



2005

PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

Administration of the Community Support Levy

Laid upon the Tables of both Houses of Parliament

The Committee was appointed under the provisions of section 2 of the Public Accounts Committee Act 1970 (No 54)

MEMBERS OF THE COMMITTEE

LEGISLATIVE COUNCIL

Hon A.W. Fletcher (Chair) (to 7 May 2005)
Hon J.S. Wilkinson (Acting Chair from 18 May 2005)
Hon I.N. Dean
Hon S.L. Smith (from 14 June 2005)

HOUSE OF ASSEMBLY

Mr G. L. Sturges
Mr D. J. Bartlett
Mr W. E. Hodgman

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Summary of findings and recommendations

SUMMARY OF FINDINGS AND RECOMMENDATIONS

CHAPTER ONE: REASONS FOR THE LEVEL OF UNEXPENDED FUNDS

The Committee finds that:

1. Funds raised through the CSL should be used to enable community organisations to provide a range of goods and services to the community.
2. The application of significant funds to support DHHS Neighbourhood House and Social Programs in 2003-2004 was a major deviation from previous practice.
3. The balance of the CSL fund would have been significantly higher at June 2004 if not for substantial amounts withdrawn by DHHS.
4. Government departments should not be excluded from making application for funds but the applications should meet the same guidelines and tests as other applicants. However, applications of this nature should be the exception.
5. Independent assessment and review is fundamental to the maintenance of an open and transparent process.
6. The accounting process is inadequate and annual reports give no statement of funds appropriated but not distributed as at the date of reporting.
7. The Committee supports the decision by DHHS to convene a new Research Advisory Committee.

The Committee recommends that:

1. Government departments when making an application for CSL funds should meet the same guidelines and tests as other applicants.
2. Clear guidelines need to be established setting out procedures for lodgement and assessment of applications relating to the social impact of gambling.
3. TGC should report more clearly to identify and distinguish CSL funds already committed but unspent and those funds that remain uncommitted.
4. DHHS should convene a new Research Advisory Committee on an ongoing basis.

CHAPTER TWO: THE DISTRIBUTION PROCESS

The Committee finds that:

1. The process is lengthy and complicated by the number of Ministers and Departments involved.
2. The assessment and distribution of funds for DHHS programs lacks transparency and should be immediately reviewed.
3. Applicants would be advantaged if strategic goals were identified in each funding round to enable priority to be given to programs that meet strategic need.
4. The distribution process would be improved if more than one funding round was available in each year.
5. The current DHHS limit of \$30 000 is a barrier to organisations submitting more comprehensive applications for funding over longer periods of time.
6. Where a need is demonstrated, funding should be available for reasonable administration costs.
7. The process of notifying unsuccessful applicants is deficient.

The Committee recommends that:

1. DHHS's distribution process should be changed to ensure the deficiencies identified in this report are corrected.
2. Funding for reasonable administration costs for community organisations be allowed. Suitable guidelines should be developed allowing appropriate administration costs to be claimed.

CHAPTER THREE: CONTINUING ROLE OF THE TGC

The Committee finds that:

1. There is a perception in some community organisations that TGC is too closely associated with Treasury. The Committee however, was not convinced this is the case.
2. There are some difficulties with the current system. However, the existing structure is essentially sound and should be retained with only some changes necessary to make it more effective, efficient and accountable.

3. The Committee does not support a distribution system similar to what currently operates in the ACT. The Committee is satisfied that there may be considerable community resistance to such a system.

The Committee recommends that:

1. The existing distribution structure should be retained. Changes ought only be made to improve the effectiveness, efficiency and accountability of the current structure.
2. The TGC should withdraw itself from any remaining CSL operational duties.
3. The TGC ought undertake more of a strategic and auditing role in the distribution process. It should use the annual reporting process to report to the community on the previous year's distribution process.

CHAPTER FOUR: ADMINISTRATION COSTS

The Committee finds that:

1. Costs being charged back to the fund by DHHS are reasonable.
2. There is an inconsistency between the administrative practices of DHHS and SRT.
3. In principle it is not unreasonable for agencies to recover some costs associated with the administration of the CSL grants program.

CHAPTER FIVE: LEGISLATIVE REQUIREMENTS

The Committee finds that:

1. The legislation requires all funds collected by the Levy to be distributed in accordance with section 151(4).
2. The distribution of funds in accordance with section 151(4) needs clarification in relation to time frames and may further need legislative amendment.

The Committee recommends that in keeping with the spirit of the legislation funds should not be able to accumulate to the levels of the past.

LIST OF ACRONYMS AND ABBREVIATIONS

Committee	Parliamentary Standing Committee of Public Accounts
CSL	Community Support Levy
DED	Department of Economic Development
DHHS	Department of Health and Human Services
GSB	Gambling Support Bureau
SRT	Sport and Recreation Tasmania
TAO	Tasmanian Audit Office
TCF	Tasmania Community Fund
TCGL	Tasmanian Centre for Global Learning
TGC	Tasmanian Gaming Commission
Treasury	Department of Treasury and Finance

Introduction

INTRODUCTION

THE PUBLIC ACCOUNTS COMMITTEE

The Public Accounts Committee Act 1970¹ provides for the establishment of a joint committee, comprising three members from the Legislative Council and three from the House of Assembly.

The statutory function of the Committee is as follows-

The Committee must inquire into, consider and report to the Parliament on any matter referred to the Committee by either House relating to:-

- (a) the management, administration or use of public sector finances;
or
- (b) the accounts of any public authority or other organisation controlled by the State or in which the State has an interest.

The Committee may inquire into, consider and report to the Parliament on:-

- (a) any matter arising in connection with public sector finances that the Committee considers appropriate; and
- (b) any matter referred to the Committee by the Auditor-General.

The current membership of the Public Accounts Committee (PAC) is:

House of Assembly	Legislative Council
Mr D. J. Bartlett	Hon I. N. Dean
Mr W. E. Hodgman	Hon A.W. Fletcher (Chair) (to 7 May 2005)
Mr G. L. Sturges	Hon J.S. Wilkinson (Acting Chair from 18 May 2005)
	Hon S.L. Smith (from 14 June 2005)

The Committee has the power to summon witnesses to appear before it to give evidence and to produce documents and except where the Committee considers that there is good and

¹ *The Public Accounts Committee Act 1970*, No.54 of 1970 and subsequent amendments in the Public Accounts Committee Amendment Act No 89 of 1997.

sufficient reason to take it in private, all evidence is taken by the Committee in public.

For the purpose of this inquiry the Committee received the assistance of Mr Simon Andrews from the Tasmanian Audit Office and Ms Heather Thurstans, Secretary of the Committee. The Committee thanks them for their contribution.

THE TERMS OF REFERENCE

The Standing Committee of Public Accounts resolved of its own motion to examine the Community Support Levy (CSL) and in particular report upon:

- (a) reasons for the level of unexpended funds;
- (b) the distribution process;
- (c) the suitability of the Tasmanian Gaming Commission or the appropriateness of an alternative model to oversee and administer distribution of funds;
- (d) the administration costs;
- (e) the legislative requirements; and
- (f) any other relevant issues.

Interested individuals and organisations were invited to make written submissions addressing the Terms of Reference or request the opportunity to appear before the Committee.

It was noted that the Auditor-General had reported on his examination of the CSL in Government Departments and Public Bodies 2002-2003, Part A Executive Summary and Part B, Volume 1: No. 2 of 2003.

CALL FOR PUBLIC SUBMISSIONS

Advertisements were placed in *The Mercury* and *The Advocate* newspapers on 6 November 2004 and in *The Examiner* on 13 November 2004, with a closing date for submissions of 29 January 2005.

Eight submissions were received and a further two requests were made to appear before the Committee.

INITIAL INQUIRIES AND INVESTIGATIONS

On 26 October 2004 the Committee requested part-time administrative and research support from the Auditor-General, in anticipation that it would need assistance to examine detailed and complex financial administrative procedures. Mr Simon Andrews from the Tasmanian Audit Office was seconded to the Committee on a part-time basis to assist with

examination and analysis of the evidence, research and writing of this report.

BACKGROUND

Prior to the introduction of gaming machines into hotels and clubs from 1 January 1997, gaming machines were restricted within Tasmania to its only two licensed casinos. Community concern was expressed prior to their wider introduction in regards to the social impact of the machines and their effect on traditional fundraising activities, especially for sport and recreation clubs.

To help allay community concerns the then Government introduced the CSL. A Legislative Council Select Committee recommended that a community support fund be established, with a levy being used to fund it. The then Treasurer, Mr Rundle commented that:

A levy...of the gross profit derived from gaming machines in licensed clubs and hotels respectively will be paid ...to benefit sporting and recreational clubs; charitable organisations; to treat compulsive gamblers; and for any other purpose approved by the Governor.²

In the context of the above the CSL came into existence with the enactment of the *Gaming Control Act 1993*. Under section 151(1):

A gaming operator must, from the gross profits³ derived from gaming machine games in each month, pay to the Treasurer a community support levy.

The CSL was originally levied at a rate of 2% of gross profits for clubs and 4% of gross profits for hotels. However, this was amended to 4% for both clubs and hotels in 2003 with the increased amount levied on clubs funded by Federal Hotels.

The Treasurer must distribute the CSL levy according to section 151(4) of the Act, viz:

- (a) 25% for the benefit of sports and recreation clubs;
- (b) 25% for the benefit of charitable organisations;
- (c) 50% for the provision of-

² Rundle, Mr T., Hansard, 11 November 1993 Part 2, p.18.

³ 'Gross Profit' is calculated by deducting from the total amount wagered in that period the sum of all winnings paid, other than jackpots, and amounts determined as prescribed for payment to a jackpot special prize pool. Section 136(2) *Gaming Control Act 1993*.

- (i) Research into gambling; and
- (ii) Services for the prevention of compulsive gambling; and
- (iii) Treatment or rehabilitation of compulsive gamblers; and
- (iv) Community education concerning gambling; and
- (v) Other health services.

In 2002 a Legislative Council Select Committee was established and released a report on the impact of gaming machines. The inquiry had six terms of reference that looked into the social and economic impacts of gambling. One of the terms of reference focused on the role and application of the CSL.

Specifically relating to the CSL the Select Committee made the following conclusions:

The CSL balance has grown, whilst community groups are expressing frustration at the changing process to access funds. There is also a concern that other responsibilities of departments could be funded inappropriately by the CSL, instead of the general budgeting processes of Government.

A Community Board should be established, replacing the TGC's [Tasmanian Gaming Commission] role, to oversee the distribution of the CSL, funded from gaming taxation receipts.⁴

The Select Committee in its report recommended that a Community Board be established to take over the Tasmanian Gaming Commission's (TGC) current role of overseeing the distribution of the CSL.

The Auditor-General commented on the level of unexpended funds raised by the CSL in his report on Government Departments and Public Bodies 2002-2003. In his report he drew attention to the balance of unspent funds of \$5 136 050 at 30 June 2003 and expressed concern at the excessive delay in distributing the balance. The Auditor-General reported that the current arrangements were not working satisfactorily.

⁴ Legislative Council Select Committee, *Impacts of Gaming Machines*, December 2002, p.60.

Concerns raised by both the Auditor-General and the Legislative Council Select Committee, together with anecdotal evidence of there being disquiet amongst some community organisations, prompted the establishment of this enquiry.

The Members of the Public Accounts Committee developed the Terms of Reference for this enquiry in light of the above history and what the Committee perceived as the relevant current issues relating to the CSL.

1 Reasons for the level of unexpended funds

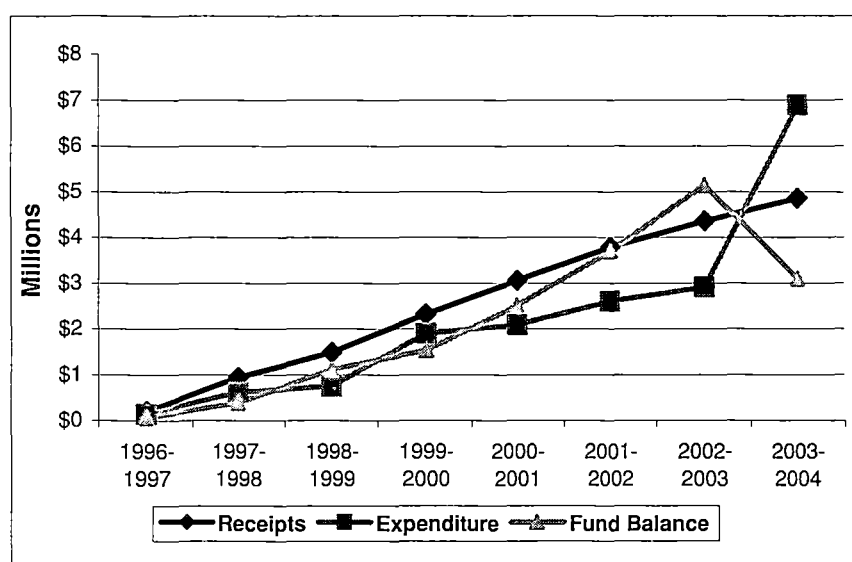
1 REASONS FOR THE LEVEL OF UNEXPENDED FUNDS

The Parliamentary Standing Committee of Public Accounts (the Committee) determined that an examination of the reasons behind the accumulation of CSL funds since its inception was warranted.

