



**PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS**

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**COMMUNITY SUPPORT LEVY**

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**Members of the Committee:**

**Legislative Council**

Hon Ivan Dean MLC

Hon Ruth Forrest MLC

Hon Adriana Taylor MLC

**House of Assembly**

Mr Scott Bacon MP

Ms Sarah Courtney MP

Mrs Joan Rylah MP

## **PUBLIC ACCOUNTS COMMITTEE**

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## **ABBREVIATIONS LIST**

DSG	Department of Health and Human Services
DTF	Department of Treasury and Finance
PAC	Public Accounts Committee

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## CHARTER OF THE COMMITTEE

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### *The Public Accounts Committee*

The Public Accounts Committee is a joint standing committee of the Tasmanian Parliament constituted under the *Public Accounts Committee Act 1970*.

The Public Accounts Committee comprises six Members of Parliament, three Members drawn from the Legislative Council and three Members from the House of Assembly.

Its functions under the *Public Accounts Committee Act* (Section 6) are to inquire into, consider and report to Parliament on any matter:

- *referred to the Committee by either House relating to:*
  - *the management, administration or use of public sector finances; or*
  - *the accounts of any public authority or other organisation controlled by the State or in which the State has an interest;*
- *arising in connection with public sector finances that the Committee considers appropriate; and*
- *referred to the Committee by the Auditor-General.<sup>1</sup>*

The Public Accounts Committee also has oversight responsibilities regarding the independence of the Auditor-General, which are derived from the *Audit Act 2008*.

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<sup>1</sup> *Public Accounts Committee Act 1970, s.6*

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## EXECUTIVE SUMMARY

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The issue of distribution of funds from the Community Support Levy, as prescribed under the *Gaming Control Act 1993*, was brought to the Parliamentary Standing Committee of Public Accounts in September 2014.

Correspondence from the Chair, Sessional Committee Government Administration 'B' made reference to the Committee's concern with regard to the:

- interpretation of section 151 of the *Gaming Control Act 1993*; and
- current process of distribution of Community Support Levy funds, and the question of whether it is in accordance with the *Gaming Control Act 1993*.

The matter was referred to the Public Accounts Committee for consideration as the Public Accounts Committee had previously undertaken an inquiry in relation to the Community Support Levy in 2005.

The referral followed on from Budget Estimates hearings in September 2014. In scrutinising the Budget Estimates for the Department of Health and Human Services the Sessional Committee Government Administration 'B' raised the question as to the appropriateness of providing base funding from the Community Support Levy for initiatives such as the Neighbourhood House Program.

As part of this review, a briefing was sought by the Public Accounts Committee from the Department of Health and Human Services and the Department of Treasury and Finance.

The purpose of the briefing was to provide Public Accounts Committee Members the opportunity to gain a better understanding of the:

- oversight mechanisms in place; and
- current practice with regard to the distribution of Community Support Levy funds under the *Gaming Control Act 1993*.

The Public Accounts Committee made the following key findings:

- The Department of Treasury and Finance provides oversight by :
  - a. monitoring revenues received and advising the Tasmanian Gaming Commission of prospective receipts for expenditure; and
  - b. co-ordinating an independent review of the impact of the social and economic impact of gambling in Tasmania every three years.

- The Tasmanian Gaming Commission:
  - a. performs a strategic oversight function in respect of the Community Support Levy, and is responsible for advising the Treasurer that the allocation of funds from the Community Support Levy by the Department of Health and Human Services is in accordance with its budget;
  - b. Once the budget is approved the funds are distributed on a quarterly basis to the Department of Health and Human Services; and
  - c. At the end of each financial year the Tasmanian Gaming Commission provides an annual report to the Treasurer.
  
- The Department of Health and Human Services receives 50 per cent of the Community Support Levy for the provision of:
  - a. research into gambling;
  - b. services for the prevention of compulsive gambling;
  - c. treatment for the rehabilitation of compulsive gamblers;
  - d. community education concerning gambling; and
  - e. other health services.
  
- Department of Health and Human Services receives 25 per cent of the Community Support Levy for the benefit of charitable organisations.

