

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

INQUIRY INTO THE COMMUNITY SUPPORT LEVY

Hon. JIM COX, MINISTER FOR FINANCE, WAS CALLED AND EXAMINED AND
Mr DON CHALLEN, WAS CALLED, MADE THE STATUTORY DECLARATION AND
WAS EXAMINED.

CHAIR (Mr Fletcher) - Members, I call the meeting to order. I extend a welcome to the minister and his advisers. We thank you for your submission in relation the Community Support Levy. It is comprehensive and we want to test certain aspects of it against other submissions that have been put in relation to that. Minister, do you want to speak in support of the submission and give an overview to the committee as to how you think the whole process is going? Our concerns initially referred to us were the quantum of funds in the fund and what was perceived to be slowness in the distribution of the funds to meet the community needs, so if you could address those questions.

Mr COX - Mr Chairman, I will give you an overview. It is probably a little longer than I would normally do, but I think this matter is so important that I need to give you as much detail as I can in the early stages. So if you can bear with me, I will endeavour to give you as much as I can in the overview and then we can go through whatever process you choose.

Before I start, I want to make my role very clear. I am here representing the Government in my capacity as Minister for Finance, which includes overall responsibility for gaming, and in my capacity as Minister for Sport and Recreation. In addition, in advance of today's hearing, the committee had requested a government response to a variety of questions and those have been responded to on behalf of the Government. In relation to further questions regarding the detail of the process associated with the distribution of the 75 per cent of CSL funds managed by the Department of Health and Human Services, it is my intention to take those questions on notice to enable the Minister for Health and Human Services to respond in writing to the committee.

In relation to the questions provided on notice to me by the committee, I would very much appreciate if it was noted that, while we recognise and support the importance of transparency and accountability, it is very important to recognise the significant resources that have been dedicated to compiling the very detailed information that was requested in seven working days. A lot of people put in a lot of effort, so my thanks on record go to the staff of Sport and Recreation, the Department of Health and Human Services and the Department of Treasury and Finance for their efforts in preparing that information for the committee. I believe those answers were given to you at some stage this morning.

The CSL is an important element of the Government's approach to gaming in Tasmania. This approach incorporates a very strong regulatory framework and strategies to

proactively address the adverse impact of gambling on the small number of people in our community who experience problems with gambling. One of those things includes a cap on gaming machines. Since the inception of the CSL, over \$23 million has been collected from gaming operators to fund programs designed to meet the intent of the Gaming Control Act 1993. Since its inception, a total of \$4.6 million has been spent for the benefit of Sport and Recreation organisations across Tasmania; a total of \$4.6 million has been spent for the benefit of charitable organisations; and a total of \$11.6 million has been spent on the provision of research into problem gambling, services for the prevention of problem gambling, community education concerning gambling and other health services.

We do not consider that there are any major concerns that warrant significant change to existing practises for the distribution of funds under the CSL. It is believed the current legislative requirements for the CSL and the current general approach taken to the administration of the CSL funds are appropriate. However, we recognise the importance of ensuring that agencies are continually reviewing and developing their administrative process. Mr Chairman, the Government is strongly of the view that funding available in the CSL should be spent in a strategic manner and in accordance with the requirements of the legislation. The primary focus should be on achieving the best possible outcome for the Tasmanian community and affected individuals, particularly in the long term. 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. We also consider that current distribution arrangements for CSL funds are appropriate, operate effectively and we believe at a relatively low cost.

The current legislative provisions set parameters for the spending of the CSL, while ensuring sufficient flexibility as to the administrative process adopted to distribute the funds. The delineation in the roles of the Department of Health and Human Services, the Department of Treasury and Finance, Sport and Recreation Tasmania and the Tasmanian Gaming Commission in the distribution of the CSL funds is appropriate. It ensures that people with the necessary expertise, skills and experience take responsibility for the management of the distribution of the funds. Similarly, it ensures that there is no duplication of effort in assessing the expertise necessary to properly assess and manage funding and grant applications. It is logical that advice regarding expenditure of the 25 per cent for sport and recreation is provided by Sport and Recreation. Advice for the 25 per cent for the charitable organisations is provided by Health and Human Services and the Tasmanian Gaming Commission provides a mechanism for the independent monitoring.

It is also appropriate that the function of the account keeping of the receipts and expenditure of the CSL trust account is undertaken by the Department of Treasury and Finance. It is also important to note that both the Department of Health and Human Services and Sport and Recreation utilise the services of independent panels to assist in developing specific recommendations for the distribution of the funds through a grants program. This ensures that submissions for funds are assessed by a group of people with the relevant qualifications and an appropriate degree of impartiality.