1.1 HISTORY AND CURRENT POSITION

The CSL Fund that was established by the *Gaming Control Act 1993* started receiving funds from January 1997. From 1996-1997 until the end of 2002-2003 the Fund's closing balance had steadily grown. The rate of accumulation, expenditure from the Fund and end of year balances are illustrated in Figure 1 below.

Figure 1: CSL Receipts, Expenditure and Balances 1996-2004



Data source: TGC Annual Reports 1996-1997 to 2003-2004⁵.

During this period receipts consistently exceeded expenditure except for 2003-2004. Since the inception of the Fund receipts have experienced double digit annual growth rates. The amount paid into the fund has grown from \$203 334⁶ in 1996-1997 to \$4 853 114 for 2003-2004.

1.1.1 Expenditure from the Fund for 2003-2004

⁵ Complete figures detailing all receipts paid into the fund and all expenditure paid out of the Fund are contained in Appendix A.

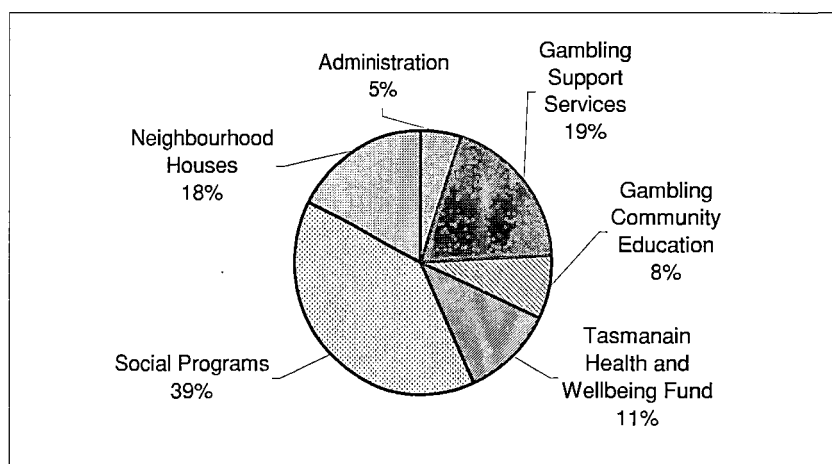
⁶ Only six months worth of CSL receipts were paid into the Fund during 1996-1997, as the payments did not commence until January 1997. See Appendix A for all annual Fund receipts and expenditure since inception.

Expenditure for the majority of the Fund's existence has tracked below receipts. The sudden increase in expenditure for 2003-2004 resulted in the Fund balance reducing for the first time and was largely the result of the Department of Health and Human Services (DHHS) using the CSL to fund projects (Neighbourhood Houses and the Social Program) that may not have otherwise proceeded. Mr Peter Coe, Director of Revenue, Gaming and Licensing from Treasury and Finance, advised the Committee that the Fund's balance as at 30 June 2005 is expected to be down to around \$1.3 million.⁷ Of that \$1.3 million there is only approximately \$200 000 still uncommitted.⁸

Problem gambling research and services

This segment accounts for 50% of the CSL fund. For 2003-2004 allocated expenditure totalled \$4 113 054 as compared to \$1 502 098 spent in 2002-2003. This represents an increase of around 274%.⁹ Figure 2 illustrates the distribution of CSL funds from this category for 2003-2004.

Figure 2: Funding Split-up for CSL Problem Gambling Research and Services for 2003-2004.



Data source: TGC Annual Report 2004 and Tasmanian Government submission.

Figure 2 shows that two funding segments, Neighbourhood Houses and Social Programs, accounted for 57% of the problem gambling research and services segment of CSL distributions for 2003-2004. DHHS advised that recurrent

⁷ Coe, Mr P., Department of Treasury and Finance, Transcript of evidence, 10 June 2005, p.3.

⁸ *ibid*, p.4.

⁹ Figures obtained from TGC annual reports for 2002-2003 and 2003-2004 and Tasmanian Government submission.

costs associated with funding Neighbourhood Houses were provided from CSL funds. An amount of \$3.3 million is being provided by CSL over a three-year period to the Social Programs projects.¹⁰ These programs were not funded by the CSL in the prior financial year and were DHHS initiated projects.

Sporting organisations

For sporting organisations, 25% of the funds raised by the CSL for 2003-2004 was \$1 213 279 with \$1 200 610 allocated (99% of receipts) to sport and recreation grants. The amount allocated to sport and recreation for 2003-2004 was significantly higher than what was spent during 2002-2003 (\$519 151). It was also considerably higher than the long-term average of \$642 738.

No administration charges are applied by Sport and Recreation Tasmania (SRT).

Charitable organisations

For 2003-2004 an amount of \$1 213 279 was allocated to this segment. Distributions totalling \$1 579 897 were as follows:

- \$19 623 Administration (1%)
- \$760 831 Charitable organisation grants (48%)
- \$799 443 Neighbourhood Houses (51%).

The Neighbourhood Houses program received just over half of all funds allocated in 2003-2004. Some charitable organisations felt aggrieved that a single DHHS supported program received such a significant proportion of the allocation from the Fund. The Committee notes that while the decision to allocate funds to this program had the effect of reducing the balance of surplus moneys it nevertheless was a major deviation from the allocation policy adopted up to that time. Charitable organisations applying for funds from this category were subject to DHHS guidelines, which imposed a maximum of \$30 000 per grant.

This contrasts with the funding directed to the Neighbourhood Houses program, part of which was funded from the charitable organisation segment of the CSL. The Cabinet Sub-Committee on Social Policy endorsed funding for this program.¹¹ The

¹⁰ DHHS, Written response to formal requests for information, p.53.

¹¹ DHHS, *Questions forwarded to the Minister Jim Cox from the Parliamentary Standing Committee of Public Accounts into the Community Support Levy*, April 2005, p.6.

allocation of funds to Neighbourhood Houses was not subject to DHHS funding guidelines.

As a comparison, during 2002-2003, \$867 707 was spent on charitable organisations. Although this figure only represents around 20% of the amount raised that year, it represented 98% of total expenditure (residual being for administration charges).¹²

1.2 THE LEVEL OF UNEXPENDED FUNDS

Individuals and organisations who either made written submissions or who appeared before the Committee voiced concern at the increasing balance. Comments drawn from written submissions illustrate some of the concerns held:

- 'For the majority of the years since 1996, less than half of the available funds have been spent.'¹³
- 'This [high CSL Fund balance] has led to a high level of dissatisfaction with the Levy and its distribution throughout the community sector.'¹⁴
- 'Understandably Acrod Ltd Tasmanian Division is deeply concerned that much needed financial resources is held back from being fully utilised within the Community.'¹⁵

The Committee found that those appearing to give evidence reiterated the above and further expanded these views. There was especially a large degree of concern expressed at the lack of funding being directed towards the 50% of the CSL that should allocate funds for research into problem gambling (See section 1.4).

However, both the Government and the Tasmanian Gaming Commission (TGC) maintain that there was nothing inappropriate with the way the balance had been steadily trending upwards. The Committee notes, however, that there has been a reversal in this trend since 2002-2003.

¹² TGC, *Annual Report 2002-2003*, p.15.

¹³ Anglicare Tasmania Submission, *Anglicare Tasmania Submission to the Parliamentary Committee on Public Accounts Review of the Community Support Levy March 2005*, p.2.

¹⁴ TasCOSS submission, *Parliamentary Committee on Public Accounts Review of the Community Support Levy*, p.2.

¹⁵ ACROD Tasmanian Division ACROD Limited Submission, *Review of the Community Support Levy*, p.1.

1.3 GOVERNMENT'S AND TGC'S POSITION

The Government and the TGC expressed the view that the large balance maintained in the Fund should not be a source of concern. Rather than spending the money to keep the Fund balance low, the emphasis should instead be to ensure the funds are spent on projects that will be of maximum benefit to the Tasmanian community.

1.3.1 *Tasmanian Government*

The following summarises the Government's written response to the high level of unexpended funds:

- Given the nature of projects and services being funded it is appropriate that there be unexpended funds when considered on an end-of-financial-year basis.
- Since the Fund was established, around 90% of receipts have been spent on programs.
- It would be entirely inappropriate for the end-of-financial-year balance to be the driving criteria for the expenditure.¹⁶

On 8 March 2005 the Minister for Finance, who also holds the portfolio for Sport and Recreation, appeared before the Committee and gave evidence. He reiterated the above points and made the observation that:

It is accepted that it is desirable to generate benefits from CSL expenditure at the earliest opportunity. It would be entirely inappropriate, and I say irresponsible, for this desire to be the overriding focus of the Government's action in relation to CSL funds. It is of little value to have a small balance in the CSL funds if the funds expended to achieve this have not been directed to the appropriate areas.¹⁷

Mr Don Challen, Secretary of the Department of Treasury and Finance, appeared before the Committee and gave evidence on the same date as the Minister. He also commented on the large balance being maintained in the fund:

¹⁶ Tasmanian Government Submission, Parliamentary Standing Committee of Public Accounts Community Support Levy Inquiry, p.4.

¹⁷ Cox, Mr J., Minister for Finance and Minister for Sport and Recreation, Transcript of evidence, 8 March 2005, p.2.

The intention was not to maintain surpluses in the CSL account as big as have existed in the past. The Minister's explanation about why we need some buffer of surplus funds in the account is absolutely correct. But - and I think it is already on the public record - we have not been able in the past to create worthwhile ways of applying the funds in that 50 per cent category at the rate at which the funds have been accumulating, so we have been in catch-up for quite a number of years.¹⁸

Rather than there being a problem with the Fund's balance, the Government believed it was more to do with perception by the wider community. The monies should not be expended from the fund merely for the purposes of maintaining a low balance but should be spent in a way that maximised benefits for the community. In any case the Government has acted to reduce the balance of the Fund.

1.3.2 TGC

The TGC identified the issue as being whether funds should be spent while still accruing or whether it is more appropriate to await the quantum of those funds as at the end of the financial year. In its written submission the view is put that:

The Commission considers a high unspent CSL balance within a well-planned framework to be a lesser evil than inappropriately distributing funding. Accordingly, the Commission places a high priority on finding the correct balance between expending funds and being publicly accountable for the appropriate and timely distribution of public money.¹⁹

Mr Clyde Eastaugh, Chair of the TGC, in his opening comments to the Committee addressed the matter of the high level of unspent funds reiterating what was contained in the TGC's written submission. He also went on to say that there was a degree of uncertainty as to what level of funds would be available for distribution.

As we have noted in our submission, the issue of available funds is an interesting and difficult one. You are aware that the funding continues on a month-by-month basis and accumulates within the CSL account.

¹⁸ Challen, Mr D., Department of Treasury and Finance, Transcript of evidence, 8 March 2005, p.12.

¹⁹ TGC, Response, Public Accounts Committee, Administration of the CSL, page 7.

The distribution is made on an annual basis and therefore there is a time lag between the allocation and cash flow.²⁰

In summary, the TGC's position was determined by what it saw as prudent. The TGC states that funds should not be spent before their level is known and that spending should be strategic and well planned. The public should not be unduly concerned with what the balance was at the end of each financial year.

1.3.3 Collection modelling

As mentioned in section 1.1 the annual level of collections have been rising since the establishment of the Fund. The Committee was interested in whether Treasury was able to accurately forecast future CSL receipts. This question was put to Mr Coe. He stated that:

We now have a process in place where we are matching the estimates of revenue to the CSL along the line of the Forward Estimates for taxation revenue because one obviously is using the same data, as it were, and also then plotting out a three-year rolling program.²¹

The Committee was also curious as to whether improved forward estimates were assisting Treasury in determining in advance what funds were available for distribution:

There was a view in the past that you had to wait until the money had accumulated and then run the grants program and of course by the time that had run its course more money had accumulated. Now in our work with the department we are getting those programs done earlier, so by the time the money is in there the grants programs are run and set to be paid. It is being done in advance a lot more.²²

The Committee concluded from the above that it was possible for the Fund balance to be kept at a more reasonable level than in the past because of improved modelling. Therefore, forward programs to spend CSL funds can be better aligned with actual receipts.

²⁰ Eastaugh, Mr C., TGC, Transcript of evidence, 16 March 2005, p.3.

²¹ Coe, Mr P., Transcript of evidence, 10 June 2005, p.9.

²² *ibid.*

1.4 PROBLEM GAMBLING AND RESEARCH

The area of problem gambling and research became a specific area of focus for the Committee when it was considering the level of unexpended funds. There was a difference of opinion between the Government and the TGC on the one hand and other organisations with regard to the level of research into gambling.