The Committee has made the following recommendation in this report:

The Committee recommends that the question of “whether it is appropriate to provide base funding for the Neighbourhood House Program from the Community Support Levy fund” be addressed through inquiry by Sessional Committee Government Administration ‘B’.

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## CHAPTER 1 - INTRODUCTION

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### ***1. Background***

In September 2014 the Public Accounts Committee received a letter from Sessional Committee Government Administration 'B' in which that Committee expressed concern about the interpretation of section 151 of the *Gaming Control Act 1993* and the process by which funds are distributed.

As the Public Accounts Committee had previously undertaken an inquiry, and produced a Report No. 12 of 2005, *Administration of the Community Support Levy* Government Administration 'B' had resolved "that this matter should appropriately be referred to the Public Accounts Committee for further consideration, as it believes there is a public interest in the administration of these funds being the subject of further consideration."

The Public Accounts Committee resolved to further inquire into this matter at its meeting of Wednesday 5<sup>th</sup> November 2014.

### ***2. Terms of Reference***

The Committee resolved to undertake a review to assess the current practice with regard to the distribution of Community Support Levy funds, and in particular the distribution of those funds to the Neighbourhood House Program.

### ***3. Process of the Review***

In order to inform this review, the Committee requested a briefing from the Department of Health and Human Services and the Department of Treasury and Finance.

The purpose of the briefing was to provide information to the Committee in relation to a number of elements relevant to this issue, including:

1. the intent of section 151 of the *Gaming Control Act 1993*;
2. the role of the Department of Treasury and Finance;
3. the role of the Department of Health and Human Services;
4. the level of oversight by the Department of Treasury and Finance; and
5. any other information the Department regarded as useful for the Committee.



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## CHAPTER 2 – KEY FINDINGS AND RECOMMENDATION

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### ***1. Key Findings***

Having regard to the information provided by the Department of Treasury and Finance and the Department of Health and Human Services the Public Accounts Committee made the following key findings:

1. The *Gaming Control Act 1993* requires that a percentage of gross profit derived from gaming is paid to the Community Support Levy under the control of the Treasurer.
2. The contribution is:
  - a. four per cent of the gross profit from gaming machines operated in hotels and clubs; and
  - b. four per cent of Tasmania's monthly betting exchange commission, derived from brokered wager events held in Australia.
3. In 2013-14, \$4 472 089 was paid into the Community Support Levy.
4. The Department of Treasury and Finance provides oversight by:
  - a. monitoring revenues received and advising the Tasmanian Gaming Commission of prospective receipts for expenditure; and
  - b. co-ordinating an independent review of the impact of the social and economic impact of gambling in Tasmania every three years.
5. The Tasmanian Gaming Commission is an independent body responsible for the regulation of gaming and wagering in Tasmania, established under the *Gaming Control Act 1993* and supported by the Department of Treasury and Finance.
6. The Tasmanian Gaming Commission:
  - a. performs a strategic oversight function in respect of the Community Support Levy, and is responsible for advising the Treasurer that the allocation of funds from the Community Support Levy by the Department of Health and Human Services is in accordance with its budget;
  - b. Once the budget is approved the funds are distributed on a quarterly basis to the Department of Health and Human Services; and
  - c. At the end of each financial year the Tasmanian Gaming Commission provides an annual report to the Treasurer.

7. Over the last twelve years the Neighbourhood House Program has received funding of \$14.9 million from the Community Support Levy as detailed in Attachment 1.
8. The Department of Health and Human Services receives 50 per cent of the Community Support Levy for the provision of:
  - a. research into gambling;
  - b. services for the prevention of compulsive gambling;
  - c. treatment for the rehabilitation of compulsive gamblers;
  - d. community education concerning gambling; and
  - e. other health services.
9. The Department of Health and Human Services receives 25 per cent of the Community Support Levy for the benefit of charitable organisations.
10. The Gambling Support Program is provided by Department of Health and Human Services.
11. The Gambling Support Program Budget is endorsed by the Tasmanian Gaming Commission.
12. Through the Gambling Support Program budget, Community Support Levy funds are directed back to communities most affected by gambling.
13. The Neighbourhood House Program will receive funding of \$4.8 million in 2014-15. Of this \$1.5 million will be funded from the Community Support Levy.
14. Community Support Levy funding for the Neighbourhood House Program is derived from both categories of Community Support Levy funding, the 50 per cent Community Support Levy component for research, community education/prevention and help services and the 25 per cent Community Support Levy component for charitable organisations.

