourists to spend more time in Sydney, it will also have an impact on the level of domestic tourism to New South Wales. Though it is not envisaged that a significant number of Australian visitors will travel to Sydney specifically for the purpose of casino gambling, the impact of the casino upon domestic tourism will be similar to its impact on international tourism and will enhance the ability of Sydney to capture national conventions and exhibitions and to increase the length of stay of domestic visitors.

There has been a lot of speculation about the impact a casino will have on the State's economy. We could debate the figures until the cows come home and inevitably, depending upon one's point of view, there will be statistics to suit one's argument. The House should take note of the fact that the contribution to the State's economy of spending by domestic and overseas visitors attending casinos and their associated facilities is likely to be over \$200 million a year. I realise that that is a debatable figure, but it is a figure based on research and other experience in the establishment of casinos in New South Wales and in other States in Australia. It is a figure that, at least for the sake of this debate, should be considered as indicative of the benefits that will flow to New South Wales. There will be the additional tourist spending by those visitors who extend their length of stay in Sydney to attend casinos. That will reflect the multiplier effect - a factor of six or seven - well known to be associated with the tourism industry. Estimates of expenditure by international tourists are very clear and should be uppermost in the minds of honourable members when voting on this bill. In addition to visitors attending casinos, the associated facilities and attractions of casinos will enable New South Wales to tap into a new market.

It is forecast by the Bureau of Tourism Research that 2.3 million overseas visitors will come to Sydney in 1995. Approximately 35 per cent of international visitors to each State and Territory attend casinos; in other words, 35 per cent of international visitors, or 805,000 visitors to Sydney, are likely to attend the Sydney casinos. If one in five of these visitors is persuaded to stay one extra night in Sydney during 1995, that will mean an additional \$8 million for the New South Wales economy.

If one in two of these visitors is persuaded to stay an extra night in Sydney, that will mean an extra \$21 million is contributed to the New South Wales economy. There is a lack of data on the number of domestic visitors who attend casinos. However, it would be reasonable to expect that a significant additional amount of expenditure would be attributable to domestic visitors extending their length of stay in Sydney to attend casinos and their associated facilities and attractions. Obviously, there has been some debate in the community on casinos. I do not think that it has been the debate that might have been expected on the establishment of the first casino in New South Wales. Debate was well summed up in a statement issued by the tourism task force, which followed a meeting last week involving the Premier, John Brown - a very distinguished and prominent leader of the tourism industry who has contributed an extraordinary amount to tourism in New South Wales and Australia generally - and me. John Brown, and the tourism task force,

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urged that the New South Wales Opposition and Independent members of Parliament give bipartisan support to allow for the establishment of two casinos within Sydney. The statement issued by the tourism task force reads:

It is considered vital to the continued growth of Sydney as a truly international tourism destination that casino gaming is introduced and that a range of casino facilities are made available to the consumer.

In a statement issued under the name of Kerrie Wood, executive director of the task force, the tourism task force emphasises that both the large casino planned for Darling Harbour and the smaller boutique casino are essential for the future of Sydney. That is a good reflection of the mood, certainly within the business community, but also within the wider community. As someone who is not passionate about casinos and, in fact, feels quite ambivalent about them, it is very clear that Sydney cannot be left behind. The fact is that the casinos are very significant for the future of the State. [*Time expired.*]

**Mr NEWMAN** (Cabramatta) [8.44]: I join the shadow minister for sport, recreation and racing, the honourable member for Charlestown, in supporting the Casino Control Bill. The bill has some good and bad points. The Opposition will be moving a number of amendments to this bill in line with its policy and many of the points made in the extensive coverage of this bill in the speech of the honourable member for Charlestown. The bill has a number of key objects, namely, it seeks to ensure that the casino remains free from criminal influence or exploitation; it seeks to ensure that gaming in a casino is conducted honestly; it provides for the granting of a licence for the establishment and operation of two casinos, an important factor and one which the Opposition will seek to amend; it seeks to license casino employees, a valid and important point; it seeks to prohibit credit betting - the prohibition of credit betting in the early years of racing has been fundamental in allowing the Totalizator Agency Board to develop as it has; it seeks the prohibition of the entry of minors into a casino; and it seeks the control of a casino's accounting and internal control systems and procedures, which is a fundamental point. The Opposition supports those aspects of the Casino Control Bill which are fundamental to ensuring that all is correct and proper in the running of a casino.

Quite clearly, this Government does not have a mandate to establish any casino at all, let alone two casinos. It went to the people saying that it would not establish a casino, and it has now gone back on that. We could only say that that has been done on economic grounds. I have read the second reading speech of the Chief Secretary and Minister for Administrative Services. I commend the Minister on the text. It is very well worded. The staff did a brilliant job. It was well read. It gives life to the

importance of tourism in improving our economy. The Minister mentions the final report of Sir Laurence Street. She focuses on the fact that we had 2.2 million international visitors to Australia in 1990. Approximately 66 per cent of international tourists visited Sydney; 30 per cent visited Melbourne. The second reading speech then explains the breakdown of tourists coming to Australia and mentions that, with the attraction of a casino, we would have an increased share of the tourist market. The Minister also talked of the economics of the casino. There would be an annual turnover of about \$500 million. Also \$100 million would be contributed to the Government's coffers.

I am very interested in the social implications of having a casino. The bill provides for the creation of a community benefit fund by the imposition of a levy to be paid by each casino operator. The social implications of a casino cannot be ignored.

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Most of us, if we have visited a casino, would have seen two types of people gambling. First, there is the person who quite clearly can afford to gamble and who will throw \$100 on the table and not be worried about whether he wins or loses. To him gambling would be a recreational activity that would probably do him some good - the point being that he can afford it. From time to time honourable members would have seen people in casinos searching their pockets or purses for their last \$5 or \$10. I have seen arguments occur between couples who could not afford to gamble and should not have been gambling. I am worried about that type of person being attracted to a casino. The churches of the State have a fundamental concern about that type of person. The Anglican Church Sydney Diocese and the New South Wales Council of Churches made a submission to the casino inquiry. It included an extensive section about social impacts and asked the Government to examine the effect a casino would have on individuals and families and to consider that though there might be an increase in revenue for the State of about \$100 million, that money must come from somewhere. How will that affect the family unit?

The submission by the Anglican Church Sydney Diocese mentioned a number of items of concern: default in the payment of debts, the financial responsibility of families, disruption of family and spouse relationships because of gambling, borrowing of money from illegal sources, inability to account for loss of money or to produce evidence of money won, loss of work due to absenteeism in order to pursue gambling activities and the necessity for other persons to provide money to relieve desperate financial situations. The social impact of gambling on families and the community has not been considered or explained in detail. The report suggests that studies have shown that 130,000 Australians are gambling addicts. Up to 1,000 people a week attend meetings of Gamblers Anonymous, which suggests that the average compulsive gambler owes about \$50,000. That is a sad indictment of what appears to be a gambling disease in our society. Gamblers are as much addicts as are drug addicts. There is no stopping their continued gambling and the problems it causes. The Salvation Army said that 352 callers responded to its request for information on compulsive gambling. That survey found that in the workplace compulsive gamblers function at only about 50 per cent efficiency and that gambling seemed to be a catalyst for a high percentage of fraud, corruption, confidence tricks and other crimes. The Government must bear in mind where the expected revenue of \$100 million will come from.

In those States that have casinos the percentage of household disposable income spent on gambling has increased alarmingly. According to the Australian Gambling Statistics Bulletin of 6th August, 1991, between 1972 and 1989-1990 that percentage increased from 0.6 per cent to 1.9 per cent in South Australia, 0.9 per cent to 1.6 per cent in Queensland, and 0.8 per cent to 2 per cent in Tasmania. Since 1978 it went from 0.6 per cent to 1.4 per cent in the Northern Territory. In Victoria, which did not have a

casino, the percentage spent on gambling increased from 1 per cent to 1.4 per cent. The figure has remained constant in New South Wales, which does not have a casino. What is frightening about the present legislation is that even though New South Wales has no casino, it already has the highest percentage of disposable income - 2.6 per cent - spent on gambling. Many of Sydney's 4 million people work near the centre of the city and it is probable that the presence of a casino would become a major source of problems related to excess gambling. New South Wales has never held a referendum or sought the public's view on the establishment of a casino or on gambling. When the Wrest Point casino was established - and it was one of the first in Australia - Tasmania conducted a referendum. The voting was 51 per cent in favour of the setting up of that casino. Undoubtedly similar controversy exists in this State about whether a casino should be established. Nevertheless, the Opposition has had a policy for the introduction of a casino and will not do a backflip similar to that performed by the Government in its

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second term of office. The Government has changed its mind and decided to introduce this aspect of gambling.