As I mentioned a moment ago, the Government does not believe there are any major concerns that warrant significant changes to existing fund administrative arrangements. We recognise the importance of ensuring the responsible agencies are continually reviewing and developing their administrative processes. That includes the guidelines and criteria for administration of funds to ensure that opportunities for improvement to processes are continually being identified and considered. For example, Sport and Recreation Tasmania regularly reviews its grant programs; it is currently developing a review model. At the time of the Government's submission, it was noted that both the facilities and open space development program and the community Sport and Recreation Tasmania program are currently under review by Sport and Recreation. That review is scheduled for completion in May 2005.

The review of facilities grants program has recently been completed. As a result, changes have been made to that program. The changes are aimed at ensuring the program is providing the maximum benefit for sport and recreation clubs and organisations. The 2005-06 facilities grants program does include a broader focus. Key eligibility requirements have been modified to ensure more providers are able to develop appropriate sport and recreation facilities, including where previous programs required applicants to have sport and recreation as their primary purpose. The 2005-06 program states that projects need only have a sport and recreation focus. As an example of that, a senior citizens group could now make an application for indoor bowling, whereas in the past they would not have been able to do that. One-third funding has been replaced by dollar-for-dollar funding and the maximum grant increased to \$200 000. The funding period has been extended to 18 months to enable organisations sufficient time to complete the construction and/or expansion of the facility.

The Department of Health and Human Services also undertake ongoing reviews of the grants program it administers. For example, a small grants program was introduced for the benefit of charitable organisations. The purpose of that was to increase the breadth of community access to the CSL funds. What that did was allow smaller organisations and requests for small amounts to be dealt with without requiring extensive program planning and reporting. The current distribution arrangements for CSL funds operate effectively and at a low cost and while some administration costs associated with the CSL have been met by the fund these have been maintained at a minimum.

Mr Chairman, the Government remains committed to enduring that this remains the case and that funds are not diverted away from important areas, such as funding services and treatment for the small number of problem gamblers living in the community. On this basis the administrative costs incurred by Sport and Recreation Tasmania in relation to CSL grants programs are absorbed by DED, and the administrative costs incurred by the TGC in relation to the CSL are absorbed by the department of Treasury and Finance.

There are, however, some administrative costs for the Gambling Support Bureau that are funded by the CSL. This is considered entirely appropriate on the basis that the GSB is responsible for the management of 75 per cent of expenditure from the CSL. It is also noteworthy that the principal function of GSB is the management of the 75 per cent of CSL funds, which includes the development and management of direct services for people experiencing a problem with gambling.

The practice of charging administrative costs is not uncommon, with other similar established funds following a similar methodology - an example of which is the Tasmania Community Fund. We are mindful to ensure that a cost-effective distribution model is applied to the CSL. The current distribution model is considered to provide a low cost means of providing appropriate administrative processes and support to allow for both effective and efficient distribution of funds from the CSL.

In summary, I reiterate that over 90 per cent of the CSL receipts, amounting to almost \$21 million, have been expended in accordance with the legislation on services and projects. We do not consider that there are any major concerns that warrant significant changes to existing practices. Current legislative provisions set parameters for the spending of the CSL, while ensuring sufficient flexibility. We are strongly of the view that funding which is available from the CSL should be spent in a strategic manner.

I thank you for allowing me the time on what was a fairly long overview but I just thought that it was important in light of what you require.

CHAIR - Minister, it seems to me that your recommendation in short says that we are wasting our time and we should pack up because there are no changes that can be made that would improve the collection and distribution of the funds.

Mr COX - I did not quite say that, Mr Chairman; I did mention that Sport and Recreation have currently changed the methodology that they are doing and we do continually monitor it.

CHAIR - But generally the Government's position is that this fund is travelling well and there should not be any changes to it.

Mr COX - The Government's view is that this is travelling well and that we should continue to monitor it if there is a need for changes that may come up in the future.

CHAIR - Do you foresee any other changes that are likely to come forward in the future?

Mr COX - I am not aware of any in the immediate future. Mr Challen, maybe?

Mr CHALLEN - No. I think the one area which comes up in the Gaming Commission's submission to you is the area of research, in which they have put a proposal forward that would enable the commission itself to take a slightly stronger role in initiating research. That is the only proposal that is on the table at the moment that I am aware of.

CHAIR - Minister, do you believe that the community at large, and stakeholder groups would do, who are applicants and recipients of the grant money, would share your view, or the Government's view, that everything is well, that there is no need for change?

Mr COX - Keeping in mind that my responsibilities, Mr Chairman, are specifically sport and recreation, I can only speak directly on that and I would say yes they do. If you wish to take that further as I agreed I am certainly happy to get the view of the Minister for Health and Human Services on it but I am not prepared to speak on his behalf.

CHAIR - I would have thought that a whole-of-government approach would have addressed the matters being processed through the Department of Health and Human Services as well, if it is a whole-of-government response that we are taking note of today.

Mr COX - I am satisfied that, as I said, it is travelling pretty well. From my direct involvement with Sport and Recreation and in light of the changes that we have just made, yes.