1.4.1 *Anglicare Tasmania*

Anglicare argued that since the Fund was established, only \$307 435 will have been spent on research into gambling (including commitments for 2004-2005 and 2005-2006). This equates to only 2% of all receipts collected for the problem gambling and gambling research category for the first ten years of the Fund's existence, as at 2005-2006.²³

In evidence, the Reverend Jones and Ms Law again expressed Anglicare's concern at the lack of current research being undertaken into problem gambling:

I would be interested to know what processes exist that prevented research being done. What we are saying is we do not see the research happening. We have put in a proposal but there is not a mechanism by which the research can be considered. What we are saying is that it would seem reasonable to us that there is a process that would do research applications – that is grant requests tied into research.²⁴

Anglicare's representatives told the Committee that they believe the best way to bring some structure back into the process is to re-establish a research committee:

In the past there was a research committee that vetted all research applications, but according to the Department of Health it is not active at the moment and so one of the recommendations that we have, would be to consider reactivating the research committee.²⁵

²³ Anglicare Tasmania submission, op. cit, p.2.

²⁴ Jones, Rev C., Chief Executive Officer, Anglicare Tasmania, Transcript of evidence, 9 March 2005, p.27.

²⁵ Law, Ms M., Anglicare Tasmania, Transcript of evidence, 9 March 2005, p.26.

Anglicare advised the Committee that they had sought funding for a research project but had yet to receive a response as to whether the application had been successful or not.²⁶

Forming part of Anglicare's written submission was a copy of the research guidelines used by the Queensland Government to evaluate research proposals. The Committee found the guidelines to be comprehensive and clear. Anglicare's representatives wondered why such a process did not currently exist in Tasmania.

Anglicare recommended that there be a greater allocation of funds from the CSL to research the impact of gambling and that any research be targeted to improve outcomes.

1.4.2 *The Tasmanian Greens*

The Greens in both their written submission and evidence strongly supported the notion that additional research should be undertaken:

The Greens believe that it is imperative that baseline data be compiled as a matter of urgency as economic modelling of losses on pokies in other regional economies has shown alarming results.²⁷

They were particularly interested in replicating research²⁸ undertaken on the effects of gambling on the Victorian city of Bendigo and applying it to Launceston, which they believe to have a similar population density and spread to Bendigo.

The Greens claimed that the current level of funding for research was inadequate. Mr Kim Booth told the Committee that:

The general submissions that I have been getting from people are that not only aren't the CSL funds being spent on the social and economic impact studies, such as the Bendigo one, but there needs to be studies into how they can reduce the addictive nature of these machines.²⁹

²⁶ The Director for Children and Families Division DHHS, Ms Vicki Rundle, who appeared before the Committee some three months after the representatives from Anglicare Tasmania, indicated that DHHS has now been in contact with Anglicare Tasmania.

²⁷ Tasmanian Greens submission, *Parliamentary Standing Committee of Public Accounts*, p.13.

²⁸ Pinge, Mr I., (2000), *Measuring the Economic Impact of Electronic Gaming Machines in Regional Areas – Bendigo a Case Study*, Centre for Sustainable Regional Communities (La Trobe University).

²⁹ Booth, Mr K., Transcript of evidence, 8 March 2005, p.32.

The Greens recommended that more research be funded from the CSL with particular emphasis on funding of a comprehensive modelling exercise.

1.4.3 TasCOSS

TasCOSS, in its written submission and also in Mr Mat Rowell's evidence, drew the Committee's attention to the perception that the Government was not directing sufficient funds from the CSL to fund problem gambling research. TasCOSS commented on the lack of support for research projects by GSB and TGC and that the Research Advisory Committee had not been operating for up to three years. This was despite a number of proposals having been prepared and submitted. Mr Rowell further elaborated on the need for further funds to be expended on gambling research:

We think there needs to be a much higher level of commitment to research. Community organisations that put forward innovative proposals for research funds are knocked back because there is not the capacity at the moment in the current structure for community organisations to be funded to do research. We know that there are a lot of benefits in [community] organisations being able to conduct research based on their access to services and clients in the communities in which they operate.³⁰

The above has led TasCOSS to recommend that the Research Advisory Committee be re-activated and that more CSL funds be committed to research problem gambling each year.

1.4.4 Government

The Government disputes that there has been insufficient funding of research into problem gambling by identifying that since the Fund was established a number of studies have been financed.³¹ A further study into gambling behaviour was being

³⁰ Rowell, Mr M., CEO TasCOSS, Transcript of evidence, 9 March 2005, p.12.

³¹ Examples of research into gambling contained within the Government submission included:

1. Mark Dickerson, (1996), *Extent and Impact of Gambling in Tasmania 1996: A Follow up to the Baseline Study Conducted in 1994*.
2. Research Unit Anglicare Tasmania. Funded by the Tasmanian Gambling Industry Group, (1996), *Patron Care Policies and Programs for the Tasmanian Gambling Industry*.
3. Roy Morgan Research Pty Ltd. DHHS. (2001), *The Third Study into the Extent and Impact of Gambling in Tasmania*.
4. David Knox DHHS, (2001), *The Impact of Gambling and Emergency Relief Services Provided by the Hobart Benevolent Society*,

facilitated by Gambling Support Bureau (GSB), which will update and replace the previous baseline studies that were undertaken initially in 1994 and then followed up in 1996 and 2000. In evidence Mr Challen elaborated on the Government's current position.

The view that the Government has taken in relation to that issue is that the ground has been very well hoed indeed and that it [a social and economic study of the impacts of gaming in the community] would not be a good use of CSL funds to be supporting a study of that kind. It would be very expensive and unlikely to come up with results that are different from the existing studies.³²

Ms Vicki Rundle, Director of Children and Families Division DHHS told the Committee that approval had been given for a three-year (2003-2006) program on research. This research not only included the 2005 baseline study, but also research looking at the effects of parental gambling on families, being completed by Dr Janet Patford at the University of Tasmania.³³

With regard to the research committee that had existed within DHHS Ms Rundle did concede that this committee had been disbanded.

There has been a slight gap possibly for the last couple of years but there won't be in the future because the Minister has agreed that we will reconvene a new research advisory committee.³⁴

When the research advisory committee is reconvened organisations such as Anglicare will again have somewhere to submit research-funding applications. However, 'All applications will need to be considered in view of the budget [\$189 000 over three years] that is available.'³⁵

The Committee determined that the Government was content with the research commissioned through the GSB. The Committee was also satisfied that the Government recognised

Tasmanian Government submission, op.cit., p.9.

³² Challen, Mr D., Transcript of evidence, 8 March 2005, p.19.

³³ Rundle, Ms V., Transcript of evidence, 10 June 2005, p.18.

³⁴ *ibid.*, p.18-19.

³⁵ *ibid.*, p.19.

the current difficulty for non-government organisations to seek funding for gambling related research.

1.4.5 TGC

The TGC in its evidence, like the Government, expressed the view that research should not be undertaken simply for research's sake. The TGC pointed out to the Committee that there is good research and there is bad research. There was also the issue of harmonisation of gambling research.

We also have to remember that there is a lot more harmonisation in the issues relating to gaming nationally and there is a lot of good work being done in various States, and in our view there is often opportunity to support that research for the better results that may benefit Tasmania.³⁶

The TGC supports the Government's view that research should not be done for the sake of research. On this point, Mr Clyde Eastaugh stated:

I think there is certainly opportunity for future research and I and the commission do not disagree with the fact that it is needed but what we have to be mindful of is that there is good research and not so good research and research for the sake of research I do not think is in the best interests of anyone.³⁷

The overall attitude of the TGC was that they were in the best position to manage and co-ordinate research into problem gambling. This co-ordination and management seems to be limited to research initiated by the GSB.

1.5 COMMITTEE FINDINGS

The Committee finds that:

1. Funds raised through the CSL should be used to enable community organisations to provide a range of goods and services to the community.
2. The application of significant funds to support DHHS Neighbourhood House and Social Programs in 2003-2004 was a major deviation from previous practice.

³⁶ Eastaugh, Mr C., Chair TGC, Transcript of evidence, 16 March 2005, p.9.

³⁷ *ibid.*

3. The balance of the CSL fund would have been significantly higher at June 2004 if not for substantial amounts withdrawn by DHHS.
4. Government departments should not be excluded from making application for funds but the applications should meet the same guidelines and tests as other applicants. However, applications of this nature should be the exception.
5. Independent assessment and review is fundamental to the maintenance of an open and transparent process.
6. The accounting process is inadequate and annual reports give no statement of funds appropriated but not distributed as at the date of reporting.
7. The Committee supports the decision by DHHS to convene a new Research Advisory Committee.

1.6 COMMITTEE RECOMMENDATIONS

The Committee recommends that:

- 1. Government departments when making an application for CSL funds should meet the same guidelines and tests as other applicants.**
- 2. Clear guidelines need to be established setting out procedures for lodgement and assessment of applications relating to the social impact of gambling.**
- 3. TGC should report more clearly to identify and distinguish CSL funds already committed but unspent and those funds that remain uncommitted.**
- 4. DHHS should convene a new Research Advisory Committee on an ongoing basis.**

2 The distribution process

2 THE DISTRIBUTION PROCESS

The Committee examined a number of issues in relation to the distribution process, including:

- **The application process**
- **Assessment including decision-making time frames**
- **Assistance and feedback**
- **Targeting and distribution.**

2.1 THE APPLICATION PROCESS

The entire application and approval process has been described as having too many layers and being overly bureaucratic. TasCOSS wrote that: ‘The approvals process is lengthy and complicated by a number of departments and Ministers.’³⁸

There can be up to three Ministers involved, the TGC and two departments, in any one application. The Committee’s initial assessment of this process was that it was too complicated and that changes are necessary.

2.1.1 Overview

Funds raised by the CSL under section 151(4) of the Act are to be split as follows:

- 25% allocated to the benefit of sport and recreation (administered by SRT, part of DED).
- 25% allocated to charitable organisations (administered by GSB, part of DHHS).
- 50% allocated to problem gambling research and services (also administered by GSB).

Both the abovementioned departments have their own separate application guidelines. Once the departments have finalised their recommendations on what to fund, the Ministers responsible for SRT and GSB then sign-off the recommendations. All recommendations from GSB and those for larger amounts from SRT are forwarded to TGC who ensure the recommendations are in accordance with the Act. Smaller SRT grant recommendations totalling less than

³⁸ TasCOSS submission, op.cit., p.3.

\$300 000 bypass the TGC, however, the process itself still has to be approved by TGC. Finally, through the Minister for Finance the Treasurer signs-off on the recommendations in accordance with section 151(4). See Appendix C for a diagrammatical representation of this process.

The remainder of this section looks at the current programs being run by SRT and GSB.

2.1.2 Sport and recreation grant program

SRT's objective is: '...to improve opportunities for Tasmanians to participate in sport and recreation activities'³⁹ Grants are given to organisations annually to develop quality facilities and to meet the sport and recreation needs of the community.

The following grant programs that are or have been in existence have included:

- Sport Tasmania Program (STP), which operated from 1997-98 to 2003-04;
- Community Sport and Recreation Tasmania Program (CSRTP), which commenced in 2004-05 and continues under the name of the Community Grants Program;
- Facilities and Open Space Development Program (FOSDP), which commenced in 2000-01 and continues under the name of the Facilities Grant Program; and
- State Sport and Recreation Development Program. This program is traditionally funded through the Consolidated Fund. However, unallocated CSL funds of \$129 780 in 2002-03 and \$300 000 in 2003-04 were provided to supplement the program.⁴⁰

The Facilities Grant and the Community Grants programs are both exclusively funded by the CSL. The Facilities Grant Program is now considered on a dollar-for-dollar basis (previously a 2:1 ratio). This program has no minimum grant amount, but it does have a maximum single grant amount of \$200 000. In addition CSL funds have been used to part-fund other SRT programs.

³⁹ Sport and Recreation Tasmania, Department of Economic Development, (2005), *2005-06 Facilities Grant Program*, p.1.

⁴⁰ Department of Economic Development, Written response to formal requests for information, p.1.

For 2005, if grants were to be considered they had to be submitted by the end of April. Application outcomes will be advised during August and September.⁴¹

After initial checks are completed SRT consultants screen applications to ensure they comply with the guidelines. An independent panel of three, made up of the Director of SRT and two representatives from the sporting community (and sometimes beyond), examine each of the consultants' assessments.⁴²

The effectiveness of SRT's guidelines was not tested because no independent written submissions were received nor did any independent witnesses appear before the Committee.

2.1.3 *Charitable organisation grant program*

Like the sport and recreation component of the CSL, 25% of funds collected by the levy must be distributed to charitable organisations.

The charitable organisations grant program is administered by GSB, who runs a two-tiered Large Grants Program (up to \$10 000 and up to \$30 000) and a Small Grants Program up to \$2 000 per application. These programs are subject to guidelines devised by DHHS and enforced through grant deeds. A brief description of these programs follows:

- Large Grants Program up to \$10 000. Funding aimed at eliminating barriers and increasing participation of target populations.
- Large Grants Program up to \$30 000. Aimed at developing new ways of maximising the wellbeing of the target population, through identifying and addressing unsatisfied needs.
- Small Grants Program up to \$2 000: Non-recurrent funding for any worthwhile purpose for the support of the core business or for a specific purpose or equipment.⁴³

Like the sport and recreation program, charitable grants are allocated to successful applicants in each of the three

⁴¹ Sport and Recreation Tasmania, Department of Economic Development, (2005), *2005-06 Facilities Grant Program*, p.1.

