

**THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS
MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON
WEDNESDAY 16 MARCH 2005.**

INQUIRY INTO THE COMMUNITY SUPPORT LEVY

Mr CLYDE EASTAUGH, CHAIR, TASMANIAN GAMBLING COMMISSION, AND **Mr ROBERT WILLIAM HUGO ELSON**, TASMANIAN GAMBLING COMMISSION, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

DEPUTY CHAIR (Mr Wilkinson) - Thank you for your attendance today, gentlemen. As you are aware, you have already put in a submission in relation to the Community Support Levy. Perhaps you could just give a brief overview in relation to that Community Support Levy and then there will be some questions asked about how it has been expended, or any other areas that the committee may wish to clarify.

Mr EASTAUGH - Thank you, Mr Chairman. By way of introduction, I thank the committee for its tolerance in allowing me to speak. I was the author of the Tasmanian Gaming Commission submission, and I know it has been difficult to try to meet; I appreciate that. I am here representing the Tasmanian Gaming Commission in my capacity as commission chair.

In providing my response, I would like to state the three key issues the commission considers critical to this inquiry. Firstly, the primary focus of the expenditure of the CSL funding should be on achieving the best outcome for the Tasmanian community. Secondly, the commission is strongly of the view that CSL funds should be spent in a strategic manner and in accordance with the requirements of the Gaming Control Act. And, finally, the commission considers that the CSL is being administered well. We have identified several minor adjustments that would continue to refine the administration of the levy. These are outlined in our submission.

I would now like to provide the committee with an overview of the role of the Tasmanian Gaming Commission and its position in relation to the terms of reference for this inquiry into the administration of the Community Support Levy, CSL. The commission is an independent body established under the Gaming Control Act and is responsible for overseeing the regulation of gaming in Tasmania. The commission is a three-person body whose members are myself as chairman, Professor Kate Warner and Mrs Elizabeth Thomas. Commission members have significant philanthropic experience. 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 Trustees 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.

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. The commission currently has eight key areas of responsibility relating to the regulation of gaming in Tasmania. Of relevance to this inquiry, it is to oversee the administration of the Community Support Levy and make recommendations to the Minister for Finance and the Treasurer on the allocation of funds from the levy to appropriate projects and services. I would like to touch on a couple of key issues the commission highlighted in its written submission:

- Current unspent balance.

The commission considers a high unspent CSL balance within a well-planned, strategic framework to be a lesser evil than inappropriately distributed 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.

- Suggestions that a community board be established to distribute funds.

The commission is deeply concerned at such a suggestion. While it recognises it is timely to review current arrangements and implement enhancements, it believes the combination of knowledge and skill of the officers of DHHS and DED, as well as their respective grant bodies, in the management of community programs is excellent and, further, we reiterate that the commission members have considerable experience in overseeing community grant programs.

- Opportunities for research and innovation.

Current arrangements focus on distribution of funds to charitable and sporting organisations and on a range of social programs. The commission recognises there may be additional opportunities not currently identified for research into problem gambling issues and for additional community programs. The commission proposes the following model for the administration of funding from the CSL: finetuning and improving current arrangements; retain the skill and knowledge of staff at DHHS and DED to administer their components of the funding pool; reviewed administration procedures for both DHHS and DED; speed up the approval and distribution process; and retain a role for the commission in monitoring and overseeing the distribution of funds.

The second aspect of the model proposed by the commission involves the creation of a program for innovation to be administered directly by the commission utilising a proportion of the CSL funding. The program for innovation would instigate research on topical issues and investigate the funding of new projects outside the direct responsibility of DHHS and DED. Projects identified as part of the program for innovation would aim to have a long-term benefit and continue to position Tasmania as a leader, nationally and internationally in problem gambling, research and harm minimisation.

In summary, I would reiterate the following key points. The commission will proceed with its proposed annual strategic planning session and will review existing CSL administrative arrangements as part of that normal planning process. The commission is very aware that this option requires additional research and investigation and has already proposed that it be a major element of its strategic planning process which will occur in the next couple months. The commission believes most elements of the current CSL arrangements are sensible and with finetuning can be improved and made more effective. The commission does not recommend a wholesale change to the CSL process and strongly opposes the creation of an additional body, such as a community board to administer the CSL.