One of my principal concerns is the club industry, which has made representations to me. That important industry not only serves recreational needs but has wide community involvement related to sport, recreation and rehabilitation. I am pleased that the honourable member for Charlestown foreshadowed that at the Committee stage the Opposition will move amendments regarding coin operated devices. The club movement is absolutely opposed to any form of gaming machines being installed in a Sydney casino. The point is made that the findings of the Street inquiry support the contention that between 70 per cent and 90 per cent of visitors to the casino will be drawn from the local population and that same population will be playing the gaming machines. New South Wales has 1,576 clubs operating about 53,000 poker machines and providing employment for 63,000 people. The Government should have regard to the effect a casino operating slot machines will have on the club industry of New South Wales. We are not dealing simply with a club industry that provides gambling as an attraction. Clubs in New South Wales have a wide range of community involvement. Honourable members have an onus, and indeed an obligation, to ensure that the club industry of this State remains viable.

The Street inquiry confirmed also that the casino will have a detrimental effect on registered clubs. The evidence of the effect of the introduction of casinos on other less closely related forms of gaming, such as horseracing, in other States has been contrary to the findings of Sir Laurence Street. Those sectors of gaming do not regain the position they would otherwise have enjoyed for a much longer term than was found by the Street inquiry. This is an area that the Government must examine carefully. The licensing of operators will be an interesting second edition if the bill is enacted. I am pleased that in the Minister's second reading speech she made a point about the coverage of the bill. She outlined that the three requirements would be the selection of an operator whose integrity and commitment to preserving a crime-free environment in, and in relation to, the casino are assured; the formulation of a comprehensive regulatory structure for the operation of the casino; and the diligent enforcement of that regulatory structure. It may be that Sir Laurence Street is satisfied that he has the endorsement of the Australian Institute of Criminology, but that institute has given undertakings in the past that have been questioned. One of the most fundamental concepts regarding the establishment of a casino is that the integrity of the licensed operator must be absolutely beyond doubt.

The bill will establish the Casino Control Authority with five members to be appointed on the recommendation of the Minister. In the second reading speech the



Minister said that the members of the authority must have qualifications in one or more of the fields of business management, gaming law, finance and information technology. The Opposition will be most interested to see whom the Minister selects as members of such a crucially important committee. The Minister also made noble comments in the second reading speech that the purpose of the bill is to ensure that the management and operation of the casinos remain free from criminal influence or exploitation and to ensure that gaming in casinos is conducted honestly. I am disturbed, however, about the comments by the Minister for State Development and Minister for Tourism about productivity increases. Though revenue will accrue to the Government, only so much can be taken from the gambling bucket in this State. I hope that the Government looks again at the social impact of the establishment of casinos in this State. I do not think New South Wales can cater for two casinos. I indicate that later I will be supporting the numerous amendments that we seek to not only strengthen the bill but to make it

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workable in this State.

**Ms MOORE (Bligh)** [9.5]: I oppose the Casino Control Bill, just as I supported the Government when it repealed the Darling Harbour Casino Act in 1988. I oppose the bill because it will provide an outlet for criminals to pursue illegal practices including the laundering of money, because of the impact on the lives of gamblers and their families, and because a casino will have as its main clients not tourists but residents of this State, and will therefore have a negative impact on the local club industry. Looking first at the Government's performance on this issue, in 1988 the Premier in his speech repealing the Unsworth legislation said that the danger of infiltration by organised crime was a reason for not proceeding with the casino. The Premier also said at the time that it was almost impossible to avoid organised crime infiltrating casinos. Yet four years later the Premier and his Government are enthusiastically embracing the proposal to set up not one but two casinos in Sydney. The Minister for State Development and Minister for Tourism has spoken also about the attractiveness of Sydney as a tourist destination if the Government sets up not one but two casinos. The Premier has said that he now cannot see any downsides in this proposal for casinos and that his Government has much better control of organised crime than there was in 1987. That is good to hear because organised crime in New South Wales is on a par with organised crime in France and the United States of America. The Independent Commission Against Corruption, though it has addressed many minor issues, has not yet dealt with major organised criminal activity. An article in the *Bulletin* of 21st January this year included the following statements by two commentators:

"A city does not change its characteristics overnight" -

And later:

" . . . The idea that casinos have been free of crime is actually a myth. There have been [certain] individuals who have been so close to getting a licence . . . These aren't just rotten apples. These are flaws in the system."

I am very concerned about this issue because on the streets in the Bligh electorate and especially in Kings Cross I see the effects of organised crime, which I assure honourable members is on the increase - and I am talking about young prostitutes and drug trafficking. Honourable members should come to Kings Cross any day and look at it. I do believe that the proposed legislation has downsides. A few weeks ago disturbing reports indicated that members of the Yakuza Japanese organised crime group have been planning to acquire permits for organised casinos in Australia. I refer to an article in the *Sydney Morning Herald* on 14th February this year which said:

Federal Police are investigating reports that Japanese . . . organised crime gangs have been seeking permits to build and operate casinos in Australia.

. . . Japan's national police agency was reported today to have confirmed that a company connected to a . . . criminal syndicate, based in a southern Japanese city . . . had applied for permission to build a casino in Australia.

In addition, laws about laundering money and activities closely associated with crime and casinos around the world are inadequate. Police cannot arrest people leaving a country with suitcases full of money as they have great difficulty in proving that such money had been acquired as a result of criminal activity. All honourable members would be aware of recent media reports that have highlighted increasing interest being shown in residential and business properties by Asian criminal figures. I again refer to the *Sydney Morning Herald* of 14th February, which stated:

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Reports of extravagant gambling binges and property dealing on the Gold Coast by members of Japanese crime syndicates have been increasing.

Perhaps these are the high-roller gamblers spoken about by the Minister for State Development and Minister for Tourism. Indeed, the Australian police with the best intentions in the world, seem to have had few successes in tracking the activities of some of these people. My concerns about the encouragement of organised crime are shared by the Australian Institute of Criminology, which has cited numerous royal commissions and inquiries which have reported that alarming levels of criminal activity are associated with legal as well as illegal gambling. I refer to the Moffitt, Woodward, Costigan, Willcox and Stewart royal commissions and to the Connor and Fitzgerald inquiries. The institute, though recognising that the Casino Control Bill proposes strict guidelines, does not believe that these guidelines will be adequate but believes it will be impossible for a semi-autonomous statutory body such as the Casino Control Authority to safeguard effectively against possible criminal activity. The institute has those grave concerns because of the inexperience of members of the authority.

**Mr Photios:** What about a submission to the Street inquiry?

**Ms MOORE:** Indeed, I made a submission to the Street inquiry but I do not believe this issue has been adequately addressed. Another concern of the institute is the possible need for constant supervision by the Minister. In fact, the Minister will have power to propose to the authority the number, size and location of casinos and attendant developments. I am also concerned that the Premier has said that New South Wales needs two casinos so that the operators can keep an eye on each other. The Government should not be relying on one casino operator to be the watchdog on the actions of the other casino. If an effective watchdog system cannot be set up by the Government there should be none at all. The setting up of a legal casino has not been shown to lead to the winding down of illegal casino activities. That view is shared by Chief Inspector Peter Blick, head of Victoria's State licensing, gaming and vice task force, who also pointed out the problem of legal casinos not providing games that are popular among ethnic groups. I turn to the social impact of casinos on this State and particularly on the lives of compulsive gamblers and their families. The Minister for State Development and Minister for Tourism has told the sorry story that New South Wales has suffered because it cannot offer the same gambling opportunities as the other States. I do not put New South Wales in the same category as the other States. For a whole range of reasons

organised crime in this State has been much worse than in any other State. If the proposed legislation is enacted, the lives of compulsive gamblers conceivably could be ruined for years.

After a radio program last week, in which I participated together with the Minister and the Opposition spokesman on finance, a listener phoned in and said he was a compulsive gambler, that he believed that the social impact would be huge, and urged us to be aware of that. The honourable member for Cabramatta has spoken at length about that issue. New South Wales, as was stated by the honourable member for Charlestown, has the highest per capita gambling expenditure of any State in Australia. The Tasmanian Gaming Commission has estimated that per capita expenditure on wagering in 1988 was \$371. The honourable member for Charlestown quoted figures which places per capita spending much higher. He referred to the article by Sue Quinn in last Sunday's *Sunday Telegraph* which points out that more than \$19 million was gambled each year or, put another way, that every man, woman and child in New South Wales spent \$1,200 last year on some form of betting. Yet this bill is put forward by responsible government to further encourage people to gamble. The Premier has said in

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the past that gambling is undesirable in social and economic terms. He also said that the ordinary men and women of New South Wales should not be tempted. I could not agree with him more. This bill should not be allowed to go through.