⁴² Jack, Ms E., transcript of evidence, 17 June 2005, pp. 5-6.

⁴³ Tasmanian Government submission, op.cit.

categories on an annual basis. In regards to the funding rounds:

- Large Grants: For 2004-2005, applications closed at the end of September 2004. Successful applicants were announced in February 2005.
- Small Grants: For 2004-2005 applications closed at the beginning of March with successful applicants due to be announced sometime from the beginning of July onwards.

The above guidelines did not apply to the Neighbourhood Houses program which was allocated \$799 443 for 2003-2004 from the charitable organisation category.

The Committee has received a considerable amount of evidence on the above. Concerns raised will be discussed in section 2.4.

2.1.4 Problem gambling research and services

GSB also administers funding for problem gambling research and services (50% of the allocated CSL fund). GSB manages research into the social impact of gambling and best practice service delivery methods.

This category currently funds the following programs:

- Gambling Support Services. GSB manages programs that give direct assistance to anyone who is experiencing difficulties with gambling. Besides GSB, Anglicare, Relationships Australia and Gambling and Betting Addiction Inc. are also involved with this program. The following services are provided under this program:
 - Gambling Helpline Tasmania
 - Break Even Personal and Family Counselling
 - Break Even Support Groups
 - Break Even Financial Counselling.⁴⁴

⁴⁴ GSB website accessed 13 March 2005, www.dhhs.tas.gov.au/services/view.php?id=854

- Gambling Community Education: GSB through various forms of the media promotes safe gambling and gambling awareness programs.
- Tasmanian Health and Wellbeing Fund. This was established to provide a balance of preventative and supportive programs. This program is now being wound up.
- Social programs. This umbrella category included:
 - Family Violence Project
 - Our Kids Project
 - Community Capacity Building Program
 - Mental Health Project
 - Healthy Lifestyles Project
 - Project Currawong.⁴⁵
- Neighbourhood Houses. Comprising a number of initiatives to expand and support services available. Two new neighbourhood houses were established at East Devonport and New Norfolk.⁴⁶

Refer section 1.1 for details relating to funding allocations to this category for 2003-2004. From information provided to the Committee by DHHS the above social programs and Neighbourhood Houses project came to be funded by the CSL because of the development of an integrated social policy program. This program was developed with the endorsement of both the Secretary of DHHS and the Secretary of Treasury. These programs were then endorsed by the Cabinet Sub-Committee on Social Policy and were intended to be of a non-recurrent nature.⁴⁷

⁴⁵ Tasmanian Government submission, *Parliamentary Standing Committee of Public Account Community Support Levy Inquiry*, p.5 and Appendix 1.

⁴⁶ TGC submission, op.cit., p.6.

⁴⁷ DHHS, *Questions forwarded to the Minister Jim Cox from the Parliamentary Standing Committee of Public Accounts into the Community Support Levy*, April 2005, p.6.

2.2 ASSESSMENT INCLUDING DECISION-MAKING TIME FRAMES

The Committee took evidence that there was general concern in the community at the timeliness of the current assessment and approval process.

2.2.1 Assessment process

As previously mentioned (section 2.1) two Departments, DHHS and Department of Economic Development (DED), currently administer the three CSL funding categories. Treasury is also involved with TGC ensuring CSL distributions conform to the Act. The Treasurer has ultimate legislative responsibility for any distributions from the Fund. As previously stated TasCOSS has criticised the assessment process as being too lengthy and complicated. In his evidence Mr Rowell pointed to an instance where the delay between the date the application was submitted and the time when funds were received was considerable.

We talk throughout the submission about the distribution process, particularly for the DHHS-funded grants, which go through an assessment panel, then go to the respective minister, then to the Tasmanian Gaming Commission and then to the Treasurer for sign off. One member organisation reports back that there was 15 months between the time of their submission and the time of their grant being received by the organisation.⁴⁸

TasCOSS recommended that the process be streamlined by involving only one Minister in the funding process.

Ms Suzanne Cass from Tasmanians with Disabilities commented in her evidence that:

Timeliness was a bit of an issue. I expected the response back by early January and did not receive it till the end of January. We had had plans that we put into place in the expectation that we might have got something, which we then had to disband.⁴⁹

On the other hand the Government did not consider that timeliness of the process was a significant issue, notwithstanding the occasional administrative delay. In

⁴⁸ Rowell, Mr M., Transcript of evidence, 9 March 2005, p.12.

⁴⁹ Cass, Ms S., Tasmanians with Disabilities, Transcript of evidence, 9 March 2005, p.39.

regards to the process the Secretary of Treasury and Finance, Mr Challen advised:

With the DHHS grants in particular, there is a fairly well honed process involved. They advertise at particular times of the year; they have an assessment process that is now quite efficient having been through it quite a number of times and once the decisions are made obviously there are processes with the Gaming Commission sign-off and finally the ministerial sign off. But the minimum time between notification and receipt of funds is three weeks and typically it goes beyond that because the applicant has taken a bit more time to get the grant deed signed.⁵⁰

The continuing role of the TGC in the assessment process is further considered in chapter 3 of this report.

2.2.2 *Multiple funding rounds*

The Committee was aware that other jurisdictions, such as Queensland, held more than one annual funding round. The Tasmanian Community Fund (TCF) has two general funding rounds and now a third targeted strategic round. The proposition of additional funding rounds was canvassed with some witnesses appearing before this inquiry.

The Minister for Finance advised that SRT, as part of a current review, was considering the adoption of a rolling program rather than a one-off annual program. The Director of SRT, Elizabeth Jack, further elaborated on this in her evidence:

What we have discussed is perhaps not having applications opening on one particular date and closing a month or two later, ...but that it be a rolling grants program so that it doesn't matter when an organisation comes up with a great idea and wants money, we should be able to process that application.⁵¹

Mr Challen, however, stated:

I think there is also a bit of an issue in that if you have them too frequently you run the risk of

⁵⁰ Challen, Mr D., Transcript of evidence, 8 March 2005, p.9.

⁵¹ Jack, Ms E., Director Sport and Recreation Tasmania, Transcript of evidence, 17 June 2005, p.3.

accepting the applicants that you have before you at a particular point in time and then being disappointed at the next round because you do not have enough money to deal with new applicants who were actually better than some of the ones that you funded in the first round. So it is a balancing act, but something I feel sure we could take on notice and consider further.⁵²

Mr Rowell of TasCOSS expressed the view, on multiple funding rounds, that within the current funding parameters (\$30 000 maximum grants), multiple rounds would not be something that TasCOSS would support. However, if a greater degree of flexibility was introduced then they could be useful.

2.3 ASSISTANCE, GUIDELINES AND FEEDBACK

The Committee examined what assistance and feedback organisations were receiving from GSB and SRT concerning their applications.

2.3.1 Assistance

DHHS responded in writing to questions posed by the Committee indicating it used numerous ways to advise the Tasmanian community of the commencement of a funding round, including:

- Announcements published in Tasmania's major newspapers.
- Information posted through Online Access Centres, the GSB website and the Government Public Information website.
- State Parliamentarians notified.
- Information disseminated through certain Government offices such as Women Tasmania and the Office of Aboriginal Affairs.
- Organisations such as Volunteering Tasmania are informed.

Similar practices were also engaged by SRT when their funding rounds were announced. In addition SRT used public information sessions and distributed information through their consultants. In evidence Mr Cox stated that:

⁵² Challen, Mr D., Transcript of evidence, 8 March 2005, p.11.

We have written lots of letters, we have made people more aware that the funding is available and it would be fair to say that I think there will be a considerable increase, which may put an impost on the 25 per cent, ... but we are now making, as I say, a concerted effort to make sure that organisations are more aware than they have been in the past that this funding is there...⁵³

Mr Challen indicated that applicants received assistance in putting together their applications, whether it was for a sporting or charitable organisation grant.

The DHHS people are actively helping grant applicants. There is a considerable effort to advertise and make groups aware of the existence of the grants. The way the assessment process goes, people focus on the substance of the grant application and not on the quality of the application itself.⁵⁴

An examination of information posted on GSB and SRT's websites invites CSL grant applicants to make contact with the departments if they require assistance. From the evidence given by the directors of GSB and SRT the Committee was satisfied assistance was being given to applicants.

2.3.2 *Guidelines*

The Committee was satisfied as to the existence of guidelines for both charitable and sporting category organisational grants. Both SRT and GSB have information on their websites to assist organisations in submitting an application for a sporting or charitable grant. The Committee accepts serious attempts are made to disseminate grant information to the community as a whole.

However, unlike the other two CSL categories, funding for research appears not to have any set guidelines. Anglicare in its written submission, stated:

When Anglicare has inquired about the [research grant] application process we were advised to follow criteria but no criteria were provided and nor is there any available on the GSB web site.⁵⁵

⁵³ Cox, Mr J., Minister for Finance, Transcript of evidence, 8 March 2005, p.7.

⁵⁴ Challen, Mr D., Transcript of evidence, 8 March 2005, p.8.

⁵⁵ Anglicare Tasmania submission, Op.cit., p.5.

As previously mentioned (see section 1.4.4) the Committee heard evidence that in the past there was a research advisory committee. Although, this committee has not met for several years Ms Rundle indicated that it is going to be reconvened in the near future.

2.3.3 Feedback

The Government believed feedback was available for unsuccessful grant applicants. DHHS responded to the Committee on this question by advising that the following information is contained in its documentation and included on GSB's website:

Applicants may request feedback about assessment of their application against the Guidelines. Feed back is available once an outcome from the Charitable Organisations Grants Program has been announced.⁵⁶

The Committee was satisfied that both GSB and SRT had documented in their application literature a process offering feedback to unsuccessful applicants.

Ms Helen Hortle from Tasmanian Centre for Global Learning (TCGL) in her evidence was not entirely satisfied with the feedback that her organisation received when they unsuccessfully applied for a charitable grant.

One of the things that is very difficult is to find out why you didn't get the funding. With this particular round of the Community Support Levy you get a letter saying, "You were unsuccessful. If you want more information, phone." When you phone it is unofficial information.⁵⁷

DHHS also informed the Committee that there was no formal grievance process available. However, unsuccessful applicants can contact the chairperson of the advisory committee.

In summary, there are guidelines that provide feedback to unsuccessful applicants. However, GSB and SRT may need to refocus their efforts to ensure applicants receive adequate constructive feedback that will assist with subsequent applications.

⁵⁶ DHHS, Written response to formal requests for information, p.44.

⁵⁷ Hortle, Ms H., Acting Co-ordinator, TCGL, Transcript of evidence, 7 February 2005, p.2.

2.4 *TARGETING AND DISTRIBUTION OF CSL FUNDS*

Some concern was expressed to the Committee as to the level of strategic planning and targeting undertaken when grants were considered. As part of the process, the Committee considered whether one-off grants continued to be the most appropriate way to deliver results from CSL funding.

Organisations and their representatives questioned the operation of the current process. Some extracted comments received by the Committee on the distribution process are replicated below:

...according to current statistical data, which shows that 23% of Tasmanians have a disability (Australian Bureau of Statistics, Sept 2004), it might be reasonable to assume that organisations representing this sector might have received a higher allocation of resources from the Community Support Levy.⁵⁸

Anglicare argues that while some excellent initiatives are being funded through the 50% section of the Levy, some essential services regarding gambling and in particular research into gambling problems and advertising of problem gambling services, have not received sufficient funding.⁵⁹

We received most of our comments in relation to this particular term of reference and organisations had strong views about problems in the distribution of the levy.⁶⁰

Before examining the Government's position this report examines three specific criticisms that emerged during the course of this inquiry regarding the targeting of CSL funds, viz:

1. Perceived lack of strategic planning.
2. Lack of ongoing and core funding.
3. Problem gambling research (already discussed at section 1.4).

⁵⁸ ACROD submission, op.cit., p.1.

⁵⁹ Anglicare Tasmania submission, op.cit., p.4.

⁶⁰ TasCOSS submission, op.cit., p.3.

2.4.1 Strategic planning

TasCOSS raised concerns at a perceived lack of strategic planning on the part of the Government on the CSL. In the written submission TasCOSS claimed that there was:

- A lack of funding allocated to preventative projects.
- No consideration given to projects on their merits, even when they have the data to back their claims.
- An obvious lack of planning around each funding round.
- No structure, order or strategic thinking about which projects should be funded.
- No linkage between the CSL and Tasmania Together.
- Consideration was only given to the three major regions and on an ad-hoc basis.⁶¹

In his evidence Mr Rowell further elaborated:

We assert that it is essential in the distribution of community support levy funds that some planning and consultation is conducted in order to ensure that where the funds are distributed are the areas and the communities that are most in need and that those consultations and planning processes might result in an acknowledgment that, with the significant amount of money that is in that fund every year, we may be able to provide some opportunities for early intervention and prevention programs rather than small-scale primary intervention programs that are currently funded.⁶²

Others have also commented on this lack of strategic focus. Ms Hortle from TCGL felt they were working in the dark in regards to what the assessment committees were looking for:

⁶¹ *ibid.*, p.3.