In closing, I encourage the Public Accounts Committee to support the following TGC recommendations: that the commission continue to oversight the operation of the CSL; that DHHS and DED continue to have involvement in the administration of the CSL; that administration arrangements be enhanced to ensure fast and efficient expenditure of funds; and that the commission implement a program of innovation.

DEPUTY CHAIR - Thank you. You would be aware of section 151(4) of the act which says that the Treasurer must distribute the levy as follows and it sets out 25 per cent for the benefit of sport and recreation clubs, 25 per cent for the benefit of charitable organisations and 50 per cent for the provision of:

- (1) research into gambling; and
- (2) services for the prevention of compulsive gambling; and
- (3) treatment and rehabilitation of compulsive gamblers; and
- (4) community education concerning gambling; and
- (5) other health services.

Would it be fair to say that since the inception, that section of the act has not strictly been complied with?

Mr EASTAUGH - In a sense of?

Mr DEPUTY CHAIRMAN - In a sense that each year the distribution is not in accordance with the distribution as set out in section 151(4).

Mr EASTAUGH - 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. The distribution is made on an annual basis and therefore there is a time lag between the allocation and cash flow. While it may not specifically be in accordance with that section of the act, I believe that we are meeting our requirements legislatively.

DEPUTY CHAIR - Am I right in saying, and please tell me if I am wrong, that in your opening when you spoke about the fact that your focus is to make sure that a proper

allocation was made, but also to make sure that allocation was not given to unworthy applicants, I suppose, you are met with that query at all times?

Mr EASTAUGH - Yes.

Mr DEPUTY CHAIR - Therefore do you believe that the act, as it now is, needs to be changed? The act seems to me to be fairly strict in its wording. I do not know whether you have the act in front of you. It says in (c): '50 per cent for the provision of' - and it talks about the five separate areas but it says 'and' after each one of them, which means that each of those areas has to be satisfied under the act as it now stands otherwise it would seem that you are acting contrary to the act. I cannot see anything in there to allow that discretion that you may have thought you had over the past number of years.

Mr EASTAUGH - There is an expectation that the total grant amount will be taken up through submissions and so on. I believe that the 25 per cent for sporting and the 25 per cent for charity organisations is being well managed and I think we are meeting our targets in that area. It is in the 50 per cent - and that does vary, depending on the demand for that amount of money and where that money should rightly go. As you are aware, there are five different subcategories in which that can be distributed.

DEPUTY CHAIR - 'Must' be distributed, not 'can'. That is what I am getting at.

Mr EASTAUGH - 'Must be distributed by the Treasurer'.

DEPUTY CHAIR - As it now stands in the act. Do you believe that the act needs changing? The way the act is worded it says '50 per cent for the provision of - (1)' and it goes on 'and (2) ... and (3)'. So there is no discretion, no matter what anybody thinks, as it is now worded.

Mr EASTAUGH - As I said, what happens is that we take the amount of money for distribution at a particular time. I guess one of our goals has to be that we meet that requirement under the act. It is not all made at a particular point in time and that is, I think, where the difficulty often arises.

DEPUTY CHAIR - And that is why I am asking you for your comment on whether you believe the act should be amended to enable there to be a discretion in relation to the expenditure.

Mr EASTAUGH - I understand your question. It is not really something that I am in a position to comment on. It might be an issue that we need to take further advice on.

Mr DEAN - Why can't the board meet that obligation? There are studies that can be done, why can't the board keep that obligation? You are saying that you have met your requirements pretty well under the benefits to sport and recreation and charitable organisations, but you have not met the obligation that is required under paragraph (c) - that is, 50 per cent of the provision towards these other five areas. Why can't that be met? Isn't there the demand for it or is there a lack of applications for it?

Mr EASTAUGH - I think it is all those things. In fact, as I said earlier, part of our obligation is to make sure that the distribution is made in the best interests of the

community at large. There are certainly a number of applications, as I understand it, but we have to look at the benefit to the community. I think also there is a need to perhaps withhold some of those funds for need that may come during the distribution year or process.