Mr CHALLEN - Obviously if you ask the recipients there are bound to be some disappointed people because there are applicants for grants who have not received them. But within the restrictions of the act, I think the stakeholder groups that benefit from this funding are, broadly, quite content with the way that the arrangements work, with the caveat that I have just mentioned that there are some restrictions in the act on the way that the funds can be distributed and that creates a level of disappointment. Some applicants, for instance, under the Sport and Recreation or charitable categories, whose applications have been unsuccessful might ask the question, 'Why can't we have some of the unspent funds in the other category?' So I think that is probably the only caveat I would put on that.

I think the major issue that the committee needs to think about when considering the chairman's question is how well do the funds provide for the 4C 2 and 3 categories. They are the services for the prevention of compulsive gambling and the treatment or rehabilitation of compulsive gamblers, and perhaps to a lesser extent the category 4, the community education concerning gambling. The model that has been developed there - and this was a collaborative effort over a number of years between the Gaming Commissioner and the Gambling Support Bureau in DHHS - was to put in place a model that basically funds the demand for these activities and services. As you are aware from the written submissions you have received, there is a set of service providers that meet the requirements for services and treatment under these two broad headings, and they are funded in such a way that whatever numbers of people present themselves seeking these services will be funded. There is no level of disappointment amongst the stakeholder groups that are particularly interested in those areas, and I think that is a strength of the model that is in place at the moment, and over time there have been no restrictions on the service providers in those areas to go out and look for clients. To the extent that there are clients needing their services they are being funded, and I think the arrangements that we have in place there are very robust and working very effectively indeed.

I think the broad answer to your question, chairman, is, apart from the level of disappointment that is associated with people applying for grants and being unsuccessful, the broad stakeholder groups that are interested in the way the CSL is spent would be reasonably content with it.

CHAIR - That one was made on the broader scale of which was the direction it was coming from initially, but perhaps it would serve the committee well if we focused on, or segmented it in the first instance, and the minister has raised the matter of sport and recreation. I ask the members of the committee if they have further questions in relation to the performance of sport and recreation, or want further detail with regard the program that is followed in that area.

Mr WILKINSON - I notice Don was talking about restrictions within the act. Is it your belief that the act should be varied to get rid of some of these restrictions and, if so, in what areas?

Mr CHALLEN - Let us say if I had my time over again - I obviously had a hand in the drafting of this legislation back in 1993 - 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. What we have found over time is that the programs under sport and recreation and the charitable categories have been very effective indeed in terms of providing support to a wide range of community organisations, but we always get more applications under those categories than are able to be funded. At the same time we have difficulty in finding good, worthwhile programs to spend the marginal component of the 50 per cent in that big category that deals with research and services to compulsive gamblers, education and other health services, and you will see from the written submissions that quite a bit of effort has been put in in recent times to developing, particularly in the community education and the other health services categories, ways of spending the 50 per cent. But my feeling - I cannot put it more strongly than that - is that there are many worthwhile organisations out there in the community that could use more funding in the sport and recreation and the charitable categories and they are not getting it.

Mr WILKINSON - When you spoke as well about the department doing a lot of work in relation to, I suppose, a system allowing others to get into the loop. Should we be doing something about that so we do not have to work out innovative ways to allow others to get into the loop to get the funding? Is there a better way of making it fairer overall so others can get into that loop?

Mr CHALLEN - I do not think there is any lack of equity in the way the funds are applied. I think the big question that the Gaming Commission and the Gambling Support Bureau people in DHHS have grappled with in the past - I mean, we have come to a landing on the way to do it, and my personal view is that it is the right model and it works well, but the matter that has been grappled with is that we have a need to provide services to compulsive gamblers. How can you be reasonably confident that you are providing an adequate and appropriate level of service to that small group in the community without, if you like, wasting money at the margin that could be better used somewhere else? For instance, on community education or support for charitable organisations, for argument's sake.

One approach is to make a judgment about how much you should spend and then go out and spend it, but in fact the model that has been developed tackles it in the other way. What we have done is to go out and find those organisations in the community that have the expertise, the contacts with the client groups, and are able to provide high-quality services to this particular group of clients, and we have put in place contractual arrangements with them that have allowed them to set up the structures and the staffing and so on to deliver the services that it is agreed need to be delivered. Then we have said to them, 'We will fund you for a basic number of client services, a basic level of activity and, to the extent that you provide services to clients above that, we will fund you at a per client rate'. That is how it works, so they get a guaranteed level of funding to

provide, if you like, a base level of activity, and they come back to us after the event and say, 'Instead of providing', let us say, 1 000 counselling sessions in a quarter, we provided 1200', and they just get paid for the extra 200. We do not have to make judgments about whether we are spending the right amount of money on servicing this client group because, being a demand-driven model, the experts in this field, the groups like Relationships Australia and Gamblers Anonymous and so on, people are the ones with the expertise and they are out there with the client groups all the time.