⁶² Rowell, Mr M., Transcript of evidence, 9 March 2005, p.11.

The guidelines are extremely broad. There may well be a focus the committee looks at when they meet but you do not know that from the guidelines that you get to fill in.⁶³

However, one organisation the Tasmanian Environment Centre (TEC) rather than finding the guidelines too broad, found them to be too narrow. They experienced difficulties in obtaining funding from the charitable organisation fund because of their environmental focus.

The organisation [TEC] is a registered charity in terms of an environmental organisation so we have tax deductibility for donations and so on. In my understanding of 'charity', the guidelines focus on social welfare organisations ... that are delivering a social welfare service to people, whereas we are not.⁶⁴

From the evidence provided by the Government (especially by DHHS) the Government does have a strategic focus and does attempt to target certain populations, as will be seen in the following sections. However, this focus may not be clear enough to the community in general.

Tasmania Together

TasCOSS was concerned that there was not a stronger link between the funding process for the CSL and the Tasmania Together framework. When asked about the current linkages between the CSL funding process and the Tasmania Together framework, Mr Rowell responded:

I think that probably the material on the web site alludes to a link to Tasmania Together but I think that in the targeting of and planning of where money is best placed that should then be linked to the Tasmania Together output. Organisations should be asked, in their applications to respond to which of the benchmarks link with this or will contribute to that process.⁶⁵

When Mr Cox, as responsible Minister, was questioned about these linkages, he identified that there was in existence a

⁶³ Hortle, Ms H., Transcript of evidence, 17 February 2005, p.8.

⁶⁴ Steadman, Ms M., Manager TEC, Transcript of evidence, 17 February 2005, p.12.

⁶⁵ Rowell, Mr M., Transcript of evidence, 9 March 2005, p.21.

linkage between the two (Tasmania Together Goals and Benchmarks 5.3.1.).⁶⁶ However, nothing was mentioned as to whether this linkage was considered when funding recommendations were being undertaken.

2.4.2 *Lack of ongoing or core funding*

A number of organisations raised the issue of ongoing funding and core funding. If an organisation seeking project funding cannot demonstrate that it can run its organisation's core functions such as staff or premises it may be precluded from applying for project funding.

The reason we believe we may not receive funding is that it is all project funding that is available from the Community Support Levy: it is not core funding. It is the same with most of the philanthropic organisations.⁶⁷

Some organisations were reluctant to apply for CSL funding for projects requiring a time frame greater than six to twelve months as they may not have the funding to complete the project.

TasCOSS also stated that they were concerned projects were being inadequately funded to provide a lasting impact.

It does not take you any further than six or 12 months, so it makes it very difficult for small organisations who rely on project funding to be able to establish themselves or to deliver services that they and their community see as being essential services. So having the capacity for one or two-year contracts even would make a much greater difference to those organisations.⁶⁸

The Committee posed a question to Ms Suzanne Cass from Tasmanians with Disabilities, on whether it would benefit from a modified CSL program where the organisation would be funded in accordance with a business plan. Fund disbursements would be dictated by the business plan over a set period of time. The whole process would be monitored to ensure that funds were only drawn down in accordance with

⁶⁶ See Appendix D for full text of benchmark 5.3.1

⁶⁷ Hortle, Ms H., Transcript of evidence, 17 February 2005, p.1.

⁶⁸ Rowell, Mr M., Transcript of evidence, 9 March 2005, p.15.

the approved business plan. Her response was that this would be perfect.⁶⁹

TCF and larger grant amounts

The TCF was established when the Trust Bank was sold in 1999. Under the *Trust Bank Sale Act 1999*, TCF receives an appropriation from the State Government for distribution of grants to community organisations and worthwhile community purposes and projects.⁷⁰

In its guidelines TCF does not generally fund ongoing administrative or support costs. However, it does have greater flexibility in distributing those funds. Currently TCF concentrates its funding towards 10 core areas. Mr Gerald Loughran, Chairman of the TCF, in his evidence commented that:

There have been a number of grants around the \$200 000 mark, but generally they would fall below \$100 000 and there would be quite a number around \$2000, \$3000 dollars or \$10 000.⁷¹

Further, when talking about how payments are made to successful applicants and the timing of those payments Mr Loughran stated that:

...it is open to us to stagger the payments and we certainly do that. If it is a large project or if it is one that is going to go over a significant period of time, we usually stagger the payments.⁷²

A number of features of the TCF model appealed to the Committee, including the ability to approve larger amounts than is currently possible under GSB guidelines.

Larger grant amounts

The current GSB guidelines for large grants in the charitable organisation category could be relaxed allowing sums in excess of \$30 000 to be applied for. The Committee sees some merit in being able to distribute larger sums of money over longer periods of time and to stagger payments in accordance

⁶⁹ Sturges, Mr G., MHA Denison, and Cass, Ms A., Transcript of evidence, 9 March 2005, p.41.

⁷⁰ Refer to 2004 TCF Annual Report for further information relating to the establishment of the fund.

⁷¹ Loughran, Mr G., Chair TCF, Transcript of evidence, 13 April 2005, p.5.

⁷² *ibid.*, p.7.

with an agreed business plan that includes detailed financial information.

Value adding could also be included, whereby funding would be conditional upon the organisation being able to obtain additional grant monies from other sources.

Fund disbursements would be strictly in accordance with the approved business plan and could continue beyond 12 months. Before the disbursement of funds certain agreed milestones need to be achieved. Funds allocated but not yet drawn should be quarantined or deducted from the balance upon approval.

2.4.3 Tasmanian Government

The Government on the whole has generally been satisfied with the current distribution arrangements. The Government in its written submission stated:

- The current distribution arrangements operate effectively and at a relatively low cost.
- There were no major concerns that would warrant significant change to existing practices.
- Distributions were in accordance with best practice, ensuring transparency by accountability of the grant programs and using specific assessment panels and advisory groups.

SRT

From the time of the Fund's establishment, approximately 1170 organisations successfully submitted applications seeking CSL funds. A further 849 (79%) organisations were successful in submitting subsequent applications. An amount of approximately⁷³ \$8 million represents the total project cost of CSL funded applications, \$4.5 million of which was sourced from CSL distributions (1997-1998 to 2004-2005).

Table 1, provided by SRT, details the total number of all applications by sub-program between 1997-2005:

⁷³ Exact figures unavailable due to SRT database limitations.

Table 1: SRT Applications by Sub-program 1997-2004

	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	TOTAL
Development Programs	29	38	101	81	47	19	28	32	375
Equipment Purchases	26	12	35	49	34	52	77	96	381
Events	4	8	12	14	15	11	22	28	114
Facility Development	43	45	71	97	67	31	73	56	483
Total	102	103	219	241	163	113	200	212	1 353

Source:
SRT⁷⁴

The above Table details the number of applications within each sub-program or program type.

Ms Jack stated that the programs were not as flexible as they should be, however, she believed SRT were taking steps to increase flexibility. Some initiatives that have been introduced or being considered include:

- The adoption of dollar-for-dollar funding for the Facilities Grants Program.
- Projects need only have a sport and recreation focus, not the applicants.⁷⁵
- Possible introduction of triennial funding.
- Consideration of rolling grants programs.
- Consideration of funding assistance for strategic plans stretching beyond one year.⁷⁶

DHHS

As part of its response DHHS released information on how it targeted and distributed CSL funds.

Concerning the Large Grant category of Charitable Grants, DHHS advised for the 2003-2004 funding round that the target population included but was not limited to those:

⁷⁴ DED, Written response to formal requests for information, p.5.

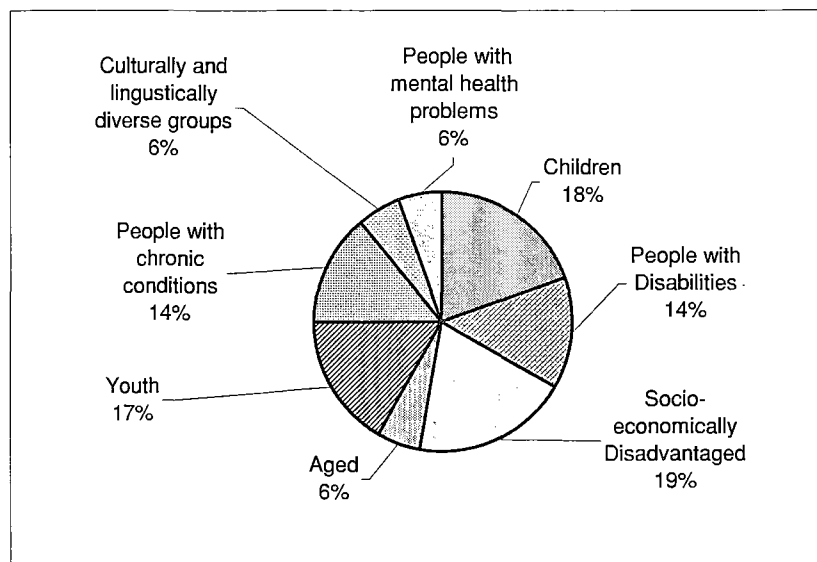
⁷⁵ Groups without a sport and recreation focus are no longer precluded from applying for grants. Only the project itself need have a sport and recreation focus.

⁷⁶ Jack, Ms E., Transcript of evidence, 17 June 2005, p.4.

- at risk from trauma
- with a disability
- with mental health problems
- with physical illness or poverty
- socially or culturally isolated.

Figure 3 shows the percentage break-up of the distribution of funds for this category.

Figure 3: Percentage Funding by Target Group Large Grants 2003-2004



Source: DHHS.⁷⁷

Regarding the small grants program Ms Rundle in her evidence stated that:

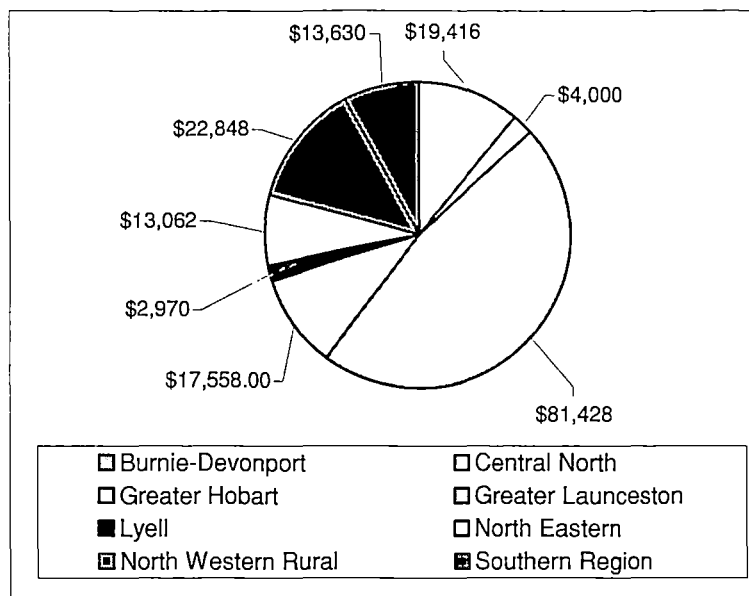
The small grants provide non-recurrent funding for up to \$2000 for equipment and other small items or activities that may support their core business - if they want a computer, if they need a printer or if they want to put carpet in a recreational centre for young people.⁷⁸

The Committee was provided with a listing of successful and unsuccessful small grant applicants for examination. Figure 4 represents a geographical distribution of successful small grants for 2004.

⁷⁷ DHHS, Written response to formal requests for information, p.13.

⁷⁸ Rundle, Ms V., Transcript of evidence, 10 June 2005, p.24.

Figure 4 Geographical spread of Small Grants 2004



Source: DHHS.⁷⁹

The above can be further grouped into the three recognised Tasmanian regions as follows:

	Amount	Percentage
South	\$95 058	54
North	\$34 620	20
North West	\$45 234	26
Total	\$174 912	

Distributions throughout the regions were roughly aligned with the three major population regions of Tasmania. However, the Committee noted that funds allocated to the North were slightly less than its corresponding population distribution.

2.5 COMMITTEE FINDINGS

The Committee finds that:

1. The process is lengthy and complicated by the number of Ministers and Departments involved.
2. The assessment and distribution of funds for DHHS programs lacks transparency and should be immediately reviewed.

⁷⁹ DHHS, Written response to formal requests for information, p.33.

3. Applicants would be advantaged if strategic goals were identified in each funding round to enable priority to be given to programs that meet strategic need.
4. The distribution process would be improved if more than one funding round was available in each year.
5. The current DHHS limit of \$30 000 is a barrier to organisations submitting more comprehensive applications for funding over longer periods of time.
6. Where a need is demonstrated, funding should be available for reasonable administration costs.
7. The process of notifying unsuccessful applicants is deficient.