One per cent of the population are compulsive gamblers and, as the honourable member for Charlestown has stated, 66 per cent of that 1 per cent will contemplate suicide and 20 per cent will actually attempt it. This Government is causing people to contemplate taking their own lives. A high proportion of local gamblers will frequent the casino; therefore the revenue gained from the casinos will be outweighed by the social costs. The Government has proposed that \$2 million per annum received from gambling will be allocated towards research of the social effects of gambling. It is political cynicism in the extreme to allocate money to research the health effects of a problem the Government has created. The Australian Institute of Criminology has estimated that 90 per cent of the population gambles. It is logical to assume that if the Government is offering the community greater opportunities to gamble it is more likely that the numbers will increase. A study by the Catholic Church shows that if the Government is to earn \$50 million per year - and the Government tells us it is aiming for \$100 million per year from casinos - there must be casino revenue of approximately \$800,000 per day. If there are to be 200 tables, \$4,000 a day must be lost by gamblers who will be predominantly local people, probably salary earners.

I would like to look briefly at the impact of casinos on the local club industry. Registered clubs provide employment for 60,000 people. The Minister has said that the casino will provide 7,000 job opportunities. Registered clubs contribute \$400 million to community support projects. The casinos will not. The Registered Clubs Association of New South Wales says that between 70 per cent and 90 per cent of casino patrons will be drawn from the local Sydney population. The Minister for State Development and Minister for Tourism spoke about 21 per cent of visitors to Australia wanting to go to casinos. The Government is looking at providing greater gambling opportunities for salaried, local people who already participate in local club activities. This claim by the association is supported by Jan McMillan, a recognised authority on casinos in Australia and overseas - [*Extension of time agreed to.*]

Jan McMillan, a recognised authority, says that casinos are sustained by the local population, with visitors from the outside being the icing on the cake. Let us lay to rest what the Government is saying about attracting tourism. The Government is dealing

with local people and the social cost that the local community will be asked to pay. This bill is an attempt by the Government to seek additional sources of revenue while ignoring the greater social costs which will result from establishing casinos - not only the greater social cost of increased gambling and its impact on the gamblers and their families, but the social cost of increased organised crime. Here I refer particularly to the sorts of activities that occur daily in my electorate of Bligh. I urge the House to oppose this bill.

**Mr PHOTIOS** (Ermington) [9.15]: I am pleased to support the Casino Control Bill 1992. I share the view of my colleagues from both sides and Independent members that this is landmark legislation, not simply because it offers an additional avenue for a community which is highly involved in gambling but also for the control that is evidenced in the bill. This legislation contains a more than adequate level of control, it is very strict and lies within a framework which is second to none in the international gaming arena. I support the bill cautiously, as do all my colleagues, given honourable members' inherent concern for the expanding gambling capacity in New South Wales. The bill puts into a legal framework something which exists in a very wide and expansive fashion. As community representatives all honourable members need to address five questions when

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considering, discussing and forming their views on the Casino Control Bill. The first question is whether or not this House wants legal casinos and if it wants them in New South Wales. However, it is generally agreed that legal casinos are needed in New South Wales. The next question is: Who should benefit and how? Where should that money go?

I commend the Chief Secretary and Minister for Administrative Services for her personal determination and her interest in the provision of health services, particularly in the west. This Government will dedicate, lock stock and barrel, all the revenue generated by casinos into the strained health budget. Unlike other lost opportunities the Government has said that if casinos are going to operate in an illegal form - and the Street report suggests there are at least 20 traditional-style casinos, in addition to the large number of ethnic-based casinos - the Government should accept, and work for, stricter control. If a casino is to be controlled it must operate within a legal environment and do so more successfully than in an illegal environment. Casinos will be established in this State, as in other States. The Government must establish a system whereby the people of New South Wales, through the hospital system, can gain a \$100 million benefit per annum.

The next question is whether the social implications of casinos have adequately been addressed. As the honourable member for Bligh conceded, countless international studies have been undertaken to address those social issues. They have been incorporated in the Street report and are therefore in the draft bill presented for public discussion before introduction into this Chamber. Finally the approach to establishing those casinos must be dealt with. Approximately 95 per cent of honourable members have accepted that legalised casinos will eventuate, though the question remains whether it will be one or two casinos. I particularly want to address the issues quite rightly raised by the honourable member for Bligh. One of the most inherent problems facing administration is the issue of adequate control and the crime world's involvement in that decision.

I suggest that the best approach is to have two casinos, with one that will cater for a private niche market. At page 47 in section 3.7.2 the Street report accepted the fact that legalised casinos will not reduce overall the level of illegal casino operation and the crime world's involvement in those illegal casinos, and conceded that, of the three

categories of people that will reject the large popular casino concept, one group, the high rollers, for motivations variously expressed in the report, want a private environment in which to gamble and be entertained. If gambling in a casino should be available legally, in the context of the very valid issues raised by the honourable member for Bligh it is better that there be two casinos - not just to maximise the benefit to taxpayers and the hospital industry but also to cater for international guests. As the tourism Minister suggested, they could be catered for in the second casino.

I turn now to the issue I am most concerned about. Sir Laurence Street correctly pointed out in his report into the establishment and operation of legal casinos in New South Wales that the introduction of legal casinos is feared on criminological grounds. This is true. Unfortunately, it is frequently the case that sensible debate is stifled because of uninformed and somewhat hysterical accusations of the so-called criminal threat which legal casinos in Australia pose. I am well aware from the comments of some Independent members - both in and outside the Chamber - that they are running an anti-casino line based in my view on somewhat unsubstantiated organised crime theories. I say that with the greatest of respect. I should like to address these concerns and in doing so give some useful assistance to members such as the honourable member for Bligh in order that she, I and others in this Chamber may lay the issues to rest. First, let me address a paper

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prepared by the Australian Institute of Criminology entitled "Gambling in Australia" Trends and Issues No. 24, July 1990 by Susan Pinto and Paul Wilson, which was referred to briefly by the honourable member in her speech.

This four-page paper which sought to deal with gambling throughout Australia in all its forms came to conclusions which she and other members quoted in the Chamber this evening and elsewhere. The paper is frequently referred to by those expressing opposition to the introduction of legal casinos. The Street inquiry retained the consultancy services of the Australian Institute of Criminology to provide research and advice on the criminology aspects of the Government's proposal to legalise casinos in New South Wales. The inquiry ought to be commended in that regard. It went to people who were loudly critical of casinos to seek their consultancy services in order, if for nothing else, for them to review their earlier conclusions in the light of new evidence. In responding to those who, like the honourable member for Bligh, consistently trot out this paper as the quintessential justification for opposing legal casino gambling it is appropriate for me to quote from Sir Laurence Street's report in relation to the way in which the inquiry dealt with this document. The report states:

The need for care in using documents produced in other contexts is exemplified in the Australian Institute of Criminology's "Gambling in Australia" Trends and Issues Number 24, July 1990, by Susan Pinto and Paul Wilson. This paper includes a brief discussion of issues relating to casino gambling.

In several submissions the institute's words were cited in support of views critical of casinos and the shortcoming of regulations. The institute was retained as consultant to this inquiry, and has prepared an analysis of the criminological issues. Its current views underlie the conclusions in chapters 6 and 7 that the criminological concerns can be adequately dealt with.

That was the submission to the Street inquiry by the very institute that the honourable member for Bligh cites. Of course, it was an earlier report, presumably outdated by more recent material. Sir Laurence Street, referring to material put before him by the institute in the past 12 months as opposed to the time when the initial brief report was printed, continued:

Their advice to me has been developed with regard to significant initiatives the effect of which were unknown at the time "Gambling in Australia" was prepared.

In that regard the contribution by the honourable member for Bligh is limited in that her views are somewhat outdated and out of step with more recent developments. The report continues:

Significant new legislative initiatives now apply to casinos. For example, implementation of the Cash Transactions Reports Act 1988 which applies to casinos has demonstrated the Act's potential to detect and deter money laundering.

**Mr Whelan:** Federal.

**Mr PHOTIOS:** The shadow attorney general supports legal casinos in New South Wales as I do. As he said, it is Federal legislation. It assists in providing appropriate mechanisms. I thank the honourable member for his support, which is somewhat contradictory of the view expressed by the honourable member for Bligh. The honourable member for Ashfield and the honourable member for Ermington stand side by side in support of the principle of legalised casinos in New South Wales. One casino or two casinos is not really the major issue. I suppose it is fair to say that Paul and I are in bed together as it were. [*Extension of time agreed to.*]

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The report states:

In NSW the Independent Commission Against Corruption has powers to oversee and to advise on the prevention of corruption in the public sector. The recommendations in the Connor report of 1991, have been adopted in the Casino Control Act 1991 (Vic) and the draft NSW bill. This latest legislation incorporates refinements which remedy defects or omissions in earlier control legislation.