Mr DEAN - I think you would be aware that this is the major concern of Anglicare and TasCOSS. There has not been the quantity of expenditure in that area that is necessary - so they say - and it is left wanting. I guess you and the board would be aware of their calls for support in that regard?

Mr EASTAUGH - In fact it is interesting that the commission, as such, is not aware of any complaints or concerns about the funding process. Certainly I think those views have been expressed in the public arena but there has certainly not been representation to the commission in respect to these issues.

Mr DEAN - Are you saying that there is a breakdown somewhere in that information being fed to you? Is that what you are saying?

Mr EASTAUGH - No, I would have thought that the likes of Anglicare and TasCOSS would have made representations to the commission if they felt strongly about it. In fact, we have met with Anglicare in particular on a number of occasions to discuss wide-ranging issues relating to the commission's activities.

Mr STURGES - I will stick to the distribution process; we have just deviated ever so slightly. In the written and verbal submissions that we have received over the last week or so there has been some issue raised in regard to the timeliness of distribution - perceived unnecessary delays with the distribution.

In the TGCs written submission - and you touched on it in your summary - mention is made of the administrative arrangements. Do you think the introduction of multiple funding rounds might assist in speeding up the distribution process and have you any other comments about the current issue in regard to the timeliness of distributing funds?

Mr EASTAUGH - I guess from our experience in other grant distribution models, we see the present administrative arrangements as reasonably efficient. There are timeliness issues and we acknowledge that - I think we can all do some of these things better - but the CSL has been operating for 10 years and I think it is generally quite efficient and effective. If we are going to create more rounds of distribution, that then becomes a cost issue as much as anything else.

One of the other issues that I touched on was the fact that often grants are made but not drawn for some time because of the time lag in getting the project organised or whatever the case may be. There is a whole range of issues affecting this area and I guess we call it cash flow.

DEPUTY CHAIR - Can I give some figures to speak about? I might be barking up the wrong tree, so if I am, please tell me.

With some costings that we have done in relation to percentages as to gambling, sport and recreation and charitable organisations there has been a variance. In 1996-97 70.3 per cent of the fund went to problem gambling; in 1997-98, 33.9 per cent; in 1998-99, 25.2 per cent; in 1999-2000, 29.4 per cent; in 2000-01, 18.7 per cent; the next year, 27.9 per cent; the year after, 31.5 per cent; and last year 80.4 per cent.

In relation to sport and recreation, the first year nil; the second year, 23.3 per cent; then 16.8 per cent, 30.7 per cent, 22.4 per cent, 24.1 per cent, 11.9 per cent and last year 24.7 per cent. There were the same type of figures in relation to charitable organisations, 8.3 per cent, 8.6 per cent, 21.7 per cent, 23 per cent, 12.3 per cent, 20.4 per cent 33.1 per cent. When you look at the percentages they seem to be, on the figures that we have before us, different to the figures that are within the act and that is why I am asking. No doubt you believe, and quite rightly so, that the fund is being used, it is being used well, it is being allocated well but it would seem that if, for whatever reason, there is a wish not to abide by the 50, 25 and 25 then the act has to be changed.

Mr EASTAUGH - I am not aware of the particular figures.

DEPUTY CHAIR - Do you take those figures into account when you are distributing?

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

Mr Elson can give some further comment.

Mr ELSON - I would like to expand on what Clyde was saying earlier in terms of the issues of carryover and so forth. The processes this year, you may be aware, often involve the initial approval of the grant and then before payment is made the work has to be carried out to buy the equipment or, in the case of a sporting grant or something like that, carry out the work. Where the issues lie is there may often be a delay of some months while that work is carried out. That can easily go across a year so the difficulty is that while at the time of approving the grants the approval will be much closer to the 25, 25 and 50, by the time the money is expended, even without any particular delay on the part of the administrative process, it may be waiting until the work has been carried out, and this is one of the issues for the commission: it does not want to pay the money out to then find that the work has not been carried out.

This is something that DED and the Department of Health and Human Services do: ensure that the work is carried out before the payment is made.