2.6 COMMITTEE RECOMMENDATIONS

The Committee recommends that:

- 1. DHHS's distribution process should be changed to ensure the identified deficiencies in this report are corrected.**
- 2. Funding for reasonable administration costs for community organisations be allowed. Suitable guidelines should be developed allowing appropriate administration costs to be claimed.**

3 Continuing role of the TGC

3 CONTINUING ROLE OF THE TGC

The Committee examined the suitability of the TGC and the appropriateness of an alternative model to oversee and administer distribution of CSL funds. The Committee looked at:

- **The existing role of the TGC in regard to the CSL.**
- **Alternative models.**

3.1 THE EXISTING ROLE OF THE TGC IN REGARD TO THE CSL

The Treasurer, by way of section 151(4) of the Act is responsible for distributing funds collected by the CSL. TGC has responsibility for administering the CSL by delegation from the Treasurer.

The TGC was established and given certain powers and responsibilities under Part 7 of the *Gaming Control Act 1993*. Three commissioners head the TGC:

- Mr Clyde Eastaugh – Chairman
- Professor Kate Warner
- Ms Elizabeth Thomas.

The TGC is supported by the Liquor and Gaming Branch, which is in turn located within the Revenue, Gaming and Licensing Division of the Department of Treasury and Finance.

Officers of the Liquor and Gaming Branch undertake the day-to-day activities involved in administering and regulating gaming in Tasmania under direction and delegation of the Gaming Commission.⁸⁰

The CSL forms only a small part of TGC's overall gaming responsibilities.

3.1.1 Government's position

The Government in its written submission stated its position clearly to be that:

- The current distribution model for CSL funds is appropriate.

⁸⁰ TGC submission, op.cit., p. 5.

- TGC provides an independent oversight role, ensuring the application of CSL funding is consistent with the Act.
- TGC works closely with the GSB and SRT, making certain that grant processes achieve optimal efficiency and effectiveness.⁸¹

Mr Cox and Mr Challen emphasised that the TGC was independent and not subject to pressure from either the Government generally or Treasury specifically. Mr Cox commented that:

I make the point that those three people [TGC Commissioners] have no involvement with government; they have no involvement in any other way. How in heaven's name do you get a more independent body than those three people?⁸²

Mr Challen in his evidence also explained the TGC was independent of Government influence and illustrated the point with regard to the TGC's written submission to this inquiry.

I think it has always been independent, but recent changes to the make-up of the Commission should improve the perception of independence as well as the reality, and I think you have a separate submission from the Gaming Commission that takes a slightly different line from the Minister's submission, which I think might illustrate the level of their independence.⁸³

3.1.2 TGC's position

The TGC strongly maintained that it was independent, and that Treasury did not influence it. Mr Eastaugh stated that:

We are independent. For those who know me, I am a very independent person and the board works very independently. Its roles and responsibilities are well enshrined in the Act and we religiously try to meet

⁸¹ Tasmanian Government Submission, *Parliamentary Standing Committee of Public Accounts Community Support Levy Inquiry*, pp. 11-12.

⁸² Cox, Mr J., Transcript of evidence, 8 March 2005, p.18.

⁸³ Challen, Mr D., Transcript of evidence, 8 March 2005, p.17.

those. The fact that there is a suggestion that there is influence from Treasury or the Minister is not true.⁸⁴

TGC also asserted in its written submission that the three Commissioners brought considerable experience in overseeing the CSL. This was emphasised by Mr Eastaugh in his opening comments when he stated:

I believe the Commission's experience with charitable organisations and distribution of public moneys is first-rate. For example, I am a director of the Tasmanian Community Foundation, a board member of the Roland View Estate, a governor of the UTAS Foundation and a director of Tasmanian Perpetual Trustees Limited. Kate Warner is a Professor of Law at the University of Tasmania. She is director of the Tasmanian Law Reform Institute and a director of the Claudio Alcorso Foundation. Elizabeth Thomas has 18 years' experience in the trustee industry throughout Australia, including eight-and-a-half years as CEO of the Public Trustee of Tasmania. Elizabeth has been actively involved in the distribution of discretionary charitable trust funds generated by some of the largest charitable trusts in Australia.⁸⁵

Mr Eastaugh then advised how the TGC carried out its duties and then further reinforced its claim of independence.

The Commission provides an independent mechanism for monitoring of the CSL expenditure to ensure that the recommendations received by the Treasurer are in accordance with the intention of the Gaming Control Act.⁸⁶

The TGC, however, indicated it had identified a number of options for the future operations of the CSL. Its preferred option was one where the existing system was fine tuned rather than replaced. Features of this fine-tuning include:

- Retention of DHHS and DED to administer their components of the funding pool but with improved administrative procedures to speed up the process overseen by the TGC.

⁸⁴ Eastaugh, Mr C., TGC, Transcript of evidence, 16 March 2005, p.9.

⁸⁵ *ibid.*, pp.1-2.

⁸⁶ *ibid.*, p.2.

- Creation of a ‘TGC Program for Innovation’ to be administered by the TGC and funded from a portion of the CSL. The program would instigate research and investigate funding projects outside of the direct responsibility of the above two departments.⁸⁷

This assertion of independence from Treasury by TGC was a view not shared by other organisations that made representations to this Committee. The Committee also felt that an additional program could result in further funds being directed away from community groups.

3.1.3 *Independence questioned*

A number of organisations and individuals have raised their concerns about Treasury exerting a significant degree of influence over TGC. Some extracts from submissions received by the Committee include:

Given that the TGC is situated within and staffed by Treasury and Finance, there is an obvious culture of revenue raising and conservative expenditure, or at least a perception of this, which may be one of the contributing factors in the CSL under expenditure.⁸⁸

Anglicare considers that neither the TGC nor GSB should administer the CSL funds as they are not independent of Government.⁸⁹

...we do not believe it [TGC] is structured nor has the expertise to be responsible for allocating Community Funds to the most appropriate organisations. Therefore ...the “decision making” authority to be removed from the TGC and for the CSL to be managed by an independent community board, which could avoid political agendas, negative public perceptions, and be able to independently identify and respond to community need.⁹⁰

⁸⁷ TGC submission, op.cit., p.9.

⁸⁸ TasCOSS submission, op.cit., p. 6.

⁸⁹ Anglicare Tasmania Submission, op.cit., p.6.

⁹⁰ ACROD Tasmanian Division ACROD Limited Submission, op.cit., p.2.

In its current form the TGC is not sufficiently independent from Treasury to undertake any role in the distribution of CSL funds. There is an inherent structural conflict between the culture and resources of Treasury focused entirely on a financial bottom line, influencing a body whose responsibilities include research and advice that could very well diminish that bottom line in the short term. Despite the recent removal of the Treasury Secretary from the TGC, the TGC remains closely tied to Treasury through its administrative resources and its physical premises.⁹¹

The above views were reiterated to the Committee when evidence was taken.

The Committee received evidence suggesting the TGC is seen as an extension of or a part of Treasury. This was reinforced to the Committee in evidence given by Mr Eastaugh, when he stated:

The commission really is managing on behalf of Treasury and they are the ones who allocate the funds. We are there as oversighting the process and then managing the outcomes.⁹²

Senior personnel at director level from Treasury, DHHS and SRT were questioned on the current interaction between their departments and TGC and whether there had been any change to that relationship.

Mr Coe from Treasury commented that:

I think the major change ... has been more accountability passed back to Health and Human Services and Sport and Recreation so the actual process of grant assessment is now done in those agencies, subject to the commission [TGC] approving the processes being used. Back in 1996 there was probably a higher role of the Gaming Commission in looking at the grants coming through.⁹³

⁹¹ Tasmanian Greens submission, op.cit, p.9.

⁹² Eastaugh, Mr C., Transcript of evidence, 16 March 2005, p.6.

⁹³ Coe, Mr P., Transcript of evidence, 10 June 2005, p.6.

Ms Rundle in her evidence indicated that TGC did not want to take a hands-on or direct role in the work undertaken by DHHS.⁹⁴

In questions posed to Ms Jack concerning SRT's interaction with Treasury and TGC there appears to be little contact between TGC and SRT.

The only interaction there might be is between someone within Treasury and our finance and grants officer and that is more along the lines of the operational components. I have never been contacted questioning why we have done something.⁹⁵

In regards to smaller SRT CSL grant amounts TGC now performs only a checking role on the process rather than signing-off on the recommendations directly.

This contrasts with the TCF where all applications are directly considered by the board with all final funding decisions made by the board. The TCF does not suffer from a perception of being influenced by Treasury, despite the fact that the TCF (like the TGC) relies on Treasury staff for administrative support.

3.2 ALTERNATIVE MODELS RECOMMENDED

The Committee has taken evidence that the TGC's role in administering the CSL should be changed. The Committee received three proposals to restructure the current administrative arrangements from:

- TasCOSS
- The Tasmanian Greens
- Anglicare Tasmania.

A further model that is operating within the ACT was also considered.

3.2.1 TasCOSS proposal

The TasCOSS proposal was based on reducing administrative delays and enhancing the decision making process.

There is a very strong amount of support for the decision-making authority to be removed from the TGC and for the CSL to be managed by an

⁹⁴ Rundle, Ms V., Transcript of evidence, 10 June 2005, p.32.

⁹⁵ Jack, Ms E., Transcript of evidence, 17 June 2005, p.12.

independent community board, who could avoid political agendas, negative public perceptions, and be able to independently identify and respond to community need. Given that there is no legislative requirement for the TGC to be involved, this should cease.⁹⁶

Mr Rowell reaffirmed the contents of TasCOSS's written submission but added that the TGC's involvement with the CSL may only need to be reduced, not eliminated.

Let us report to them about where they are going, have even, if you like, a ministerially appointed independent board - that is fine - but replace the assessment panel with that external board and report to the commission.⁹⁷

In summary TasCOSS would like to see the current structure replaced with an independent community board.

3.2.2 *The Tasmanian Greens*

In their written submission the Greens outlined how the existing process should be reformed. The central pillar of their proposal was the replacement of the TGC in the CSL assessment process with a statutory independent Community Support Levy Foundation. The main points contained in their submission were:

- The Foundation should consist of nine people appointed by the Minister.
- Members of the Foundation should represent a cross-section of community stakeholders.
- The Foundation would distribute the CSL on the basis of public submissions.
- The Foundation would be required to report to Parliament annually.
- Administrative funding for the Foundation should be from the Consolidated Fund.⁹⁸

Mr Booth did not elaborate any further on how this Foundation would function.

⁹⁶ TasCOSS submission, op.cit., p.6.

⁹⁷ Rowell, Mr M., Transcript of evidence, 9 March 2005, p.19.

⁹⁸ The Tasmanian Greens, Parliamentary Standing Committee of Public Accounts regarding the Community Support Levy, February 2005, p.10.

3.2.3 *Anglicare Tasmania*

Throughout their written submission Anglicare was critical of the GSB in regards to underspending the Levy and the limited amount of research since it was set up. Anglicare made the following recommendations:

Re-establishment of a Community Board to oversee distribution and administration of all charitable grants.

Re-establishment of a Research Committee to consider research directions, call for tenders, and vet applications for research funding.

Establishment of a complaints mechanism, with public recording, about the disbursement of charitable, sporting and research grants.

Public recording of all submissions to grants cycles including applications for charitable, sporting and research grants.⁹⁹

In his evidence Rev Jones stated that:

Once you have something like a community board, I think there is more potential for it to be publicly accountable because they report. At the moment we have no idea how the Health and Wellbeing Fund is allocated.¹⁰⁰

3.2.4 *ACT model*

Mr Daniel Hanna (General Manager for the Tasmanian branch of the AHA) was generally happy with the current distribution process. However, there was one issue the AHA did raise and that related to recognition of where the CSL funds came from.

I just think sometimes that the wider community, and indeed the recipients, don't always clearly recognise where those funds have come from. That is something that we are certainly looking to work with government a little more on in the future. It would be nice if the local hotelier or the local club could have a representative at those events.¹⁰¹

⁹⁹ Anglicare Tasmania submission, op.cit., p.7.

¹⁰⁰ Jones, Rev C., Transcript of evidence, 9 March 2005, p.36.

¹⁰¹ Hanna, Mr D., General Manager AHA, Transcript of evidence, 9 March 2005, p.7.

Mr Hanna was asked as to what would be the AHA's position if Tasmania were to move to an ACT-type model¹⁰² where the clubs themselves distributed the funds directly to community groups. Government only ensured that the required minimum percentage rate of gaming revenue was distributed to approved community groups. This system would replace the current statutory fund and negate the need for Government to be involved directly in the distribution process.