The institute has advised that its earlier paper should be read in the light of current circumstances.

Brief as the available time is for me tonight this is an appropriate time to pause to enable the honourable member for Bligh to reflect on Sir Laurence's conclusion. This is important and I say it with the greatest respect. Sir Laurence said:

The institute has advised that its earlier paper -

The one referred to by the honourable member for Bligh:

- should be read in the light of current circumstances. The views in "Gambling in Australia" provide a useful warning about the regulation of casinos in the public interest. They reiterate the central tenets of effective regulation - adequate and workable powers, allocation of sufficient resources for the regulatory task and an active commitment on the part of government to achieving the regulatory goals. The institute do not wish to be seen as suggesting that the quest for effective regulation should be abandoned or that casino development be banned.

In other words, the four-page paper has been put into context. It has been put aside by Sir Laurence and by the institute from which the paper initially was derived. The contents of the paper have been superseded by other legislation such as the Cash

Transactions Reports Act, which is a powerful weapon against money laundering, and the Independent Commission Against Corruption Act, which controls corruption in the public sector. As Sir Laurence Street quite rightly and generously said, the paper provides a useful warning about the regulation of casinos but does not produce any evidence that crime exists in Australian casinos. I assume he was referring to legal casinos as opposed to illegal casinos, which would continue to operate under the approach of the honourable member for Bligh. The little paper by Pinto and Wilson is a non-issue and those who continue to haul it out have obviously not read the Street report or at least digested it or its implications, not to mention the other more up-to-date information that is available.

In my concluding remarks I want to focus on the approach of the Cash Transaction Reports Agency. This is inherently important to a determination by this Chamber as to whether laundering of moneys in illegal casinos can continue, almost unabated, as it does. It is happening even tonight in the illegal casinos that can be found in the electorate of the honourable member for Bligh and elsewhere in New South Wales. I will not name the casinos, nor will I mention certain identities who are regularly seen in them - and I am sure honourable members opposite welcome that approach. It is relevant to consider Sir Laurence Street's summation of the Cash Transaction Reports Agency on Australian casino operations. It is important to quote from the report by Sir Laurence Street because clearly some honourable members opposite have not focused accurately on some of the implications in the report. In his report he stated:

Controls enforced under the Casino Control Bill to prevent money laundering will be reinforced by cash transaction reporting requirements. The Commonwealth Government established the Cash Transaction Reports Agency -

I should add that the legislation was supported strongly by the Federal Opposition. Indeed, the legislation tonight is supported by the Government and by the Opposition, and

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the issue was supported by both sides federally. The report continued:

- in 1988 in order to assist in the detection of tax evasion and other criminal activity, including the disposal of the proceeds of crime and money laundering. The Cash Transactions Reports Act 1988 is part of a package of legislation designed to combat organised crime. The CTRA collects, analyses and disseminates information reported to it about certain financial transactions and the people involved in them. Casinos fall within the definition of cash dealers for the purposes of the Act (S 3(1)).

"Guideline No. 1" Suspect Transactions Reporting (dated October 1989) contains information about examples of suspect transactions likely to be encountered by casinos, identified specifically as an area of suspect activity.

I appreciate that members opposite might be happy to accept this report, given that they have read it and that it is Federal legislation. No doubt that is part of the reason that they support the Government's approach for the establishment of legalised casinos. But I focus on this because one or two members of this Chamber seem not to agree with the united stand taken by the Government and the Opposition. I conclude by saying that it is instructive for this Chamber to appreciate the wide-ranging approach taken to a review of gambling in this State over the years. In 1977 we had the Lusher report and only a few years later the first Australian casino was established at Wrest Point in Tasmania. I have visited that casino and I have visited others in the country. The Lusher report recommended that casinos be legalised. The Booth report was the next formal report and was prepared for the New South Wales Government by the former Labor Treasurer. It

was prepared in 1982 but most of it was kept under wraps until 1985. The report favoured a large, open-type casino, to engender maximum profits and revenue for the Government.

The Labor Party approach was to have a casino two or three times the size of the one this Government is proposing. In the past the Labor Party proposed a casino with 400 gaming tables. This Government's proposal is for a smaller number of tables and a smaller, private casino attracting niche support. The Lloyd-Jones report followed and then, of course, the report of Sir Laurence Street. The latter was the only report that sought draft legislation. It is that legislation we are debating this evening, and I commend it to the House as embracing some of the strictest codes of control. No doubt that is one of the reasons that the legislation is supported by members opposite. It is certainly supported by Government members. The debate simply comes down to whether we have one casino or two casinos. That is the difference between the Government and the Opposition.

**Mr SPEAKER:** Order! I call the honourable member for Bligh to order.

**Mr PHOTIOS:** For one or two members in Independent seats, the argument is whether we should have legal casinos as well as illegal casinos, or just stay with the illegal casinos.

**Mr THOMPSON (Rockdale) [9.35]:** We have just heard from the honourable member for Ermington the greatest lot of gross and arrant hypocrisy imaginable. Later in my contribution I will delight in giving some details of that crass hypocrisy exhibited by him and his colleagues. The Government has conducted itself as a moral bankrupt on this issue. But first I want to congratulate my colleague the honourable member for Charlestown on a well-researched and erudite speech which reflected his broad knowledge of the subject. The object of this bill is to provide for the establishment of two legal casinos in the State and to control their operations. The bill seeks to establish an independent casino control authority as the controlling body for casinos and to provide  
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for the appointment of a director of casino surveillance who will be responsible for the day-to-day surveillance of casino operations. During the time in office of the previous Labor Government several reports were made into the possible establishment of a casino in New South Wales. A decision made by the previous Government led to the Darling Harbour Casino Bill being passed in 1986. The issue came to a head during the latter part of 1987 and the early part of 1988.

**Mr SPEAKER:** Order! There is too much audible conversation in the Chamber. Members wishing to converse should do so outside the Chamber.

**Mr THOMPSON:** The coalition parties indicated at the time that, if they were elected to office, no casino or casinos would come into being in New South Wales. That decision has been disregarded and the Liberal Party-National Party Government has done a 180-degree turn on the issue, to put it mildly. I should like to quote a few extracts from the *Club Management* magazine of December 1987-January 1988 in which the then Leader of the Opposition, Mr Greiner, espoused his views on casinos. He was asked a series of questions, the first being:

What is your view toward the future of the Darling Harbour casino?

He answered:



Well, we don't support the Casino and in government we won't proceed with it.

**Mr SPEAKER:** Order! I call the honourable member for Penrith to order. I call the honourable member for Ermington to order.

**Mr THOMPSON:** Mr Greiner went on to say:

We don't believe it's necessary or desirable either from an organised crime viewpoint or from an economic and social viewpoint. In our view, it will just essentially cannibalise those existing forms of legal gambling, particularly registered clubs, and secondly, it will cannibalise the disposable incomes of the ordinary people of Sydney.

In the same article a further question was put to him:

Do you think such an ironclad pledge will ultimately detract from Sydney's image as a major international capital?

Mr Greiner replied:

I am totally one hundred percent certain Sydney has more than enough attractions, both natural and man made. If anything, a casino would probably cheapen Sydney a bit.

The then Leader of the Opposition, Mr Greiner, was asked:

Where do you suppose the government is going to find the expertise to run the casino?

He replied:

We don't propose to have the casino so we don't have to worry about where the expertise has to come from.

I commenced my remarks by referring to the gross hypocrisy in this debate, and those quotations support what I said. After the 1988 election the Darling Harbour Casino Bill was reintroduced twice as a private member's bill, once by the former shadow minister, Mr Cleary, and later by the present shadow minister, the honourable member for Charlestown. The Labor Party has consistently indicated that Sydney should have a

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casino. It has undertaken research and adopted a policy for the establishment of a casino in this State. Prior to the last State election that measure was included in the Opposition's policy document on registered clubs, which have consistently opposed the establishment of a casino in this State. It was acknowledged that slot machines in a casino could possibly affect clubs in the city and inner city areas. It was undertaken that, if slot machines were part of a casino, their effect would be monitored for the first 24 months of the operation of the casino. At that time and on several occasions since the election, the Opposition indicated to the registered clubs movement that as part of its full and open inquiry, and before a casino was finally established, an impact statement would be prepared on the likely effect of slot machines on both clubs and hotels. The inquiry held by the Liberal Party-National Party was restrictive and was branded by many individuals and groups as ineffective and an absolute charade. Certainly it fell far short of the inquiry that would have been held under a Labor government. Even Sir Laurence Street acknowledged that clubs could be affected by slot machines in any casino. At chapter 5.6.1 of his report entitled "Inquiry into the Establishment and Operation of Legal Casinos in New South Wales", Sir Laurence stated:

Major concerns were raised about the effect of a shift in gambling expenditure from existing forms of gambling to the casinos. Gambling industries in New South Wales - the racing and registered club industries in particular - feel that their revenues will be eroded by the introduction of a new competitor for the gambling dollar. It seems likely that there will be some shifting of gamblers to casinos from other forms of gambling, at least during the honeymoon period of casino operations.