Mr STURGES - Would it be sensible then to have a look at the accounting process and park up that money that has already been allocated so that for the sake of transparency we can see that? At the moment it is all in the one pool and it is very difficult to determine what is the shallow end and what is the deep end.

Mr EASTAUGH - Make provision for the allocation.

Mr STURGES - Would you see that as being a logical step that could be taken to assist in clearly defining the amounts available and the amounts that have been allocated for expenditure? I have heard it said a couple of times recently you cannot spend the same dollar twice.

Mr EASTAUGH - I think that is a good accounting process and it gives a good overview of what funds have been allocated. As I said earlier, it really is a cash-flow issue or the draw-down timing that is the problem.

Mr STURGES - So you would see that as being feasible, something that could be done?

Mr EASTAUGH - Yes, I see no reason why not.

Mr ELSON - That is exactly what you were getting at in your submission.

Mr STURGES - The streamlining and the processes used.

Mr EASTAUGH - it is one of these issues where we are understanding the distribution process better and better and, as I have said earlier, we need to finetune it and I think that is recognised.

Mr ELSON - I have another comment very much from the administrative point of view. There are a few situations where the approval process involves the recommendation coming to the commission, the commission approves it and it goes back to DED or to Department of Health and Human Services. The process is gone through there. We then receive advice that the money is to be given out. The cheque is then drawn in one department, it goes to another department and so forth. These are the sort of things that the commission's submission was getting at to see whether there are better ways of getting that approval process done so instead of cheques moving between departments when the payment is approved it all goes straight out of the relevant department.

DEPUTY CHAIR - Do you believe that is the best way of dealing with it?

Mr ELSON - We believe that is one of the ways it can be streamlined.

Mr EASTAUGH - It is probably not the best method at present, but because we are going through so many departments and so on, the requirement is to sign-off and seek approval and so on. If you have looked at our submission and seen the flow chart on that, you will realise that it is a bit cumbersome but I think the intent is there and it is really just one of those issues showing the allocation that has been made, albeit that it might not have been shown as expenditure. I think those sorts of things are probably quite appropriate.

DEPUTY CHAIR - Can I ask one more question on that? I know you are an experienced person in the field. If you had to make a decision as to the best way of 'streamlining' the process what would you do?

Mr EASTAUGH - We intend to look at these issues on our strategic planning day because I think it is something on which we really do need to sit down with management and understand the practical issues.

On the surface it looks quite easy. In order to guarantee the outcome we are looking for and to manage that effectively and so on, I think we do need to understand in a strategic sense about distribution and I think that is probably what we are talking about here - how we can make the CSL more effective in terms of distribution to the community in keeping with the legislation.

DEPUTY CHAIR - Can you have strategic planning days?

Mr EASTAUGH - Yes. As I said, we have one due in the next month. Such planning days are very important because they link into the grants program and so on. We need an integrated process so that when we work with DHHS and DED in terms of the grants program we know why we are doing it, where it should go, what the benefits are and all those sorts of things.

DEPUTY CHAIR - Finally, in relation to that, I heard what you said previously that you take into account what is advised by Treasury and then obviously you decide whether their allocation opinion is correct or not. Is your role more a signing-off role to what Treasury advises you?

Mr EASTAUGH - I guess it is an oversighting role as well as managing the process, signing-off, making the recommendations to the minister and ensuring that the recommendations from DHHS and DED meet the strategic imperatives and are within the framework of the act. Those recommendations are then passed to the minister for approval. Then we manage the project management, if you like, in terms of ensuring that the money is spent in accordance with the submission. There are audits and acquittal processes in place and so on.

DEPUTY CHAIR - At any time have you had to disagree with Treasury at all in relation to their allocation suggestions?

Mr EASTAUGH - We are not necessarily privy to Health's allocation. In fact they make the applications to Treasury and we have sought additional information so that we can track what is happening, where the money is going and when it is being expended and so on. We do have a very strong monitoring role to ensure that the money is appropriately spent.