Following the briefing further correspondence was received from Hon Jacqui Petrusma MP, Minister for Human Services, in which additional information was provided regarding the allocation of funds to the Neighbourhood House Program.

In summary with regard to the Neighbourhood House Program the Minister wrote:

- *“Neighbourhood Houses are eligible for funding as charitable organisations as defined by the Gaming Control Act 1993 and in line with the definition of charitable organisations in the Community Support Levy Charitable Organisations Grants Program Guidelines “not-for-profit community organisations whose dominant purpose is charitable, altruistic and for the benefit of the Tasmanian community.”*
- *“The base funding enables and facilitates the 33 Houses to work in partnership with their community to provide programs, training and activities to address their community’s identified needs. Houses are located in areas of disadvantage. Research indicates that only 8-17 per cent of problem gamblers seek help for their gambling issues. Neighbourhood Houses provide a venue for people to seek support and information on a range of issues which may include gambling. support and information on a range of issues which may include gambling.”*

In conclusion, the Public Accounts Committee:

- recognises the benefit provided by the Neighbourhood House Program;
- recognises the oversight role provided by the Department of Treasury and Finance and the Tasmanian Gaming Commission, and is satisfied that the mechanisms in place do ensure that funds are distributed in accordance with the *Gaming Control Act 1993*;
- determines that the question remains as to whether the provision of base funding to the Neighbourhood House Program is in the spirit of the distribution of these Community Support Levy funds; and
- as this is a matter of policy considers it falls outside the Public Accounts Committee remit.

## ***2. Recommendation***

The Public Accounts Committee recommends that the question of “whether it is appropriate to provide base funding for the Neighbourhood House Program from the Community Support Levy fund” be addressed through inquiry by Sessional Committee Government Administration ‘B’.

**Neighbourhood House program funding from Community Support Levy**

<b>Year</b>	<b>Recurrent Contribution from CSL 50 %</b>	<b>Recurrent Contribution from CSL 25 %</b>	<b>Total Recurrent Contribution from CSL</b>	<b>Non-recurrent Contribution from CSL 50 %</b>	<b>Non-recurrent Contribution from CSL 25 %</b>	<b>Total Contribution from CSL</b>
2003-04	\$722 557	\$799 443	\$1 522 000	Nil	Nil	\$1 522 000
2004-05	\$784 500	\$784 500	\$1 569 000	Nil	Nil	\$1 569 000
2005-06	\$1 387 906	\$693 952	\$2 081 858	\$182 348	\$6 500	\$2 270 706
2006-07	\$1 153 081	\$761 608	\$1 914 690	Nil	Nil	\$1 914 690
2007-08	\$681 407	\$778 422	\$1 459 829	Nil	Nil	\$1 459 829
2008-09	Nil	Nil	Nil	Nil	Nil	Nil
2009-10	Nil	Nil	Nil	Nil	Nil	Nil
2010-11	Nil	Nil	Nil	\$150 000	Nil	\$150 000
2011-12	\$600 000	\$900 000	\$1 500 000	Nil	Nil	\$1 500 000
2012-13	\$580 378	\$919 622	\$1 500 000	Nil	Nil	\$1 500 000
2013-14	\$508 662	\$991 338	\$1 500 000	Nil	Nil	\$1 500 000
2014-15	\$525 006	\$974 994	\$1 500 000	Nil	Nil	\$1 500 000
<b>TOTAL</b>	<b>\$6 943 497</b>	<b>\$7 603 879</b>	<b>\$14 547 377</b>	<b>\$332 348</b>	<b>\$6 500</b>	<b>\$14 886 225</b>