At chapter 5.6.13 he stated:

The registered club industry representatives have expressed grave concern about the introduction of casinos both for themselves and for the community generally. The club industry returns a substantial portion of its revenue to the community by way of community services and support. They contend that any reduction in club patronage will lead to diminution of their capacity to maintain their contributions to the community.

Sir Laurence put his finger on problems that the establishment of legal casinos will almost certainly create for the club movement. At page 23 of its submission to the inquiry, the Registered Clubs Association of New South Wales made several recommendations. The first recommendation was:

That the direct link between the level of gaming revenue earned by the registered clubs and the resultant ability of the New South Wales Club Movement to fund the provision of community facilities be recognised and acknowledged in its level of importance and benefit to the families and economy of New South Wales.

The association made two further recommendations. One recommendation was:

That the New South Wales Government recognises that there will be a negative effect on the revenue of registered clubs caused by the establishment and operation of casinos, and that the nett loss in community support to the families and economy of New South Wales will also be negative despite an increase in casino taxation to Government.

The final recommendation made by the Registered Clubs Association was:

That the level of protection provided by Government to clubs be sufficient and adjusted to ensure that the Club Movement and its provision of community support for the benefit of the families and economy of New South Wales is in no way jeopardised or disadvantaged by the establishment and operation of casinos.

For those reasons and others, the Labor Party advocates one only casino in this State, and  
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that the effects of the casino on clubs, especially the use of slot machines, be monitored during the 24 months following the opening of the casino, and an impact statement completed. The Government has shown itself to be too greedy and too optimistic about gambling revenue continuing to rise. As the honourable member for Charlestown noted, in just four years the Government has introduced keno, Sunday racing, increased draw poker machines in hotels from a limit of five to 10, and now wants to introduce across-the-board sports betting. All these forms of gambling will affect the revenue-raising ability of a Sydney casino or casinos. In 1990-91 the people of New South Wales gambled \$7.1 billion, an increase of \$500 million on the previous year. Some of that increase could be attributed to the introduction of keno, pub draw machines et cetera. There is no data to suggest gambling turnover will or should continue to grow at that rate to sustain two casinos.

The Government maintains that two casinos would generate double the profits of only one casino. There is absolutely no evidence to support that claim. The most likely outcome would be roughly the same income divided between the two casinos. Other States do not have poker machines in clubs or hotels. That maximises the profits of their casinos. With poker machines and draw machines in New South Wales' clubs and pubs, a vital form of revenue will be denied to new casinos. The Opposition believes that one but not two casinos are sustainable, particularly given the high establishment costs. I shall conclude my remarks by once again highlighting what I branded at the outset of my speech as the gross and arrant hypocrisy of the Greiner Government. I will do that by simply quoting one or two remarks made by the Premier, and these are classics. The first was made on 18th May, 1988:

The Darling Harbour Casino (Repeal) Bill demonstrates the Government's firm commitment to its election promise that there will be no legal casinos in New South Wales.

On the same day he said:

New South Wales has the additional problem that a legal casino would in large part simply cannibalise revenues that come to the Government from registered clubs.

On 3rd May, 1989, he said:

One must deduct from the estimated casino gambling revenue the cannibalisation of the existing legal gambling revenue that is already coming to the New South Wales Government.

There is not much more to be said. As in many other areas, this issue has again exposed the Government's yawning chasm between the Premier's rhetoric and reality. The fundamental hypocrisy and dishonesty of the Government on this issue is palpable.

**Mr HATTON (South Coast) [9.46]:** I oppose the establishment of any casino in New South Wales. I join with my Independent colleagues the honourable member for Bligh and the honourable member for Manly in so doing. The legislation is an exercise in hypocrisy. All honourable members will remember well the attacks on the Labor Government by the Premier, Mr Greiner, when he was the Leader of the Opposition. In 1987 his arguments against casinos were that they would attract organised crime, they could not be made crime-free, New South Wales did not need additional gambling outlets, they would provide competition for and have adverse effects on clubs, and would have adverse social effects. He vigorously opposed the establishment of a casino. When the coalition parties attained office, he was so concerned that he broke the contract and paid Harrahs \$33 million plus \$5 million costs, despite the fact that Herscu, one of the principals in the Hookers-Harrahs consortium, had been convicted of bribing a union official. I will say more about that later. On 11th May, 1989, Mr Greiner said about  
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the settlement:

The settlement figure of \$33 million plus \$5 million costs was arrived at through a process of negotiation between the parties. In all the circumstances it is a very reasonable figure.

I would consider that to be a most reasonable figure to be spent on Shoalhaven hospital. Clearly, four years later the Government is strapped for cash, and casinos have become legitimate and desirable. The Premier advances some telling arguments. He says that because New South Wales now has the Independent Commission Against Corruption and a cleaner police force, controls will be more stringent. I am a strong supporter of the excellent work of the Independent Commission Against Corruption, but the fact is that

organised crime still flourishes in illegal gambling and drugs in this State. No member of this House can deny that or that the Independent Commission Against Corruption has not been able to get to the heart of or even impinge on organised crime, despite its other excellent work. As a member of the parliamentary committee on the Independent Commission Against Corruption, I expressed my concern about that at the open hearings of the committee last week. The Premier is saying, "We can do it in New South Wales but no other government in the world can".

Regardless of whether people respect me and regardless of whether they agree with me, they understand that for more than 14 years, as a member of Parliament, I have had an interest in organised crime, corruption and accountability. Week in and week out and day in and day out I fought toe to toe with Premier Wran on that issue. I claim to know a little about it because of my experience, but I do not need to rely on my experience. I have plenty of evidence which will show this to be true. The Greiner Government, in its hypocritical fashion, set up a Clayton's inquiry headed by Mr Justice Street. The Government said, "We will have a casino but we want some opinion on its management". I received a letter informing me of this inquiry but I and many other honourable members did not bother to attend. It was a monumental exercise in hypocrisy and cant.

**Mr SPEAKER:** Order! I call the honourable member for Myall Lakes to order.

**Mr HATTON:** The Chief Secretary and Minister for Administrative Services, the Premier and the Minister for State Development and Minister for Tourism have trotted out all the old arguments in favour of casinos. We have heard them all before. Of course, revenue gives this proposal an angelic air of respectability. They say that an increase in international and domestic tourism will boost trade at hotels and convention centres. No mention has been made of the reduction of jobs in clubs. Late in 1979 the then Commissioner of Police, Mr Wood, said, "Despite the Premier's instructions as Minister for Police to close illegal gambling, what about leaving them open until after Christmas, because there are more than 300 employees?" This caused a laugh all around New South Wales. The Government has talked about a reduction in illegal gambling, tax evasion, the prevention of a loss of New South Wales gambling dollars to other States, wider gambling choices and improved night life. John Reid, Senior Assistant Bishop of the Anglican Church Sydney Diocese since 1977, and Chairman of the Social Issues Committee, wrote an article in the *Australian* entitled "The Great Gamble" which states:

The goal of Christian ethics is to promote mutual-care relationships, and so a second concern is regard for families and individuals affected by addiction to gambling.

I share that concern. The article then states:

... there is a positive relationship between participation rates and the number of gambling outlets.

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The article continues:

... as gambling opportunities increase and become more accessible, it is more likely that people will indulge. What is more, excessive gambling has been linked conclusively with complex personal and social problems.

The President of the New South Wales Council of Churches is reported in the *Sydney*

*Morning Herald* as saying that the council represents almost all major religious groups in NSW, including the Anglican Church, the Uniting Church, the Baptist Church and the Salvation Army. Many of these people, through their contact in the field, can speak from personal experience. The president is then reported as saying:

. . . casinos would have a negative impact on the moral, social and economic well-being of the community.

He also called for a public inquiry. The honourable member for Ermington spoke about inquiries. He said there has been a plethora of inquiries. He quoted from the Clayton's report of Mr Justice Street, which is questionable. He did not say - unlike the United States of America and unlike Britain - that there has not been a national inquiry into gambling in Australia. Honourable members opposite have attempted to speak about this matter with a degree of certainty but research shows that is not the case. Jan McMillan, one of Australia's leading casino analysts, is reported as saying:

The common approach to policy change has been the appointment of ad hoc committees of inquiry. The overwhelming majority of these are partisan, politically motivated, and not open to public scrutiny.