Mr WILL HODGMAN - If I could expand on this. An area I am interested to explore with you, which has been put in a variety of submissions to the committee and it has been debated publicly in the past, is the perception that the commission is not ideally placed, given the proximity to government, particularly Treasury, and you have alluded to the lines or the connections that do exist with Treasury. I note that in your introduction to your submission you strongly reject the notion of a community-based board. Could you expand on your reasons for that opinion?

Mr EASTAUGH - One of the terms of reference of this committee is to consider the administrative costs associated with CSL and I think that is an important element. At present I and I guess the commission are unable to quantify any real benefits that would flow and be derived from the establishment of a community board structure. It would appear that another layer of bureaucracy and an administrative burden would be added to the process because in essence what we do now would be done by another body.

The commission has by the act the role and responsibility. It understands the issue of problem gambling and harm minimisation, the other research requirements and so on. It is in the game. It is being well advised by its management. I have yet to hear any argument which suggests that a community board structure would be any better and more efficient than that which is operating now in the context that we believe that we can finetune what is happening now and improve the efficiency of delivery.

Mr WILL HODGMAN - What about the apparent or perceived influence that could be exerted by virtue of proximity to government and Treasury?

Mr EASTAUGH - We are independent. There have been some changes of recent times and with all respect, I do not subscribe to that. 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 those. The fact that there is a suggestion that there is influence from Treasury or the minister is not true.

Mr WILL HODGMAN - In terms of the commission's views on research and investigating problem gambling and so on, what do you say to the view of some of the organisations that have presented submissions to the committee about the need for a broad-scale comprehensive social and economic impact study into the effects of gambling in Tasmania?

Mr EASTAUGH - The commission has been the leader in problem gambling, harm minimisation and a lot of basic research since 1993. It has led the nation and to some degree I think it has been very proactive on an international basis.

Importantly, I think that the Gaming Control Act and government and have supported the fact that the industry is going to continue. There is not much we can do about what has happened in the past.

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.

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.

Mr WILL HODGMAN - Are you saying that you believe that research that is necessary to look forward and to address these issues is best undertaken by the Gaming Commission

as opposed to some other body or some other method of investigation that could be undertaken as some of these groups have suggested?

Mr EASTAUGH - Again, the commission is in the industry. It is meeting with other commissions around Australia. Senior staff meet regularly and discuss issues of common interest. I think it is the commission's role to coordinate research if and when required. I think that on that basis we get the best value for our investment. We have to make sure that it is qualitative; it can be used for the betterment of the Tasmanian community.

Mr WILL HODGMAN - So in a nutshell, yes is your answer?

Mr EASTAUGH - Yes. I think we are the appropriate body to manage those research opportunities.

Mr WILL HODGMAN - And you are not of the mind currently to undertake a broad-scale impact study as has been proposed by community groups and others?

Mr EASTAUGH - I know this has been promoted time and time again. The industry is established in Tasmania; it is with us. Certainly there are issues of problem gambling, albeit reasonably small, but there is a need I think to provide ongoing research. What that research may be I really do not know because I think it is the sort of thing that comes out of general discussion and part of our strategic plan will include the opportunity for research and hence our program of innovation. What we would like to see is that some of the money - and this is where it is difficult between expenditure and maintaining a reserve for research and so on - to be set aside so that we do have the funds available for ongoing research.

Mr WILL HODGMAN - Thank you.

Mr DEAN - You have said that there is that ongoing research. Perhaps then the results of some of that research have not been promulgated in the way they ought to be because there is a view out there and it was articulated to us in this committee that the Government fears the further research, they fear the economic impact study because of the result that it may return. Does the board wish to make any comment on that? That was the matter that was put to us on this committee.

Mr EASTAUGH - I am not aware of it. We are all aware of the Productivity Commission's research into gaming and so on and that was inconclusive, other than that they believe that the economic effect was positive. I really cannot answer that question I am afraid. It is not much point just doing research for research's sake. You have to understand what you want to achieve out of that and part of that argument that you are promoting - or you have heard - is what do they believe they are going to get out of this that will assist.

Mr DEAN - What these bodies are saying to us is that they want to know and they want research done into the impact on the community of gambling. That is what they are saying. They want that research. There is an impact they are saying. They are saying that the impact on the public is increasing. There are increased problems in that area so this is why I am putting the position to you to get your comment on it.