As I said earlier, there has been no discouragement of them going and looking for new clients, and I am sure those of you who have had some contact with these services providers will know that they come to their task with a lot of passion and a very high degree of commitment. They really want to help compulsive gamblers out there in the community, and I think we have the right group of service providers. I think they provide a good range, a very balanced range of services, and I think we fund them in a way that gives us - and should give you, I think - a high degree of confidence that we are definitely not underservicing this client group.

Mr COX - Mr Wilkinson, does that answer your question, or did you want to include into the other groups as well?

Mr WILKINSON - If it can be included into the other groups.

Mr COX - I can just take it a step forward with sport and recreation. We have made a concerted effort this year to make more organisations aware. 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, so we may have created a bit of a monster for ourselves, 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, although I have to say it has been a pretty good response from the sport and recreation perspective in the past, but I think it will be better this year.

Mr WILKINSON - Some CEOs obviously in charge of different areas who have done it before on numerous occasions are better at making application because they know the right strings to be pulled. Is anything happening in relation to education as a whole so all these organisations are capable of getting some advice so they can properly make application so it is going to be fairer across the board? Obviously if Mr Challen left his work you would be snapping him up because he knows what strings to pull to get the money. It seems that an overarching education program so everybody is able to pull those same strings, would be of benefit.

Mr COX - Can I again start with Sport and Recreation. I have lost track of how hundreds of letters I have written to sporting organisations, from the smallest to the largest. We make sure that if there is a difficulty they have a point of contact with Sport and Recreation. I know that members - I am sure Mr Hodgman does it; I have no doubt that Mr Sturges does it - would go around these sporting organisations and make them aware and offer the services of their office. If there are groups or organisations that are a little bit unsure and do not believe they have the capability - and you are right, there are certainly some people who do not have the confidence to do this - Sport and Recreation also work one-

on-one. They hold information sessions and they are open to everybody. We really do make a concerted effort to make sure that people are given an equal opportunity.

On the other side, it is a fact I guess that larger, more established community groups may have more capacity and experience in preparing grant applications. I am advised that members of the advisory group are selected to reflect and represent the appropriate regional community sector, gambling industry and other interests on the basis that they demonstrate competence in effectively determining community need and are skilled in recognising the varying capacities. I am sure I forgot Mr Dean; I know that Mr Dean would go out of his way to make sure that some of these organisations are well looked after. I think it is probably a twofold thing. Mr Challen may have more he wants to add.

Mr CHALLEN - I think the minister has covered the sport and recreation area well. Pretty much the same thing happens with the charitable organisations. 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. There is a real effort made to get the money out to worthwhile applicants rather than focusing on the quality of the paperwork. One of the initiatives of the Gaming Commission in recent times has been the creation of this small grants program within the charitable grants, which has a maximum grant of \$2 000. I think it is pretty much fair to say that you need just to put your hand up and indicate that you have a worthwhile need for some money and you are of a charitable nature.

Laughter.

Mr WILKINSON - If they are not successful, are people advised why they are not successful?

Mr CHALLEN - Yes, they are, in every case.

Mr COX - Quite often you will find that these people will come back a second time. There have been instances in the past where they have not been successful and we have made a Sport and Recreation person available to them - I am sure the same applies, regardless - and we work it through. Quite often we may feel that it is a worthwhile request, for whatever reason he did not qualify and it may be possible to work through that, and that certainly has occurred.

Mr CHALLEN - There is also a lot of information out there. The web sites have guidelines for all these grant programs. There is a fair degree of encouragement for people to work their way through the issues. Organisations like TasCOSS are very active in helping the groups in their family put their applications together.

CHAIR - Is the debriefing session that you have referred to a proactive debriefing or is it activated only by a request from the unsuccessful client?

Mr CHALLEN - It is provided as a matter of course, but my advice is that where there is an applicant that is clearly in need as assistance to improve the quality of their application or to focus what their going to use the funds for then special efforts are made to help them.

Mr COX - Can I add to that, with Sport and Recreation it is in writing, an explanation is given and they are given the opportunity to come back to us and we will give them the reason. Then it goes back to the answer I gave you a moment ago.

Mr STURGES - Minister, I thank you and your staff for these very comprehensive responses that we have. We only received them this morning and I am sure the answer might be in here, but I will ask the question. Just before I ask the question, I acknowledge for the record that in my electorate Sport and Recreation representatives have individually visited sporting clubs on numerous occasions to help those clubs put in their applications and explain the process. I notice that you have given us the steps that you go through in the application at the disbursement process. What is the average time from the application being received to the money being put into the club treasurers pocket or hands? Are you able to give an overview on the indicative average time?

Mr COX - This year was little longer than past years, I know that. There is no set time as such, Mr Sturges. With Sport and Recreation the applications were called for now - they went into the paper a week ago. The process then takes three or four months. Two thirds of the project has to be up and running before the money is received. In some cases that takes longer than others for obvious reasons. It does vary.