She went on to state:

Gambling policies are a far cry from the ideal of democratic processes of informed public debate . . . Despite the rhetoric of public interest, the overall effect of gambling policies has been the subordination of the views of the public to the interests of state and private gambling enterprises.

Before I respond to this matter I take this opportunity to point out the problems that the Independents will experience in the Committee stage. If the Independents vote for the Labor Party amendment for only one casino, it will be against our stated position. If we do not support the Labor Party's amendment, by default we will get two casinos. In the Committee stage we will either have to vote for one casino or abstain from voting. If we abstain from voting the decision will be left to the honourable member for Davidson, and I do not know which way he is likely to vote. That causes the Independents quite a few problems. I wish now to deal with the question of political and economic corruption. A document prepared by the Victorian Parliamentary Library on the pros and cons of casinos states:

Jan McMillan, one of Australia's leading casino analysts claims that an emerging problem in the Australian casino industry is not the fear of corruption of politicians or Governments by organised crime, but from the outwardly legal actions of transnational casino corporations wielding increasing economic power.

The document then reports Jan McMillan as saying:

For example, it was discovered nine months before the completion of Queensland's Gold Coast casino that the chosen operator Hiltons, had been denied a casino licence in New Jersey because of criminal associations.

The document then states:

successful Darling Harbour casino tenderer Hooker/Harrah consortium following the disclosure that Hooker's chief executive, George Herscu had been convicted of bribing a union official and Harrah's was being investigated over similar allegations by the FBI in the United States.

A number of reports have stated that money cannot be laundered. This is not the case. If people enter a casino with \$5,000 of black money and leave with winnings of \$5,000, less the commission paid to the casino operator for the privilege, there is no way in the world that that money can be traced. In that instance black money gained from drugs or some other illegal activity becomes white money. The document also states:

For example, the Commission of Inquiry into Possible Illegal Activities and Associated Police Misconduct, chaired by Tony Fitzgerald in Queensland in 1989, cites money laundering as a major concern of organised crime . . .

According to the Australian Institute of Criminology:

Legal casino gambling is particularly susceptible to crime and corruption because criminals are able to disguise their interests through the use of nominee shareholders holding shares on trust.

The document continues:

The Caldwell Report cites laundering as a major problem in American casinos, which is often linked to drug trafficking.

The document then deals with loan sharking and states:

In his Report on the Inquiry into the Legalizing of Gambling Casinos in New South Wales, Edwin Lusher Q.C. went further than recommending against the extending of credit by casino management for gambling . . .

Lusher reported several problems associated with credit, the more serious being the possible introduction of 'undesirables' into the industry . . . Moreover, he voiced concern that the undertaking of credit searches of patrons by a casino operator could "be a powerful weapon in questionable hands" that may not have the ethical background of standard credit institutions.

The document deals also with the effects of a casino on illegal gambling and states:

In a paper presented to the 53rd ANZAAS Congress on organized crime in 1983, Mr. Douglas Meagher Q.C. refutes the argument that the legalisation of casinos would lead to a reduction in the involvement of organised crime, and points to the continued practice of SP bookmaking despite the introduction of the TAB.

He contends that the history of the legalisation of casinos in the USA and England indicated that rather than reducing organised crime, they attracted it . . . Chief Inspector Peter Blick, head of Victoria's licensing, gaming and vice task group, was reported as saying that he doubted that the establishment of a legal casino would curtail illegal gambling.

The document then deals with the effects of a casino on street crime. [*Extension of time agreed to.*]

The document states:

In 1983 Xavier Connor reported that he believed there was an unacceptable risk that

with the introduction of casinos, Melbourne's street crime would become a major problem with all but an unobtrusive casino.

The document says:

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... the incidence of petty theft, car-stealing, prostitution, drunkenness, and assault is likely to rise in the vicinity of a casino unless policing services and surveillance are improved.

Then there are the effects on alternative forms of gambling. The statistics are quite clear on the reduction in racing income and that of registered clubs. Honourable members should not forget, each and every one of us, the importance of clubs in supporting local communities and providing local employment - and, of course, the effect of casinos on hotel business. There are the social effects of excessive gambling. The Caldwell report states that, on average, each excessive gambler causes some significant harm to 10 people in his or her life. That is the United States experience. There is an absence of detailed surveys in Australia.

Clinical research in the United States has shown the positive correlation between participation in gambling and its availability. The United States commission on the review of the national policy towards gambling says an increase in the legalisation of gambling leads to an increase in the number of pathological gamblers. Casino gambling is continuous and accessible for up to 24 hours a day; time and place are removed from the real world. There is no apparent night and day; chips are used for gambling rather than cash; alcohol is available; and every effort is made to keep the casino gambler inside the casino by providing food and entertainment in addition to gambling. That is from a report by Skolnick. It is no coincidence that nearby pawn shops do a roaring trade. That is what the experience has been in Perth, Adelaide and the Australian Capital Territory.

Mr Paul Madden, Director of the Adelaide City Mission, joined public criticism of the location of the shop - he was, of course, talking about the pawn shop - which specialised in converting jewellery into cash, its opening customers being women hocking their wedding and eternity rings. Particularly vexing for gambling researchers and policymakers is the lack of reliable gambling data in Australia. The Australian Institute of Criminology says that State governments in Australia have failed in their social responsibilities to research the extent of excessive gambling in the community or to set up counselling and treatment for those who seek help. That is a direct quote from the Australian Institute of Criminology. Finally there is the fact that in New South Wales, above all States, there are sufficient gambling outlets. The case is overwhelming, the case is crushing against the establishment of casinos in New South Wales, and I certainly support my fellow Independents in voting solidly against the establishment of casinos in this State.

**Mr ZIOLKOWSKI (Parramatta) [10.2]:** I am pleased to have an opportunity to address this significant piece of legislation and to voice a number of concerns that have been raised with me by representatives of local community groups in my electorate. At the outset, I congratulate the honourable member for Charlestown, who led for the Opposition tonight, on his very articulate and thorough analysis of the bill. The New South Wales community is all too well aware of the sorry history of New South Wales casino proposals. Perhaps I should not be telling the Government this, but of all the fiascos and betrayals of the people of New South Wales on this Government's sorry record - honourable members can look at Eastern Creek, the privatisation and

downgrading of hospitals, the havoc wrought in the education system, and the unfair toll on the F4 and F5 freeways - it is this bill that is causing the most damage to what is left of the Government's credibility in the community. We have the spectre of a Premier who, when in Opposition, gave clear undertakings that if the people of New South Wales would give him their trust and make him Premier, there would be no casino in this State. In what can now clearly be seen to have been a vote-buying exercise, the former Labor Government was criticised for its suggestion that there should be a single casino in New South Wales. The Premier confirmed during the last Parliament that he had said, on 3rd May, 1989, that:

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. . . the House had a clear and unequivocal mandate not to proceed with the Darling Harbour casino and that it would not proceed with the Darling Harbour casino.

I might just point out that the Premier's objection to the casino was not the location of Darling Harbour, but the idea of a casino at all. Perhaps, given the current state of this House, it is not too surprising that I have not heard the Premier use the word mandate too often during this Parliament. Serious questions have been asked and there has been a good deal of debate concerning the legitimacy or extent of the Government's mandate in a number of areas, most notably industrial relations. Despite the Government's fragile claim to having a legitimate mandate in other areas, one thing is clear: in this area the Government has no mandate whatsoever. The Premier himself, as I indicated, spelt out the extent of the Government's mandate in regard to casinos in New South Wales. The Premier criticised the former Labor Government for its decision to establish a single casino.

**Mr SPEAKER:** Order! I call the member for Bligh to order. If she wishes to conduct a conversation she should do so outside the Chamber.

**Mr ZIOLKOWSKI:** The Premier promised the people of New South Wales that under a coalition government there would be no casinos in New South Wales. With the introduction of this bill the Government proposes to build not one but two casinos. I can tell honourable members opposite that it is only because the people of New South Wales have become accustomed to being betrayed by this Liberal Party-National Party coalition that there is not more public outcry over this issue. The gap between what has been promised and what the Government actually delivers has never been so great as under this administration. There has never been quite so clear an example of this disgraceful gap than that which we see in this bill. All honourable members know the real reasons behind this bill - the Government is strapped for cash because of its financial mismanagement, and has now been forced to concede it was wrong in the first place. I want to make it clear that there has been no moral conversion of the Government on this issue.