Mr EASTAUGH - Again, I am reminded that there has been significant research undertaken, not only in Tasmania but also nationally and internationally, and one of the problems is understanding what the results mean because it is very difficult.

I think it is fair to say that the outcome is generally that we accept that there is a problem gambling issue - no-one is stepping aside from that - and I think that we recognise it. The fact that the CSL was established before the act was passed is an indication that the Parliament of the day recognised that that was going to be an issue and tried to apportion those funds in a way that satisfied the needs of the community. Fifty per cent of the fund is now allocated for research and other. I think that was admirable. But, as I said, research for research's sake is not going to solve the problem.

Mr DEAN - Whilst it has been allocated, it has not been expended?

Mr EASTAUGH - I am not sure that I agree with that. As we said earlier, you cannot just clean out the account and start afresh; it does not quite work like that.

Mr STURGES - I note, Clyde, that you said industry is established. In the AHA's submission I was quite interested in a couple of comments that the chief executive officer of that association made and that was that they provide at their own cost for their members training in the responsible service of gaming and they also have a self-regulatory industry code of practice.

I note from the figures that we have put together that in the year 2003-04, which are the latest figures that we have been able to accumulate, 80.4 per cent of funds were expended in the area of problem gambling. Why is it that the TGC don't work more closely with industry and allocate funds in the area of problem gambling to assist with training and to assist with perhaps the regulation of the industry code of practice? Do you see that there is a role for the TGC to play there with industry; perhaps some of the funds should be spent in that area?

Mr EASTAUGH - It is not something that we have been asked to do.

Mr STURGES - I know, I acknowledge that.

Mr EASTAUGH - We do work very closely with industry and all stakeholders and we do meet with them regularly but it is not something that has been put to us or put to government and whether they are doing it as a philanthropic activity and taking an industry responsibility for it as opposed to looking for CSL funds, in fact I don't think it would fit the model anyway when you think about it.

Mr ELSON - I can expand on this perhaps.

In relation to at officer level in terms of officers of the liquor and gaming branch which supports the Gaming Commission, we do a lot of work with industry. We did a lot of work with the AHA on the industry code of practice in working with them to develop it to a point where it was put to the commission for consideration.

It is coincidental that you mention the responsible service of gambling because only in the last couple of months we have been holding meetings with the AHA over possible

improvements in responsible service of gambling as part of an ongoing review of responsible service of gambling and looking at some of the positives that have come out of the responsible service of alcohol program that as a branch we are also involved in and looking at linking the two better and finding better ways of delivering it. We are doing that very much in conjunction with the AHA. We are meeting with Daniel Hanna on a regular basis.

I think quite a lot is happening on an ongoing basis in that respect and those recommendations as necessary go up to the Gaming Commission for consideration.

Mr STURGES - I won't labour the point - no pun intended for my colleagues at the table. I was suitably impressed, by the way, when the AHA indicated that they are expending their own funds to train in this area and that they have worked with the TGC to develop the industry code of practice but it is still self-regulatory and if they are not members of the AHA then establishments really have no obligation to abide by the code. Would you perhaps think there is some virtue in pursuing a mandatory code?

Mr ELSON - In reality the basis of the code is the act. At the end of the day the code is effectively putting the elements of the act in nice simple easy to read, easy to understand language. Sitting behind the code of practice is the act. If people at the end of the day, if operators or anybody, do not abide by the code of practice the ultimate fallback is the act and the commission has a responsibility in its role of regulating the act to apply sanctions where appropriate, and sanctions are applied by the commission.

Mr EASTAUGH - In essence, to fill up that void that is not controlled by the AHA we sit behind that anyway.

Mr STURGES - It would appear to me that the AHA are providing the drivers for the act to be suitably implemented and understood. I guess from my perspective we perhaps need to look at some drivers: rather than put the ambulance in the bottom of the cliff, should we put a fence at the top?

Mr ELSON - I just point out the code of practice is not an AHA code of practice, it is developed by the gambling industry group of which the AHA is a member. So it is broader. - Yes, it is industry driven but it is not the AHA - it is the broader industry group.