In a written response, the AHA gave a formal in-principle support for the above model. The AHA outlined its own proposal as follows:

- The State Government provides a list of approved recipients (both sporting and charitable).
- A representative association or group would manage the process (such as the AHA) and would manage the process of administration, advertising, assessment and presentation of grants. Representatives from hotels, clubs, sporting organisations and charitable organisations could also form a small advisory committee.
- The State Government would require a report from the management organisation and would conduct random audits of projects funded.
- The State Government would continue to manage the problem gambling and research component of the current CSL fund.¹⁰³

Outside of the AHA there was little support from other organisations (TasCOSS, Anglicare and TGC) for the concept of changing the distribution process of the CSL to an ACT style system. Mr Rowell stated that:

If the issue was about organisations receiving funding directly from gaming providers, I think you would see a range of organisations who would no longer submit for that money because of the ethical fundraising decision-making that needs to occur, and I think there would be a range of organisations who

¹⁰² See Appendix E for a summary of the system currently operating in the ACT.

¹⁰³ Letter from the AHA to the Public Accounts Committee – Community Support Levy Inquiry, 22 March 2005.

are key players in this State that that would rule out, so I think that would be inflexible.¹⁰⁴

3.3 COMMITTEE FINDINGS

The Committee finds that:

1. There is a perception in some community organisations that TGC is too closely associated with Treasury. The Committee however, was not convinced this is the case.
2. There are some difficulties with the current system. However, the existing structure is essentially sound and should be retained with only some changes necessary to make it more effective, efficient and accountable.
3. The Committee does not support a distribution system similar to what currently operates in the ACT. The Committee is satisfied that there may be considerable community resistance to such a system.

3.4 COMMITTEE RECOMMENDATIONS

The Committee recommends that:

1. **The existing distribution structure should be retained. Changes ought only be made to improve the effectiveness, efficiency and accountability of the current structure.**
2. **The TGC should withdraw itself from any remaining CSL operational duties.**
3. **The TGC ought undertake more of a strategic and auditing role in the distribution process. It should use the annual reporting process to report to the community on the previous year's distribution process.**

¹⁰⁴ Rowell, Mr M., Transcript of evidence, 9 March 2005, p.22.

4 Administration costs

4 ADMINISTRATION COSTS

The Committee reviewed costs that were being charged and whether it was appropriate for these to be charged to the Fund.

4.1 CURRENT CHARGING OF COSTS

Under the present CSL structure there are three departments responsible for administering the CSL, viz:

- Treasury
- DHHS
- DED.

Only DHHS through the GSB currently charges a portion of its administrative expenses directly against the Fund. The other two departments absorb their CSL activity costs. The Government in their written submission justified the charging of administrative costs by GSB to the CSL by arguing that GSB administers 75% of the Fund's expenditure. The Government also argued that it has kept these costs to a minimum.

DHHS has only been charging its costs back to the Fund since 2000-2001, when an amount of \$128 344 was levied. Responding to written questions from the Committee, DHHS advised costs recovered from the Fund now total around \$230 000 per annum and include salaries for a manager, three other full-time staff and: '...operating costs such as office accommodation, office supplies and staff travel.'¹⁰⁵ In addition material received from DHHS stated that:

'There are no financial implications for the Department of Health and Human Services, from this grant program. While administered in the Department, the program is fully funded by the Community Support Levy Trust Account held in the Department of Treasury of Finance.'¹⁰⁶

However, Mr Challen told the Committee that:

DHHS absorbs lots of costs. They do not charge, for instance, accommodation, rent, power or any of those

¹⁰⁵ Tasmanian Government Submission, *Parliamentary Standing Committee of Public Accounts Community Support Levy Inquiry*, p.13.

¹⁰⁶ DHHS, *Terms of Reference for the Advisory Group for Charitable Organisations Grant Program*, 2003, p.7.

sorts of things; it is just the direct costs that very directly benefit the application of the CSL fund.¹⁰⁷

The Government stated that DHHS did not benefit from charging CSL administration costs to the Fund. Mr Challen argued that if all CSL administration costs incurred by DHHS were absorbed then funds would have to be redirected from elsewhere in the DHHS budget.

The Committee has calculated from last year's figures that DHHS expended a total of \$5 692 951 in CSL funds during 2003-2004, with administrative charges totalling \$229 055. This means that administration costs made up 4% of total DHHS CSL expenditure. The Committee considered this percentage as being reasonable.

4.2 CONCERN EXPRESSED TO THE COMMITTEE

Those appearing before the Committee were asked to comment on whether they thought it appropriate for administrative costs to be charged back to the Fund. Strong representations were given. The Rev Jones of Anglicare commented that:

I think there is also some question about the administration of what has to take place within the Department of Health and Human Services. With the GSB, why are the funds for those staff taken out of the fund, as opposed to actually being paid as a core function of the DHHS? We would think that ought to be looked at again because it does not seem to be the correct way to go about that.¹⁰⁸

In its written submission, TasCOSS expressed concern at the level of costs being charged back to the Fund and that the other two Departments involved in administering the CSL currently absorbed their costs.

If the figures quoted in the Tasmanian Audit Office's report are accurate, (as high as \$168 000 in 2001-2002) then this would seem to be of particular concern and a relatively high cost, compared with the way that the Office of Sport and Recreation absorb these costs.¹⁰⁹

¹⁰⁷ Challen, Mr D., Transcript of evidence, 8 March 2005, p.15.

¹⁰⁸ Jones, Rev C., Transcript of evidence, 9 March 2005, p.25.

¹⁰⁹ TasCOSS submission, op.cit., p.6.

The Tasmanian Greens believed it to be inappropriate for CSL funds to be spent on administration.

...we do not want to see funds that should be going to the proper research and harm-minimisation strategies, for example, being spent on administration.¹¹⁰

Community organisations also argued that Government should absorb costs associated with the running of the Fund and that levies paid into the Fund should be used solely for delivering services and grants in terms with section 151(4).

4.3 COMMITTEE FINDINGS

The Committee finds that:

1. Costs being charged back to the fund by DHHS are reasonable.
2. There is an inconsistency between the administrative practices of DHHS and SRT.
3. In principle it is not unreasonable for agencies to recover some costs associated with the administration of the CSL grants program.

¹¹⁰ Booth, Mr K., Transcript of evidence, 8 March 2005, p.24.

5 Legislative requirements

5 LEGISLATIVE REQUIREMENTS

The Committee considered whether the Government was adhering to the existing CSL provisions in the Act. The Committee also evaluated what legislative changes might be necessary.

5.1 GOVERNMENT'S ADHERENCE TO THE CURRENT LEGISLATION

Section 151 (4) of the Act clearly indicates where proceeds raised by the CSL are to be distributed, viz:

- (a) 25% for the benefit of sport and recreation clubs.
- (b) 25% for the benefit of charitable organisations.
- (c) 50% for the provision of:
 - (i) Research into gambling; and
 - (ii) Services for the prevention of compulsive gambling; and
 - (iii) Treatment of rehabilitation of compulsive gamblers; and
 - (iv) Community education concerning gambling; and
 - (v) Other health services.

At the time the legislation was being debated in the Legislative Council, Mr Ray Bailey amended the original legislation to incorporate the above allocations. He stated:

The reason for putting in 'other health services' is that if the funds that are to be allocated, pursuant to this 50 per cent, exceed the amount that might need to be appropriated in relation to gambling problems, they can be used by other health services.¹¹¹

The Committee contends that the Act gives clear direction as to where funds collected by the CSL must go and how much must be allocated to each area specified in the Act. Table 2 shows expenditure for allocations as a percentage of total receipts collected on a yearly basis.

¹¹¹ Hansard, 3 December 1993.

Table 2: Expenditure as a Percentage of Receipts 1996- 2004

Year	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	96-04
Problem gambling	70.3%	33.9%	25.2%	29.4%	18.7%	27.9%	31.5%	80.4%	40.1%
Sport and recreation	0.0%	23.3%	16.8%	30.7%	22.4%	24.1%	11.9%	24.7%	21.4%
Charitable organisations	0.0%	8.3%	8.6%	21.7%	23.0%	12.3%	20.4%	32.1%	20.6%
Administration costs	0.0%	0.0%	0.0%	0.0%	4.2%	4.5%	3.0%	4.7%	3.1%
Expenditure to revenue	70.0%	65.6%	50.6%	81.9%	68.3%	68.8%	66.8%	142.0%	85.3%

Source: TGC and TAO

Table 2 illustrates that:

- Only in 2003-2004 did expenditure for the total fund exceed receipts (142%). Overall expenditure was 85.3% of receipts since 1996-1997.
- The allocation to problem gambling, section 151(4c); has only met or exceeded 50% twice, 1996-1997 and 2003-2004.
- Allocations to sport and recreation, section 151(4a); has dipped below 17% on two occasions since 1997 (1998-1999 and 2000-2001).
- Expenditure on charitable organisations has only met or exceeded 25% once (2003-2004).

From the above information and the wording of the Act the Committee is of the opinion that the legislation is not sufficiently clear in relation to the time frame for the distribution of the Fund.

5.1.1 Concerns with the legislation

From written submissions received and evidence taken by the Committee, a number of concerns were raised in regards to the legislation. These concerns included:

- Tasmanian Environment Centre Inc. – Narrowness of the scope of the Act, definition of ‘charitable’.
- The Tasmanian Greens – concerns with the legislation relating to:
 - Independence of the TGC
 - Lack of specific restrictions on the use of CSL funds
 - Absence of a biennial study.
- TasCOSS – Only twelve lines devoted to the administration of the CSL. This leaves interpretation of its expenditure open to broad interpretation.
- Anglicare Tasmania – The legislation is not being followed in providing adequate funding for gambling research.

5.1.2 *Government position*

The Government’s written submission maintained that the ‘...current legislative requirements for the CSL to be appropriate.’¹¹²

The Government stated that it was complying with the Act in regards to how CSL funds were distributed. This followed on from written questions posed to the Minister for Finance by the Committee. The Committee enquired as to whether:

1. Section 151(4) required the Government to direct funding from the CSL to all of the areas mentioned in subsection 151(4)(c) i-iv), with any surplus being applied to other health areas in terms of subsection 151(4)(c) v).
2. The current distributions of the CSL were strictly in accordance with section 151(4) of the Act.

The Minister for Finance responded:

¹¹² Tasmanian Government Submission to the Parliamentary Standing Committee of Public Account Community Support Levy Inquiry, January 2005, page 13.

It is evident that Parliament's will was to provide for the 50 per cent component to be distributed by the Treasurer amongst any or all of the five areas identified, as he sees fit.¹¹³

On the second question the Minister responded:

...the Treasurer must apply the levy according to the proportions stated but there is no statutory obligation that this must be done within a set time frame. Accumulation of funds within the CSL account, is therefore, not prevented by the legislation.¹¹⁴

The Government's interpretation was that it could use its discretion as to the percentage of funds allocated from the three categories, as long as the expenditure remains within the set percentages over time. The Government, however, has not specified any time frame.

On the flexibility of the legislation, Mr Challen conceded that greater flexibility in the legislation might be desirable. This is explored further in a following section.

5.1.3 TGC position

The Committee questioned whether the Act gave any flexibility as it currently stood. The TGC's written submission did not directly address whether there was a need for legislative change or not.

In his evidence Mr Eastaugh stated he was 'comfortable' with the way the Act was currently worded and the flexibility it afforded.

5.2 NEED FOR LEGISLATIVE REFORM

As highlighted previously, many of the organisations appearing before the Committee had some concerns with the existing legislation. Only the Government and the TGC in their written submissions either did not see the need or failed to comment on the need for a legislative change. However, Mr Challen conceded that with the wording of the legislation some changes might be warranted. He stated that with hindsight:

¹¹³ Response from the Minister for Finance to the *Inquiry into the Administration of the Community Support Levy*, 12 April 2005, p.1.

¹¹⁴ *ibid.*, p.2.

... I would have suggested to the Government of the day that the percentages in section 151(4) of the Act be not quite so hard, that there be a bit of flexibility at the margins. Instead of being required to spend exactly 25 per cent for the benefit of sport and recreation clubs, I think if I had my time over again I would have said not more than, say, 30 per cent, to give a bit of flexibility at the margin.¹¹⁵

5.3 COMMITTEE FINDINGS

The Committee finds that:

The legislation requires all funds collected by the Levy to be distributed in accordance with section 151(4).

The distribution of funds in accordance with section 151(4) needs clarification in relation to time frames and may further need legislative amendment.

5.4 COMMITTEE RECOMMENDATION

The Committee recommends that in keeping with the spirit of the legislation funds should not be able to accumulate to the levels of the past.

¹¹⁵ Challen, Mr D., Transcript of evidence, 8 March 2005, p.6.

Appendices

APPENDIX A: DETAILS OF CSL RECEIPTS AND EXPENDITURE

The following Table shows receipts and expenditure since the CSL fund was established.