The opposition to the casino proposal in the first place was strictly political, rather than moral. In a desperate bid to grab money, the Government is grabbing for two casinos in what I believe is the mistaken belief that in that way it will gain double the revenue. With this credibility gap in mind, I was most interested to read the Minister's second reading speech. I regret that that speech contains no reference to the Government's former position and no mention of what has happened or what has changed since 1988 to prompt this Government's highly suspicious about-face. Tonight we have heard only three Government speakers on the bill, which I believe is indicative of the fact that they are very uncomfortable about the Government's current position. However, it is not solely the hypocrisy which the Government has displayed in presenting this bill that



has moved me to address this subject tonight. There are a number of questions that I believe need to be answered before this bill can be allowed to proceed. Honourable members have only to refer to the highly regarded - in some circles, at least - expert on casinos, the current Premier of New South Wales. In May 1988 the then new Premier commented:

... recent experiences with casinos in other parts of Australia indicated that, quite often, legal casinos were not viable money-making ventures.

The Premier went further on another occasion and said:

... the Government did not believe casinos were necessary or desirable, either from an organised crime viewpoint or from an economic and social viewpoint.

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In the Government's view casinos would essentially cannibalise existing forms of legal gambling. If the profitability or viability of a single casino could be questioned in 1988, then the viability of two casinos in 1992 must certainly be under a cloud. I can assure the Premier that the New South Wales economy has not grown to any great extent during his administration. For instance, almost 50,000 public servants have had their jobs cut by this Government and in all probability they will not be visiting either of the proposed facilities. Further, I do not believe the Government has made significant inroads into organised crime. If one casino in 1988 would cause an unacceptable drain on the incomes of the other forms of legal gambling in our community - notably, the registered clubs and charities - what effect will two casinos have today? In my electorate the Parramatta and Wentworthville leagues clubs, the Parramatta RSL Club and a number of other clubs contribute greatly to the community.

All those clubs receive the greater volume of their funds from those other forms of legal gambling. The community has genuine fears that the clubs will be unable to meet longstanding commitments to support community activities. Instead, the profit will go into the pockets of casino operators, who will have no commitment to the community in which they exist. It is clear that any economy has a natural saturation level for gambling. The gambling dollar can go only so far. As the honourable member for Charlestown said, when club keno was introduced the revenue raised through Lotto and the lotteries decreased. Sunday racing has a demonstrably negative effect on Saturday race crowds and the betting level at some midweek race-meetings. The Government must be careful in its pursuit of the golden egg that it does not strangle the goose that is capable of laying it. In 1988 the Australian Labor Party believed - and still believes - that the New South Wales economy could support only one legal casino. The promised benefits from a legal casino of increased government revenue and tourism potential, especially if the increased revenue could be dedicated to the health budget, are significant. This Government's belated recognition of that fact begs the question of how many millions of dollars could have been raised and dedicated to worthwhile projects if the original Unsworth Government proposal had been allowed to proceed. I firmly believe that in the current climate the community has come to accept this casino proposal. However, I seriously doubt that the economy could support a second casino in Sydney. Where in Sydney will the Premier have his playing?

One of the clergy in my electorate said that the Government expects this House to rubber-stamp its two-casino program without spelling out clearly where the casinos will be established. As a member of this House I should like all the details of such a significant and controversial proposal placed before me for consideration. The proposed

location of the new casino facilities and the extent of the public infrastructure that will be required to support them are crucial to a decision on whether the bill deserves support. The Government has placed a second campus at the University of Western Sydney and a new children's hospital in the Westmead area with absolutely no regard for the increased traffic problems those projects will cause existing residents. I do not trust the Government to put the welfare of the people of New South Wales first in this or any other matter.

**Mr GIBSON** (Londonderry) [10.12]: Once again honourable members have seen the hypocrisy of this Government. If the Government members who have spoken tonight had been members in 1986 and adopted the same attitude, New South Wales would have had a casino by now. The Wran Government proposed to have a casino at Darling Harbour. Members of the Liberal Party and the National Party, which were then in opposition, screamed loud and long about corruption in casinos. The hypocrisy of this

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Government is unbelievable. It is considering the establishment of a casino because it is bleeding through its bad management of this State. The downturn in the property market and the fire sale the Government indulged in in its first couple of years in office returned virtually nothing. It needs something to inject revenue into its coffers, and its method of doing that is to establish a casino. The Government does not seem to realise that the gambling dollar in New South Wales comes out of the one pool. The different forms of gambling established in the past decade have led to a different mix and match of the gambling dollar. The people of New South Wales have only so much money to spend on gambling. Whether that money is spent in the clubs, at the gallops, the dogs, the trots or in a casino, the amount will not increase; the pool and the source of the revenue will change. The Government will end up with the same amount of revenue.

When the two-casino proposal was first mooted Reverend the Hon. F. J. Nile said casinos would be places where criminals would launder money. Different speakers tonight have said that is not right; but where else in New South Wales will criminals launder money? The best place to launder money is a place that handles and turns over large amounts of money. A casino is the best place to do that. What is to stop a criminal buying \$50,000 worth of chips in a casino and one or two hours later cashing in those chips? He would walk out with clean money. Money laundering is a simple exercise that has been going on for a long time. It will continue. The Premier was asked why he changed his opinion about casinos when his policy has always been that there would be no casino in New South Wales. The Government showed its hypocrisy when the Premier was reported in most of the newspapers as saying there would be no casino in the first term of his Government. The people of New South Wales are not silly enough to fall for that. Two casinos have been proposed - one in Bridge Street and the other at Darling Harbour. Honourable members have been told that there should be two casinos so that the people who wish to invest in a small way may go to the small one in Bridge Street and the people who want to launder money or bet in the hundreds of thousands may go to Darling Harbour. I do not think it will work that way.

The Government shows its hypocrisy by saying that one casino will keep an eye on another casino. It is a little like saying that the police will keep an eye on the police in police investigations. As I said in this Chamber previously, it is a little like asking Colonel Sanders to mind your chooks for the weekend. It is nonsense that one casino will mind another casino. Two inexperienced boards will take over the casinos, and each board will be too busy trying to survive and organise its casino without worrying about how the other casino is going. It is total nonsense for the Government to say that that will happen. The Premier stated also that two casinos were needed in New South Wales because of the yearly loss of \$50 million revenue. He is simply saying that because he

did not support the Wran proposal in 1986 for the Darling Harbour casino the State is now losing \$50 million a year in revenue. He is really saying that a bad decision made by the coalition Opposition in 1986 has cost New South Wales taxpayers \$300 million. If the Liberal Party and the National Party had supported the Darling Harbour casino proposal, people in western Sydney today would not be queuing up for medical services or public housing they cannot get or being catheterised -

**Mr SPEAKER:** Order! I call the honourable member for Monaro to order.

**Mr GIBSON:** That has been caused by the policy of the coalition parties and their bad management in not supporting the proposal in 1986, which has cost the taxpayers of this State \$300 million.

**Mr SPEAKER:** Order! I call the honourable member for Monaro to order for  
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the second time.

**Mr GIBSON:** He should be thrown out. He adds nothing to this House. There have been casinos in Australia since 1973 and there are casinos in probably 70 or 80 countries. Sydney is large enough to carry a casino, but I do have a reservation about the establishment of a casino because of its impact on the club industry, which is important to New South Wales. The club industry, particularly in working-class areas, has given the ordinary working fellow the opportunity to take his wife or anyone else out on the weekends or at night to look at a show that he possibly could not afford if it were not subsidised by the club. He can get a meal at a reasonable price. Clubs have been an important part of the structure of New South Wales. The profits from the club industry have been put back into the community. I hope the Government can give a guarantee to the club industry that it will not be affected by the establishment of these casinos. Honourable members will see how fair dinkum the Government is. If the casinos affect the club industry, the Government will have broken down an important part of the fabric of this State.

**Mr Cochran:** Is the honourable member going to vote for a casino?

**Mr GIBSON:** Of course I am going to vote for one. The club industry of New South Wales gives to the people improved facilities, inexpensive meals, sporting and community facilities and donations to charities. For the past five years Parramatta Leagues Club has donated \$100,000 to Westmead hospital. Clubs are an important part of the community. They give donations to benevolent institutions and sporting sponsorships. They provide employment and pay taxes. Last year the club industry paid almost \$300 million in poker machine tax alone. I hope the Government's decision to establish two casinos will not interfere with the fabric of social life that those clubs give to their members and the revenue they provide. When the former Labor Government was in office the hotel industry was given the right to install poker machines in hotels. At that time the hotel industry was experiencing hard times and it needed an injection of funds. Today many publicans would agree that the decision by the former Labor Government to allow poker machines to be installed saved many hotels. It was a significant factor in keeping the hotels economically buoyant.