Mr CHALLEN - Mr Chairman, I am advised that for the DHHS grants the time between approval and actually getting the money into the hands of the applicant can be as short as three weeks and the main constraint is the requirement to get a signed grant deed back from the successful applicants. Typically, the delays are created by the applicant actually taking a bit of time to get the deed documentation back. 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.

Mr COX - The other thing with that, Mr Chairman, is the time taken from TGC approval to final approval by Treasurer does depend on the timing of the TGC meetings and they are normally held once a month. That is part of it also. But is not considered to be normally or unduly long.

CHAIR - Despite your comments, there has been evidence provided to the committee by user groups that the process is too bureaucratic by the time it goes from the Office of Sport and Recreation, to the Minister for Racing, to the Tasmania Gaming Commission, to the Treasurer and Uncle Tom Cobbley and all that there may well be different values being brought to bear in relation to the judgment process. There may be delays because of unavailability or failure to have meetings on time or scheduled meetings and there is some concern about this time delay in getting grants through.

Mr COX - There was a delay through Sport and Recreation this year, Mr Chairman, you are quite right. There was a change during the year of the Director of Sport and Recreation

and I suppose I could, tongue in cheek, blame Elizabeth Jack who has come on board as Director.

CHAIR - How do you spell Elizabeth Jack?

Laughter.

Mr COX - I will give you her phone number after, Mr Chairman. There was a change at the head and that took a little bit of time to process so last year it did take a little longer than in the past and I am hopeful that will not occur this year.

CHAIR - The more important question is: are all those steps in that process necessary, to go through five different offices for sign off? Is it possible that any one of the offices along the way might bring a different set of values that makes the application process bureaucratic by nature? Therefore I guess the question that I need to ask is: are all of those steps necessary?

Mr CHALLEN - I think there is a little misunderstanding. For the standard grant programs not all those steps are required for every individual grant. So the Treasurer approves a grant program, and in some cases the minister approves grant programs, and then it just requires, in the case of, say, the charitable grants, the Minister for Health and Human Services to sign off. So there is an application process, and an assessment process by an expert team. They make recommendations under approved grant programs and the Minister for Health and Human Services signs them off. That is the end of the process, so in those cases the possibility of a delay because of the timing of the Gaming Commission meeting does not even occur. I think there is a balance here between making sure that appropriate probity standards are maintained in terms of the approval process for the grants and, second, that there are appropriate accountability and acquittal standards for the recipients of grants.

You can do these things more quickly. For instance, you could cut out having grant deeds altogether, but where you are providing a grant of \$20 000 or \$25 000 or \$30 000 for a specific purpose, the judgment has been made - I personally think it is appropriate - that the community would expect a written commitment from the applicant that says what they are going to do with the funds, and then a process after the event to make sure they did with the funds what they undertook to do. We all remember the stories about Ros Kelly's whiteboard. I think the community demands a degree of structure and good process when taxpayers' funds are being handed out. I think the process we have is probably the minimum amount to give you and the community the confidence that we meet appropriate probity standards.

Mr COX - Mr Chairman, can I just add to that and say that I mentioned earlier in the opening that Sport and Recreation were looking at reviewing the process. One of those changes we are looking at is how we can streamline the process. The other side of it, of course, is there have always got to be the appropriate checks and balances. In my case it is appropriate that I, as Minister for Gaming, and the Treasurer give final approval to expenditure. That covers it; it makes it transparent. For instance, if I were to receive an application from a member at Circular Head, then it would need to go through the proper process because I would hate to think that it went through purely because we were friends, Mr Chairman.

Mr CHALLEN - Mr Chairman, I have just been advised that I did not understand part of the detail of the process. There is a formal sign-off from each of the ministers and the Treasurer involved with the DHHS grants. I thought that had been short-circuited. However, I am also advised that it does not delay the process. It is typically walked through and happens rather quickly.

Mr WILL HODGMAN - The committee has conducted a comparison with other jurisdictions and noticed a more frequent funding cycle in some jurisdictions. Has there been any thought given to whether or not that might expedite the processes here, might improve progress in terms of distributing funding?

Mr COX - From Sport and Recreation? That is part of the review. We are looking at perhaps making it a rolling program rather than a one-off one, which has some appeal.

Mr CHALLEN - I think it is a balancing act, really, between the fixed costs that are involved in actually advertising and assessing grants, and making sure that applicants do not have to wait too long between grant rounds. I think there is also a bit of an issue in that if you have them too frequently you run the risk of 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.

Mr WILL HODGMAN - I suppose, from the submission, that probably having, say, a quarterly distribution might not sit with the overall policy of maintaining a surplus with which to properly structure the funding distribution. Is that right? Am I getting the right feel on your underlying philosophy behind maintaining a relatively significant surplus?

Mr COX - So you are basically saying why is there a surplus or is it necessary?

Mr WILL HODGMAN - I think I know why, but you could perhaps ensure I do.

