

4.3.9 MINISTER FOR GAMING AND RACING

OVERVIEW

Agency	Forecast 1997-98	Estimate 1998-99	Variation
	\$m	\$m	%
Department of Gaming and Racing			
Total Expenses	97.3	38.0	(-) 60.9
Asset Acquisitions	2.0	4.0	99.7
Casino Control Authority			
Total Expenses	4.2	3.4	(-) 19.0
Asset Acquisitions	0.05	0.05	...
Greyhound Racing Control Board			
Total Expenses	2.5	2.7	8.3
Asset Acquisitions
Harness Racing Authority			
Total Expenses	4.4	5.2	20.9
Asset Acquisitions	0.2	1.8	...
Total, Minister for Gaming and Racing			
Total Expenses	108.2	49.4	(-) 54.4
Asset Acquisitions	2.3	5.9	156.5

DEPARTMENT OF GAMING AND RACING

The responsibilities of the Department of Gaming and Racing involve the proper conduct and balanced development of the liquor, gaming, racing and charity industries.

Expenditure Trends and Recent Developments

Additional recurrent funding was provided for the Department to undertake work associated with the opening of the new casino in November 1997 and the introduction of hotel gaming and statewide linking of gaming machines. Funding has also been provided over 1997-98 and 1998-99 for upgrade of the Department's current accommodation to reasonable standards.

Following the High Court decision in August 1997, which led to the abolition of business franchise fees, State and Territory fees on the sale of liquor are now collected by the Australia Taxation Office as an additional 15 per cent wholesale sales tax. This means that the Department no longer collects liquor fees on behalf of the Liquor Administration Board.

To minimise any increase in liquor prices to the public, a Liquor Subsidy Scheme was introduced by each State and Territory to provide a subsidy to suppliers and producers for any additional wholesale sales tax paid on low alcohol beer and wine, and on cellar door sales by vignerons in excess of the previous licensing fee. The Department is responsible for administering this scheme.

During 1997-98, the Central Monitoring System licence was issued to the Totalizator Agency Board (TAB). The Department has been required to prepare functional specifications for the implementation of the Central Monitoring System. The Department will use the system to monitor machine gaming in New South Wales and the TAB's operation of the system.

The Racecourse Development Fund and Racing Assistance Fund will be wound up by June 1998 under the provisions of the Totalizator Act 1997. Under the winding up arrangements there will be a \$50 million payment in 1997-98 by the TAB to the racing industry. All existing assets and liabilities will then be transferred to the TAB or such other entity/person(s) as the Minister may direct.

Strategic Directions

The Department continues to focus on the reform of NSW gaming, racing, liquor, and charities industries. Specific initiatives which will occur over the medium term include -

- finalisation of legislation, controls and administrative arrangements for the Central Monitoring System and Statewide Links following privatisation of the TAB;
- detailed implementation of the New South Wales Club Industry Policy Framework;
- review of the gaming legislation in accordance with the requirements of the National Competition Policy; and
- development and implementation of measures to minimise harm through gambling.

1998-99 Budget

Total Expenses

Estimated total expenses of the Department in 1998-99 are \$38.0 million. The decrease from 1997-98 is due to the winding up of the Racecourse Development Fund which included estimated grant payments of \$59.3 million in 1997-98.

Major features of the Department's expenditure include -

- \$11.5 million expenditure by the Casino Community Benefit Fund. These funds will be used for problem gambling related research, educational, treatment and rehabilitation services and other community benefit projects.
- developing a framework which balances opportunities for continuing development of the liquor, gaming and charity industries while taking into account all social and community impacts of legislative and policy measures (\$3.7 million);

- providing consumers with access to fair and equitable gaming and wagering services, and appropriate liquor services while ensuring responsible and accountable industries with sanctions for non compliance (\$9.0 million). A major initiative is the enforcement of harm minimisation legislation to promote acceptable social consequences of liquor consumption;
- supervision and inspection of Star City casino operations and the conduct of gaming in the casino (\$5.0 million);
- providing a continuing and sound revenue base to Government through the assessment and collection of machine gaming duty (\$2.1 million); and
- support and enhance, through the Office of Racing (\$2.1 million) and Office of Charities (\$1.8 million), the viability of racing organisations and the integrity of fundraising for charity.

Asset Acquisitions

The Department's acquisition program of \$4 million for 1998-99 provides for completion of the refurbishment of the Department's accommodation, migration of the Racing Taxation System and upgrading and replacement of computer and office equipment.

CASINO CONTROL AUTHORITY

Expenditure Trends and Recent Developments

The Casino Control Authority was established in September 1992 with the objective of maintaining and administering systems for the licensing, supervision and control of a casino.

During 1997, the Authority conducted its statutory three year investigation as required under Section 31 of the Casino Control Act 1992 and determined that the casino operator was suitable to continue to give effect to the casino licence and that it was in the public interest that the casino licence should continue.

The Authority has commenced an independent statutory inquiry into the proposed merger between Showboat Inc and Harrah's Entertainment Inc pursuant to which Harrah's would become a principal shareholder in the casino as well as gaining control over management of casino operations. The Authority anticipates completing its inquiry by the end of June 1998.

Strategic Directions

Since the opening of the permanent casino on 26 November 1997, the Authority has continued to review all matters connected with the casino, the activities of the casino operator, its associates and persons who are in a position to exercise direct or indirect control over the casino operator or persons associated with the casino operator. The Authority will be involved in the assessment and review of systems and procedures relating to casino operations generally as the casino operator now moves into full commercial operations at the permanent casino complex.

1998-99 Budget

Total Expenses

The Casino Control Authority has estimated total expenses of \$3.4 million. Total current expenses will be lower in 1998-99 compared with the previous year due to the completion of the investigation into the casino operator and the expected completion of the independent statutory inquiry into the proposed merger between Showboat Inc and Harrah's Entertainment Inc by June 1998.

The capital allocation of \$48,000 will be for the replacement of fully depreciated and/or obsolete computer software, computer equipment and office equipment.

GREYHOUND RACING AUTHORITY (NSW)

The Greyhound Racing Authority (NSW), constituted under the provisions of the Greyhound Racing Authority Act 1985, is responsible for the control and regulation of greyhound racing in New South Wales.

Following the privatisation of the Totalizator Agency Board (TAB), the Authority will act as a conduit for the receipt and distribution of funds provided by the TAB to the greyhound racing clubs for the use of its product.

The Greyhound Racing Authority will continue to develop a viable industry for the benefit of all participants involved in greyhound racing, and provide assistance to establish proper financial and budgetary controls for all clubs, consistent with the Authority's existing resources.

HARNESS RACING AUTHORITY

Harness Racing New South Wales (HRNSW) is the controlling body for harness racing in New South Wales. It derives revenue from fees and charges levied on clubs and participants for services rendered with the remaining deficit funded from the Totalizator Agency Board distribution of funds due to the harness racing code.

Significant changes are occurring within the racing industry arising from the privatisation of the Totalizator Agency Board (TAB). The racing codes have entered into a new racing distribution agreement with the TAB and Harness Racing New South Wales. This will enable the industry participants to derive more direct control of industry funds.