However, that decision detrimentally affected the club industry. Possibly there are too many clubs in some country towns and some suburbs. There are bowling clubs, golf clubs, football clubs, cricket clubs, amenities clubs and workers clubs and a rationalisation of those clubs should have taken place long ago. Any gambling innovation must draw money from somewhere. Money for gambling is not unlimited.

The money comes from the one pot. Since the installation of poker machines in hotels - about 9,000 machines - hotels have grown at three times the rate of clubs. Although the decision saved the hotel industry, it definitely affected the club industry. The Government should ensure that the club industry is not affected any more than is necessary. The State can handle one casino but two would be out of the question. The club industry is concerned that if this two-casino proposal goes ahead, club revenue will decline. There could be a major loss of jobs of people directly employed in the club industry. There could be a major loss of jobs in the building industry because clubs would not have the funds to refurbish their premises. There could be a reduction in the availability of inexpensive meals and the members of those clubs would not get the same value for their money that they get today.

The profits of the club industry go back to the community. With the innovation of casinos only companies and individuals will profit. No guarantee can be given that those profits will even remain in Australia. I hope the legislation will ensure that they

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do. There is a huge difference between the profits that clubs make and the profits that these two casinos will make. About 70 per cent of the income of overseas casinos is generated from slot machines. Honourable members have spoken about their experiences in different casinos operating in Australia. One member mentioned Burswood casino. It is true that the annual profit from each machine at Burswood is about \$86,000 but Western Australia does not have poker machines in clubs to compete with. It is a source of revenue that is totally new to the west and it has the cream of the business. The aspect of tourism has been touted in this debate. It is unreasonable to assume that the total income of the casino will come from tourists.

Many people who visit Australia do not have gambling backgrounds. There is no guarantee that when they visit Australia they will open their wallets and throw their money on the gaming table. Not all tourists who enter this country are 18 years or more. Many tourists are under 18 years of age and they will not be allowed into the casino to gamble. Many tourists will land in Sydney and go sightseeing elsewhere. Today New South Wales has the highest per capita spending on gambling at \$311 per annum or \$5.98 per week per head. New South Wales has 449 small clubs that have only 10 poker machines and in some instances under 10 poker machines. If anything affects their economy they will not be able to survive. The club industry is steadily declining because of the varied forms of gambling in this State. If the club industry declines much further the Government runs the risk of losing an important part of the social fabric. The clubs that operate small machine holdings are the ones that will decline. The gambling dollar in this State comes from the one pool. I am certain that we will not see a significant injection of funding. I guarantee that the gambling dollar drawn to the tax coffers of New South Wales will not increase dramatically because of the establishment of a casino. It will be a different mix and a different match. The money will be taken from some other form of gambling and it will be related to casinos. There will not be the \$50 million increase that the Premier spoke about. The decision made by the Government when in opposition in 1986 has cost the taxpayers at least \$300 million.

**Dr METHERELL** (Davidson) [10.27]: I oppose the bill. Not only will I oppose the bill at the second reading stage and the report stage, I will also oppose the amendments which propose one casino instead of two casinos. I wish to summarise the reasons that most compel me to decide to oppose legal casinos in New South Wales rather than traverse the other arguments that have been presented effectively by both Independent and Opposition members. I support almost every word uttered by the honourable member for South Coast and much of what was contained in the contributions by other members. This issue involves three essential points. First, as a member of the

then Opposition and as a member of the Government in its first term of office, I believed both the statements of the then Leader of the Opposition, now Premier and of his advisers, when they said there were compelling arguments against legalising casinos in New South Wales. I still believe those arguments to be compelling. They were made repeatedly in public speeches, in press releases, in articles authored by the director of the Cabinet Office for the then Leader of the Opposition and by most, if not all, of the shadow ministers at that time and by most if not all the Opposition backbenchers at that time. All of us spoke what we believed to be the truth and in the public interest, namely, that legalised casinos would attract organised crime in greater numbers to this State. Second, I believed that they would be to the great social detriment of the community. By way of summarising all the statements of the Leader of the Opposition, the Premier, and repeated by many honourable members, I should like to quote again part of the Premier's speech on the repeal bill for the Darling Harbour casino on 18th May, 1988, because the arguments are still valid today. The Premier said:

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There could be no guarantee that a casino would have generated the net revenue claimed by the former Government. Recent experience with casinos in other parts of Australia indicates that quite often legal casinos are not viable money-making ventures. New South Wales has the additional problem that a legal casino would in large part simply cannibalize revenues that come to the Government from registered clubs.

He continues, and this is most important:

As the coalition parties perceived that the infiltration of organized crime into a casino was almost impossible to avoid, I [Mr Greiner] made an election promise that there would be no legal casino in this State. We were of the view also that, on economic and social grounds, there was no desirability or justification for a casino . . .

Not only is the danger of infiltration by organized crime a reason for not proceeding with the casino, but there are cogent economic and social reasons for the community good and in the public interest that ought to be recognized when considering casinos.

Those words condemn this legislation. Though the honourable member for South Coast used the word hypocrisy, I do not. I believe that many Ministers and honourable members opposite privately have not changed their views on this matter. All that has changed is that in the different economic environment in which Australia finds itself, for the time being those honourable members have found a more compelling argument than those I have just outlined, namely, the perceived increase in revenue to the Government from legal casinos. The threats are still there and are still conceded privately by honourable members opposite. They will not concede them in this House or to the community at large. This issue will be visited and revisited by us in the years ahead because of the threat of organised crime. I believe that honourable members in this House would not be so foolish as to believe that an increase in overseas or local tourism attracted by casinos will not increase organised crime's involvement in prostitution and drug trafficking associated with prostitution.

Organised crime will move into casino ancillary services - as occurs in every other country in the world - that is, catering and cleaning services and other forms of services attracted to or supported by casinos, which will not bring them under the direct, stricter forms of scrutiny contained in this legislation. Primarily prostitution and associated drug trafficking by organised crime will be at their most prevalent. I also sound the obvious warning to the Government about this pretence - which it never came

up with when in opposition when it had a sound policy on this matter - that a clean casino operator can be found in Japan, Malaysia or America who will tender for this project, either alone or in association with other tenderers. No such clean casino operator exists. One will never successfully get behind the corporate veils they draw across themselves, be it in Asia, America or Europe, and come up with an entirely clean corporate structure for a casino. However, I leave that matter aside. The Premier's statements when he was open and frank about this matter stand on the record and remain the correct testimony.

I turn now to the other important issue that has formed my views on this matter: the predicament of people in Atlantic City and other parts of America known as the bus people. These are people who provide most of the revenue for the Darling Harbour style casino. They are the pensioners and other disadvantaged groups, bussed in by casino and tour operators who feed off the casino, to support the day-to-day operations of the casino, particularly during daylight hours. They are known as the bus people; the people the Street inquiry pretends will be assisted by money set aside for extra assistance in rehabilitation and who are said will be beneficiaries of money that will be dedicated to hospitals. Of course, they will be the net losers; they will put far more money into these casinos than they will ever draw from them. They can ill afford that further loss.

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Evidence from interstate and overseas shows that one-half to three-quarters of revenue for a Darling Harbour type casino will be contributed by groups similar to the bus people. They will be locals, and particularly disadvantaged locals, who will be brought to the casino, stripped of their surplus cash - surplus on that particular day but not surplus to their needs. The remainder of the community, the Government indirectly, and many church and welfare organisations protesting about this legislation, will be left with the task of trying to put the lives of those people back together.

The vision statement of the Premier referred to the Government putting a light on the hill. Government members are behaving more like a pack of beachcombers than a group of lighthouse keepers. Instead of shining that light brightly from the lighthouse to keep the ship off the rocks, the Government is unscrupulously and cynically attracting the ship ashore to pick up the wreckage on the shore line and build a shack from the wreckage. No government should behave in that manner. This was one of the primary issues upon which I differed from the Government constantly in Cabinet when I was a Minister. I was against the extension of gambling opportunities and the legalisation of casinos. I remain utterly opposed to the legalisation of casinos in any number in this State. I said it then and I say it again now. That sort of vision cannot be fulfilled and a healthy society cannot be built - to which I still believe the Premier and I hope this Government is genuinely committed - on sick policies such as this. Future generations, taxpayers of New South Wales, and the Government through expenditure on necessary social, welfare, health and community policies, will have to bear the costs of this measure. It is a sad day in this House when honourable members are called to vote on measures which are so contrary, so diametrically opposed, to the interests of the people of New South Wales.

**Debate adjourned on motion by Mr Moore.**

**House adjourned at 10.38 p.m.**

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