Mr COX - I was just trying to clarify that was where you were heading.

Mr WILL HODGMAN - That is what I am getting at: whether or not that underlying philosophy does lead you away from, say, a quarterly distribution, which occurs in other jurisdictions, or a more regular or rolling distribution.

Mr COX - Okay, I was just making sure we were both on the same path.

The funds are allocated on initial estimates of demand. If that demand is exceeded, obviously additional funding is going to be provided. I will give you an example: the CSL is managed to ensure there is sufficient funding for gambling support services, whatever the level of demand is. It is necessary to have funds in surplus to meet any additional demand. Both revenue and expenditure are constantly influenced by external factors, obviously. It is therefore important that we maintain a buffer in the account to ensure that at no point is there insufficient funding in the account to cover expenditure. As an example of the unpredictability of demand for problem gambling services, in the last quarter of 2004 there was a break-even network provider who received a payment

12 per cent higher than was anticipated. Such providers receive a base level of funding for a base level of service provision, however the demand requirement on this particular provider for the period in question resulted in them receiving additional funding assistance. Had we not had that funding there, that would not have been possible.

Mr WILL HODGMAN - How did that arise?

Mr COX - They put in a request for funding; they found that they needed additional funding to continue the service. A request was put in and that money was instantly handed over.

Mr CHALLEN - Essentially they have received more clients turning up at their door needing services than they expected.

Mr COX - And that is not a one-off instance.

Mr WILL HODGMAN - So that is to ensure predominantly that fundamental underlying premise that the people who need the money, that the secretary has identified, are in fact guaranteed funding?

Mr COX - We would work on the premise that for any additional demands the funding would be available for those service providers.

CHAIR - A key question to ask in relation to that, that I need to understand: if the revenue is received on a rolling basis - which I presume it is - why couldn't the program be managed on a rolling basis as well?

Mr CHALLEN - Well, it is, and certainly the 50 per cent category is managed that way. 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. The Treasurer and the Minister for Health - before Mr Cox's time - approved a new program in the other health services category, which has been detailed in the written submissions to you. It was designed to catch up, if you like, and run the balance in the CSL account down. On the estimates that we have provided to you in writing you can see the balance being run down between 30 June last year and the estimate for 30 June this year.

Our success in achieving that has been somewhat frustrated by our unduly conservative estimates of the receipts into the CSL account in the last couple of years. I am hopeful that when we get to 30 June this year we are going to see a balance that is smaller than it was last year, but it is not easy. It comes back to the answer I gave to Mr Wilkinson's question earlier, that if we had a bit more flexibility in the application of the funds in those first two categories, the sport and recreation and the charitable organisations categories, where there is a lot of unmet demand and very worthwhile things out there in the community that could be funded, it would be a lot easier to maintain a much smaller balance in the CSL account. But that is not possible the way the act exists at the moment.

CHAIR - I raise with you some community concerns that have been expressed, and I want to solicit a response. In the first instance Mr Challen has already mentioned that guidelines are spelt out on the web and are available to everybody. There has been an expression that the strategic direction of the grants is not well known and the reason for making the grants or any of those strategic policy matters that the assessors, I guess, of applications are calling to mind is not clearly known to the applicants. Would you comment on that?

Mr CHALLEN - I would be disappointed if that was the case, and I would invite the committee to consider the material that is in the public domain and make your own judgment as to whether or not that is a fair criticism. Best practice granting requires that you make a very clear up-front statement about what you will give grants for and what you will not give grants for, and what the purpose of the grant program is, and the guidelines that are on the various web sites I think make those issues quite clear. But I think that is a fair question the committee might like to consider by addressing the factual evidence that is available, and if you find it deficient I think it would be an entirely proper thing for you to draw out in your report and, were you to make that judgment, we would move very quickly to improve things.

CHAIR - Does that strategic direction change from grant round to grant round, or has it been established and is sacrosanct?

Mr CHALLEN - It is not sacrosanct, but it has not moved a lot. The major change that has occurred in recent years was the creation of the Small Grants Program under the charitable grants category, which was a brand new form of grant in response to a concern that the Gaming Commission had that the original objectives of the CSL, as reflected in the parliamentary select committee report of 1993, back in Mrs Trethewey's days, were not entirely being met by the existing grant program, which is now called the Large Grants Program. I think that was a good response, and it required identifying a new strategic purpose and writing new guidelines into the program guidelines. But these sorts of things should not be sacrosanct. They ought to be evolving over time in response to experience with the programs and changes in community needs and responding to the identification of new purposes to which the grants can be put. I think as long as it is up-front, that it is reflected in the way the guidelines are written, and that you see it reported in a proper way through the Gaming Commission's annual report and so on, that is just part of the normal process of the evolution of these programs.

Mr COX - It is intentionally quite broad, isn't it.