Mr STURGES - Thanks.

DEPUTY CHAIR - Would it be fair to say that it seems clear that receipts that have been collected by the CSL are increasing from year to year? There seems to be a fairly straight line upwards from 1996-97 through to 2004 of approximately \$5 million.

Mr EASTAUGH - That is an interesting observation. There, of course, have been some changes to that now. The first is the cap on gaming machines, and the second is the issue of smoking bans in gaming areas. It is early days but we I think believe that it will probably plateau and where it goes from there we really don't know.

DEPUTY CHAIR - Because it was around about \$1 million in its first year - these are very rough figures - and then \$1.5 million, \$2.25 million, just over \$3 million, \$3.75 million,

\$4.5 million and now very close to \$5 million. That is how it has increased since 1996-97 through to 2003-04. Therefore there seems to be some certainty in relation to the receipts that the levy pool is getting when you look at the last eight years.

Mr EASTAUGH - In the last year there have not been a lot of influences on the accumulation of that pool but I think now that we have seen some fundamental changes to the industry in terms of gaming machine caps and removal of smoking from licensed gaming areas there may be an effect on where the pool goes.

DEPUTY CHAIR - Of course, my next question was going to be with that history, from what we can see since the inception of it, there seems to me to be good information that the board would have in relation to the receipts, therefore they may be able to allocate funding with confidence knowing what they are going to have in the barrel at the end of the day?

Mr EASTAUGH - That is a point but there is no guarantee of that and I guess that is one of the real issues. The allocation is made with available funding in mind. We really don't know where it's going to go to and I guess that touches on the question of whether we should have more funding rounds. We shouldn't be spending the money before we have it and I think that was brought up earlier on. That is good fiscal management.

DEPUTY CHAIR - I understand that. Although with the history you would have a fair idea now as to what funds can be allocated, knowing what has happened over the past eight years, I take it you are saying that would have been the case if the changes had not been made to the legislation in relation to smoking and capping of gaming machines?

Mr EASTAUGH - It is a bit of wait and see now - whether it continues in accordance with those numbers or whether there is a change of some description.

DEPUTY CHAIR - Can I ask you why from commencement until 2002-03 the actual expenditure was about \$3 million and from the year 2002-03 to 2003-04 there was expenditure suddenly of approximately \$4 million? So in one year it would seem that a lot was expended - \$4 million - whereas over the previous years there was only \$3 million expended. I know it depends upon what is in the fund in the first place.

Mr BARTLETT - I think this is what Matt from TasCOSS was talking about. There was expenditure through the Treasurer's office during that budget period I would think.

Mr EASTAUGH - I think it is really a product of more funds being made available and therefore more catch-up, as you say, and applications.

Also there is in that some three-year recurrent funding on some of the larger projects that DHHS and the commission worked with, again to try to ensure that this money was getting out and getting to where it was most needed.

DEPUTY CHAIR - In fact in that last year I think 142 per cent of the receipts were expended.

Mr EASTAUGH - And again it gets back to your question: should we be depreciating that account on an annual basis in accordance with the act or should it be taken over a greater

time so that we are able to get the unders and overs that are required to appropriately make the distributions?

Mr DEAN - Just going into a totally different area, I guess you are aware of the position that applies in the Australian Capital Territory with funding, with the distribution of funds and that is that the clubs and the hotels themselves distribute the funds directly to the community. The Government there determines the amount and it is determined at 7 per cent. If that were the situation, the TGC's role would then be limited to ensuring the hotels and clubs have complied with their community contribution obligations. Would you see that as being a strategy that we could look at? What is your view on that?

Mr EASTAUGH - We do not consider the interstate models to be particularly appropriate because I think there are different drivers involved.

Firstly, the CSL is a government imposed levy here and the funds are consolidated and the principle is that a considered decision can then be made as to the most appropriate use of those funds. That accesses a wide range of needs and proposals across the entire Tasmanian community and I think that is important.

I do not think it is appropriate that private gaming venues should make that decision on the disbursement of a government levy.