Year	Receipts	Expenditure					Balance C/F \$ 000's
	\$ 000's	Admin	Problem gambling	Sport & rec	Charitable orgs	TOTAL \$ 000's	
1996-97	203.3	0	143.0	0	0	143.0	60.4
1997-98	939.6	0	318.9	219.2	78.4	616.5	383.5
1998-99	1 484.5	0	373.7	250.0	127.8	751.4	1 116.6
1999-00	2 323.7	0	683.7	713.9	504.7	1 902.3	1 538.0
2000-01	3 062.6	128.3	571.9	686.0	705.5	2 091.7	2 508.9
2001-02	3 784.1	168.8	1 056.5	910.4	466.7	2 602.5	3 690.6
2002-03	4 355.7	131.4	1 370.7	519.2	889.0	2 910.2	5 136.0
2003-04	4 853.1	229.1	3 903.6	1 200.6	1 560.3	6 893.4	3,095.6
Total	21 006.6	657.6	8 422.0	4 499.3	4 4332.4	17 911.0	

Source: TGC.

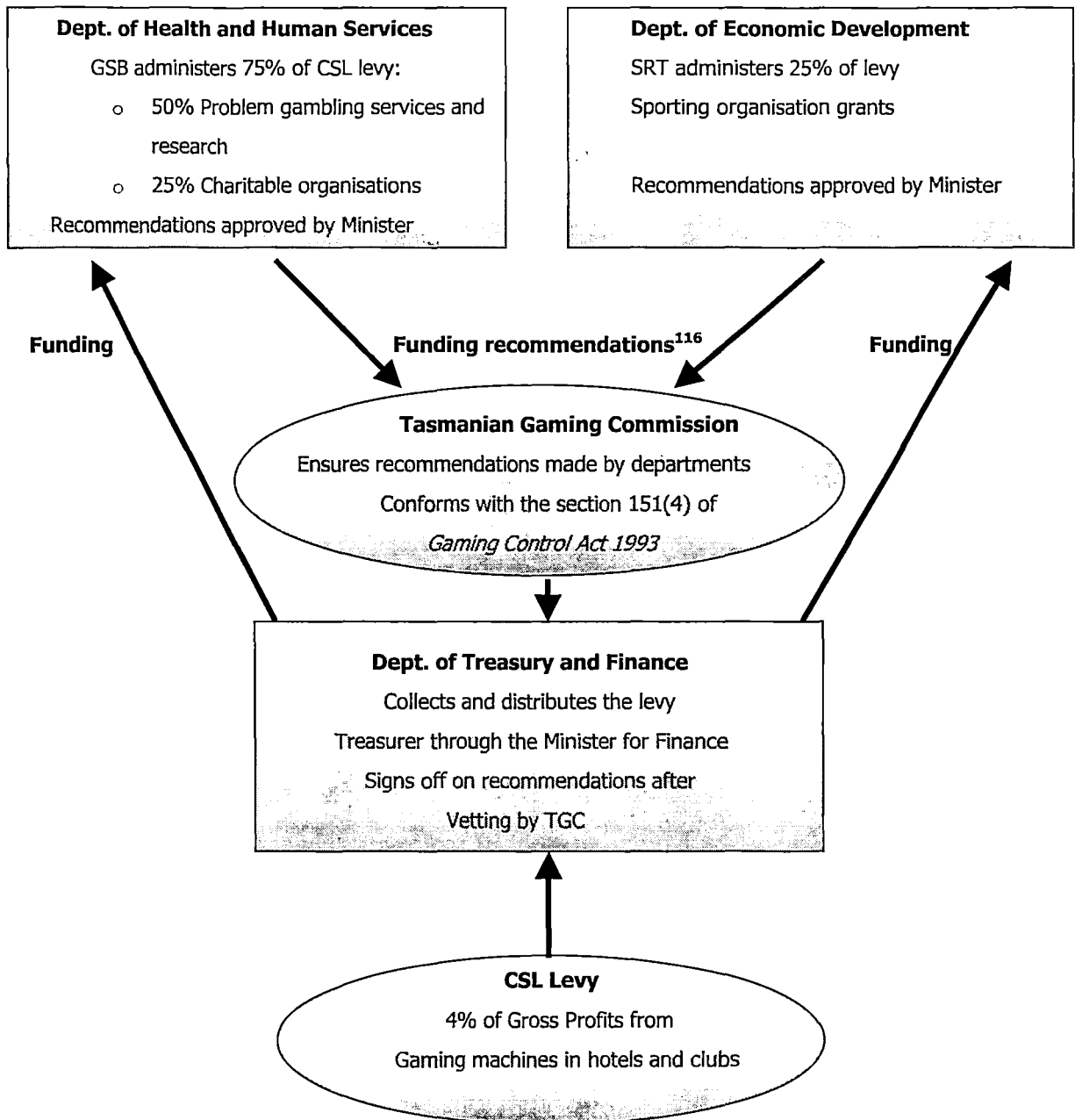
APPENDIX B: CSL RECEIPTS AND EXPENDITURE 2003-2004

The following Table illustrates the allocation of CSL receipts collected during 2003-2004 and expenditure allocated from the Fund for the same period.

	Problem Gambling Research and Services	Sport and Recreation Clubs	Charitable Organisations	Total
	50%	25%	25%	
	\$	\$	\$	\$
Receipts	2 426 557	1 213 279	1 213 279	4 853 115
Expenditure				
Administration	209 432		19 623	229 055
Gambling Support Services	784 168			784 168
Gambling Community Education	317 101			317 101
Tasmanian Health and Wellbeing Fund	468 796			468 796
Sport and Recreation Grants		1 200 610		1 200 610
Charitable Organisation Grants			760 831	760 831
Social Programs	1 611 000			1 611 000
Neighbourhood Houses (Recurrent)	722 557		799 443	1 522 000
TOTAL EXPENDITURE	4 113 054	1 200 610	1 579 897	6 893 561

Source: TGC

APPENDIX C: DIAGRAM OF THE CURRENT CSL FUNDING PROCESS



¹¹⁶ Funding recommendations for small SRT grants under \$300 000 in total are no longer required to be on forwarded to the TGC for approval. Instead after ministerial approval is received they are sent directly to the Treasurer through the Minister for Finance.

APPENDIX D: EXTRACT FROM TASMANIA TOGETHER BENCHMARKS

The following is an extract from the Tasmania Together Benchmarks 5.3.1.

Benchmark 5.3.1

Goal 5	Develop an approach to health and wellbeing that focuses on preventing poor health and encouraging healthy lifestyles.
Standard 3	Reduce levels of risk-taking and addictive behaviour
Indicator 3.1	Prevalence of problem gambling (1) Those at risk 1994: 0.9% 1996: 3.0% 2000: 0.9% Source: DHHS 3rd Baseline Study 2000
Targets	2005: 0.8% 2010: 0.7% 2015: 0.6% 2020: 0.5%
Rationale	Problem gamblers negatively affect themselves, family and the community.
Recommendation	The Community Leaders Group noted that there was concern expressed in the consultation process regarding the number of electronic gaming machines in hotels and clubs and recommends that the Progress Board addresses this issue as a matter of priority.

APPENDIX E: ACT MODEL

In the ACT the *Gaming Machine Act 2004* regulates the operation of gaming machines and requires all clubs to make minimum contributions based on net gaming machine revenue (NGMR).¹¹⁷ The Gambling and Racing Commission (GRC) oversees licensed clubs and ensures that they comply with their community contribution obligations. Since 30 June 2003 the required community contribution was raised to 7%.

Clubs are required to make contributions that enhance the community's standard of living by providing or assisting with the physical and social infrastructure of the ACT or another community. Clubs are required to submit evidence to the GRC to substantiate their contributions. A club can apply to the Minister for a lower contribution (lower than 7%) if their gross revenue is less than \$200 000 and where it can be demonstrated that the full contribution amount may endanger the club's on-going viability.

The GRC is then required to independently verify all contributions. If a club is assessed as having not paid the minimum 7% it is then required to pay a Community Contribution Shortfall Tax at the rate of 100%. The ACT Government pays these taxes into community services grants programs. Every three dollars contributed to women's sport is assessed as a contribution of four dollars.

Section 164 of the Act states that the GRC may accept a contribution made by a licensee providing the GRC is satisfied the contributions will have the effect of:

- Contributing to or supporting the development of the community; or
- Raising the standard of living of the community or part of the community.

The Act gives four examples of areas of contributions, viz:

- Charitable and social welfare
- Sport and recreation
- Non-profit activities
- or
- Community infrastructure.

The above is not meant to be an exhaustive list and may be extended.

¹¹⁷ NGMR, as defined in the legislation, is calculated by deducting from Gross Gaming Machine Revenue (GGMR) the gaming machine tax paid as well as 15% of GGMR. GGMR is defined as the total money inserted into machines, less winnings to players. The figure of 15% is an estimation of expenses directly associated with the operation of gaming machines and allows for such expenses as wages, electricity, and maintenance costs. Source: *Community Contributions made by Gaming Machine Licensees, Seventh Report, 2003-2004*, Gambling and Racing Commission.

APPENDIX E: SUBMISSIONS

- | | | |
|-----|---|---|
| 1. | Tasmanian Environment Centre Inc - | Ms Margaret Steadman, Manager |
| 2. | Tasmanian Centre for Global Learning | Ms Helen Hortle
Acting Co-ordinator |
| 3. | Private Citizen | Ms Margot Smart |
| 4. | TasCOSS | Mr Mat Rowell
Chief Executive Officer |
| 5. | Tasmanian Gaming Commission | Mr Clyde Eastaugh,
Chairman |
| 6. | Government of Tasmania | Hon Jim Cox
Minister for Gaming |
| 7. | Tasmanian Greens | Mr Kim Booth MHA |
| 8. | ACROD
Tasmanian Division ACROD Limited | Ms Margaret Reynolds
Executive Officer |
| 9. | Tasmanians with Disabilities Inc | Ms Merran Thurley
President |
| 10. | Anglicare Tasmania | Mr Chris Jones
Chief Executive Officer |

APPENDIX F: DOCUMENTS RECEIVED AND TAKEN INTO EVIDENCE

- | | | |
|----|--|---|
| 1. | Hon J Cox MHA
Minister for Finance | Questions forwarded to the Minister for Finance and responses from Department of Treasury and Finance; Department of Economic Development, Sport and Recreation; and Department of Health and Human Services. |
| 2. | Mr K Booth MHA | Paper comprising information from Australian Bureau of Statistics SEIFA Index of Disadvantage 2001 and other sources. |
| 3. | Ms Jackie Slyp,
Chief Executive Officer
Arthritis Tasmania | Correspondence relating to the Inquiry. |
| 4. | Mr Daniel Hanna
General Manager,
Australian Hotels
Association | Additional information relating to alternative models for administering grants. |
| 5. | Office of the Member
for Bass,
Mr Kim Booth MHA | Paper entitled 'Measuring the Economic Impact of Electronic Gaming Machines in Regional Areas – Bendigo, a case study' by Mr Ian Pinge, Centre for Sustainable Regional Committees, La Trobe University. |
| 6. | Hon J G Cox MHA
Minister for Finance
. | Copy of Questions forwarded to the Minister from the Public Accounts Committee and responses from the Department of Health and Human Services. |
| 7. | Mr Peter Coe Executive
Director Revenue
Gaming and Licensing
Division Department of
Treasury and Finance | Copy of Presentation 'Public Accounts Committee – Community Support Levy'. |

8. Ms Vickie Rundle
Director Children and
Families Division,
Department of Health
and Human Services

Papers:-

- (a) DHHS – Presentation,
- (b) Community Support Levy – Charitable Organisations – Grants program;
- (c) Need to take a break from Gambling;
- (d) Your Guide for Safer Gambling; and
- (e) Long Odds.

Copy of Grant Deed, Community Support Levy,
Charitable Organisations Grant Program, Large Grants
2004-2005.

APPENDIX G: WITNESSES – TRANSCRIPTS OF EVIDENCE

Ms Helen Hortle	Tasmanian Centre for Global Learning	17 February 2005
Ms Margaret Steadman	Tasmanian Environment Centre	17 February 2005
Hon J Cox	Minister for Finance	8 March 2005
Mr Don Challen	Secretary Department Treasury and Finance	8 March 2005
Mr Kim Booth MHA	Tasmanian Greens	8 March 2005
Mr Daniel Hanna	Australian Hotels Association	9 March 2005
Mr Mat Rowell	TasCOSS	9 March 2005
Mr Chris Jones	Anglicare	9 March 2005
Ms Margie Law	Anglicare	9 March 2005
Ms Suzanne Cass	Tasmanians with Disabilities	9 March 2005
Mr Clyde Eastaugh	Tasmanian Gaming Commission	16 March 2005
Mr Robert Elson	Tasmanian Gaming Commission	16 March 2005
Mr Gerald Loughran	Chairman, Tasmanian Community Fund Board	13 April 2005
Mr Mark Green	Senior Executive Officer, Tasmanian Community Fund	13 April 2005

Mr Peter Coe	Gaming & Licensing Division, Department of Treasury & Finance	10 June 2005
Ms Vicki Rundle	Director, Children & Families Division Department Health and Human services	10 June 2005
Ms Elizabeth Jack	Director Sport & Recreation Department of Economic Development.	17 June 2005