CHAIR - The aim of the grants is to maximise the benefit to the community, and Sport and Recreation and State Development endeavour to do this by absorbing the cost of the administration where Human Services do not and, as I say, the cost of administration is not a small amount of money levied against the fund. What is the justification for this?

Mr CHALLEN - Sport and Recreation, and Treasury and Finance have been funded from the Consolidated Fund to provide administrative support to these programs, so in terms of my department it is part of my core business to service the Gaming Commission and to service the administrative requirements of the act under these CSL sections. When we first got these programs going and it was identified that DHHS was the organisation with the right skills and expertise to do this, it was felt that it was inappropriate to put an administrative burden on the health system to run this grant program. So the directs

costs of running these activities has since then, quite a number of years now, been charged against the CSL account. We very broadly call these costs administrative but in fact some of them are program costs. Some of the costs are community education costs and some of them are researching into gambling costs. But the management of the service provided in the Break Even network for prevention, treatment and rehabilitation of compulsive gambling, for instance, those administrative costs are charged against the program.

I accept that there is an argument that they shouldn't be, that the Consolidated Fund should provide them, but at the end of the day that is a judgment that has to be made. You are taking funds away from somewhere else to provide certain administrative services that are very tightly targeted to delivering on the requirements of the Gaming Control Act sections relating to the Community Support Levy.

Mr WILL HODGMAN - Are you able to quantify the amount that comes from the CSL by way of dollar figure and also as a percentage.

Mr CHALLEN - I do not have it at my fingertips but it is in your written submission and it is highlighted every year in the Gaming Commission's annual report. So it has always been very visible and transparent and the reality is that there is a lot of indirect administrative support that is absorbed within the DHHS budget anyway. The only charges that are made against the CSL account are the direct costs of the staff that are actually involved 100 per cent every day on these sorts of activities - the senior staff time that goes into supervising these activities, doing the quality assurance and making sure that the programs are running well. None of that has changed. It is just the very direct costs.

Mr WILL HODGMAN - I am not sure who is best to answer this, Mr Cox or Mr Challen, but it was submitted in a response I think from TasCOSS - and I am just seeking a view on the proposition - that some of the programs that are funded by the levy, for example, the social programs in the Neighbourhood Houses recurrent funding are programs that might ordinarily be funded out of Consolidated Revenue.

Mr CHALLEN - The history of that is that there were Neighbourhood Houses in place before this particular program - in fact they have been in place for quite a number of years - but there was a lot of unmet demand out there and you know what the health budget is like. It is one of our more difficult expenditure areas and the reality was that with all the competing demands on the health budget there was not sufficient funding available to expand the programs through the Neighbourhood Houses. What this funding made possible was a big expansion in the activities and the services that were able to be provided out in the community through the Neighbourhood Houses. So the base funding is still comes from the DHHS budget, that has never changed, and this was additional activity through the Neighbourhood Houses.

I can understand TasCOSS asking those questions; they are perfectly legitimate questions. If your objective is to have more money spent somewhere else you ask those questions because it highlights where the money is being spent. I think that is a legitimate part of the process and understand that their objectives and priorities are probably different from others. But a balance has to be struck and I am sure that the

community and the Government would be most interested in the committee's view on how well that balance is being struck.

Mr COX - Mr Hodgman, there were two new Neighbourhood Houses I am told - one in New Norfolk now fully established and one in Devonport still in the process of being established. As Mr Challen said, recurrent funding for the purpose of funding Neighbourhood Houses has been approved for a five-year period.

Mr WILL HODGMAN - Another one in Franklin.

Mr COX - I need another one in Bass.

Laughter.

CHAIR - The intention in your various responses, is that Health and Human Services are receiving extra funds outside their global allocations through the budgetary process to meet the demand for what might be considered core activities of the agency, and yet, at the same time, they are recovering administrative costs, which seems to me to be a double benefit. Surely if money is being transferred from the Community Service Levy to meet the core demand of DHHS business, the addition of administrative costs to gain that benefit is not fair, in my judgment.

Mr CHALLEN - Let us be clear: DHHS gets no benefit out of additional spending on neighbourhood houses. There are people out in the community who get the benefit of that. Is that the core business of DHHS? Judgments have been made in the past that some element of it is, but there was a very significant unmet demand out in the community for those sorts of activities that could not be met without taking money away from other areas of the health budget, whether it be welfare housing or the hospitals or whatever. Here was an opportunity, with unspent funds in the CSL, to provide additional services out in the community. Does DHHS get a benefit from the administrative costs? They would argue that no, they do not, and I think their argument is legitimate because how would they meet these administrative costs? They would have to meet them by taking the funds away from something else. Where would you take them from? Would you take them away from the hospitals, welfare housing or whatever? I have been reminded that a moment ago I said that only very direct costs are charged to this administrative bucket. DHHS absorbs lots of costs. They do not charge, for instance, accommodation, rent, power or any of those sorts of things; it is just the direct costs that very directly benefit the application of the CSL fund.