Mr DEAN - That model, as I understand it, identifies that where the gaming revenue occurs is where the gaming revenue goes back into that community. That would be one, I guess, of the benefits of such a process. That is the way the ACT see it. I am not saying it is the best model at all; it is the model that is there, that is all I am saying.

Mr EASTAUGH - Recent press reports about the Victorian distribution have not been kind to the philanthropic position of the gaming operators.

I guess the real issue in this is that we have a strategy. We are able to consider where this money is most needed and it might not be most needed in the area where the money is generated by the hotel. I think we can all think of areas where they don't have a hotel which needs support.

Mr DEAN - Personally I think it is flawed.

Mr EASTAUGH - And that is not to say that hotel operators can't be philanthropic and make donations to their local community, that is their call, but when we are talking about government levies I think it needs to be more equitably and better distributed.

DEPUTY CHAIR - Do you believe the commission should take a more proactive role in deciding expenditure - in other words, having community consultation et cetera and therefore to some degree downgrading the DED and the DHHS to more of an advisory role?

Mr EASTAUGH - DHHS and DED are in the area where they know where the needs are. They have professionals.

People in the community meeting the conditions under the legislation have a right to make application. Everyone and anyone can make an application and I think that the existing system works very well. As we said, there are some delivery and timing issues that perhaps can be considered. But in a general sense I think the recommendations for the various grants that are made are appropriate.

Mr DEAN - In making that comment, are you saying that in your view there are too many tiers in there for the approvals to go up and back, that it is cumbersome? In fact that is what has been put to us in this committee, that the system is quite cumbersome, there is a lot of red tape, bureaucrats are involved and at too many levels there. Are you saying that could be improved?

Mr EASTAUGH - I think it needs to be looked at. But the very nature of the beast is that it is a levy, it has to be distributed, it has to be accounted for. It is difficult to get outside the existing framework.

DEPUTY CHAIR - Do you believe that there should be any legislative changes made to the Gaming Control Act 1993 to make your job easier and more appropriate to the situation? I am talking about flexibility.

Mr EASTAUGH - I think we are comfortable with the act. I think it covers all the issues that we have been talking about. I think there is within that a degree of flexibility and I see no reason for significant change.

DEPUTY CHAIR - Each year then do you believe that 50 per cent of the funds should be spent on gaming, research into gambling et cetera, 25 per cent into sport and recreation and 25 per cent into charitable organisations or do you believe those figures, depending upon the applications you have before you, should be more flexible?

Mr EASTAUGH - As you rightly said, one year we are under and the next year we are over and I am not sure that legislation will solve that problem.

DEPUTY CHAIR - Other than making a discretion; giving general guidelines, certain things to be taken into account and then a discretion. Otherwise it seems to be difficult, in my mind, to strictly abide by the act, and no doubt what you want to do is to act lawfully.

Mr EASTAUGH - I accept that. But again, with those figures in mind, I think the parliament of the day thought about them very seriously and I think that they have worked well in the past. It is lawfulness versus -

Mr DEAN - It is just that there is no flexibility there at all. The act is binding: the act says that 25 per cent will be spent here, 25 per cent there and 50 per cent here. So really it is not for the board or anybody else to show any discretion and change that because the act is binding. It seems to me, and that is what has been coming through this committee, that there does need to be some flexibility there to allow you people to do your job in the best possible way.

Mr EASTAUGH - Again, as I said earlier on, I guess we probably need to take some advice on that. But I understand the issue and if there is a belief that there needs to be some

more flexibility, simply because of the reasons stated and it is not in the existing legislation, maybe it needs consideration.

DEPUTY CHAIR - Are there any other questions from anybody? Is there anything you want to say in closing?

Mr EASTAUGH - No, just to thank you for the opportunity of presenting the information. Are you able to give us some guidance as to when your findings may be made public?

DEPUTY CHAIR - We would like to. But for fear of giving you a date and then not coming in with a decision on that date, I think it would be safer to say that no we can't. But hopefully it will be sooner rather than later. Thanks very much for your submission and for answering the questions as candidly as you did.

THE WITNESSES WITHDREW.