CHAIR - If the community houses meet the strategic policy direction of the CSL grants, surely money could be appropriated to fund benefits for surgeons at the Royal Hobart hospital to provide a community benefit?

Mr CHALLEN - That is an interesting observation you make. It would be legally possible but the judgment would have to be made by the ministers involved - and there are three who would be collectively involved in this decision - as to whether that was consistent with the spirit of the Community Service Levy. My guess is that in their judgment it wasn't. It would be legally possible. You could do it under 151(4)(c)(v). When this legislation was before the Parliament, the Parliament had a debate and said, 'Yes, other health services are okay. We are happy with the CSL being spent in that direction'. In

practise, the ministers who have been responsible over the years for the administration of these moneys have said, 'What does "other health services" mean? We think it means things that are consistent with the spirit of the CSL'. So there has to be an obvious community benefit, rather than just providing more services through the Royal Hobart Hospital.

Mr COX - I think the community benefit is the key. Whilst Mr Challen is right that legally it would be acceptable and would be allowed to be done, I think it is highly unlikely that you would get agreement by three ministers to take it away from where it currently goes.

CHAIR - I need to clarify something. At an earlier time, Mr Challen, you, I think, said that the quantum of the money in the 50 per cent area is underspent because there is not the need for the research, or the applications being put in did not warrant funds being expended on further research with regard gambling or associated areas.

Mr CHALLEN - That is not quite what I said, Chairman.

CHAIR - Could you spell it out clearly so I understand it?

Mr CHALLEN - It is more that we have had difficulty over time in finding worthwhile propositions to spend the money on in that 50 per cent category. The intention and the spirit was that we would make sure that the 4(c)(ii) and (iii) categories were never underfunded. So we wanted to make sure that the services for the prevention of compulsive gambling and treatment and rehabilitation of compulsive gambling were adequately funded. We never want to find ourselves in a situation where one of those service providers in the break-even network comes to us and says 'We have clients out there needing help and we do not have enough money to service them', so we have made certain that cannot happen.

Beyond that we have run some community education programs - I think a very successful one about 12 months ago - and we have had various proposals for funding of research, but we have had relatively few that in the view of the Gaming Commission, for instance, were worthwhile. Yes, you can spend the money. There are any number of university academics lining up who will take money from you. But to ask the question, will this make a difference; is this worthwhile research; will the Tasmanian community get some value out of it, we have not seen many at all that fit the bill. We have responded to this by using the little category 5, other health services, and we have been talking about neighbourhood houses and so on, and you have the details of the various programs that have been created there. That is a response to the fact that this money needs to be spent, it needs to be got out there into the community, and we have not been spending in the other categories fast enough to soak up the funds available.

Mr DEAN - From some of our interested groups this matter has been raised on two occasions. You might like to respond to it, and I will read it:

'That the decision-making authority be removed from the Tasmanian Gaming Commission, 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.'

Mr COX - Mr Dean, the current distribution arrangements for CSL funds operate effectively. They operate at a low cost. In fact I think the administrative costs over the last three years were 4 per cent. I do not necessarily accept that. The current arrangements already ensure that there is transparency, it ensures that there is accountability. There is oversight by an independent body. That body is the Tasmanian Gaming Commission. They are an independent body. I have had discussion on more than one occasion on this subject with one of our colleagues.

Mr DEAN - I think that is arguable.

Mr COX - I am happy to listen to your argument.

Mr DEAN - This matter was raised by two fairly substantial organisations within this State, and it is just interesting that both of them see fit to draw our attention to it and raise the issue. That is why I put it to you.

Mr COX - Okay, and that is fine. I certainly understand that they would be reputable organisations. I again make the point that the Tasmanian Gaming Commission is an independent body. A great deal of effort went into making sure - Mr Challen will certainly have something to add to this, I am sure - that the Gaming Commission is independent. To replace the current arrangements with a community-based board would certainly be a higher cost option, and I personally do not believe that it would be any more independent. I certainly do not believe that it would be any more transparent. I am firmly convinced that the Gaming Commission is independent. As I said, we went to great pains to make sure that that was the case. I do not know whether Mr Challen does or does not wish to extend that. He might be able to give a brief history of it.

Mr CHALLEN - I am on the record indeed I think before this committee in the past speaking about the independence of the Gaming Commission. 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. But at the end of the day this is about what I call the dead weight costs of servicing these programs. If you have another independent board then it is going to be more costly and at the end of the day there will be less money going out there in the community than there is at the moment because you have to meet more costs. Rather than looking at a proposal from no doubt well-meaning organisations - but they must have an agenda - about changing structures, I would encourage you to ask the question what is wrong with the current model, what outcomes are we getting that you do not like, and then ask the question what is the best way of improving the outcomes? If the best way of improving the outcomes is to have somebody else looking after the granting of the funds, you have to ask yourself does the improvement in the outcome outweigh the additional cost. My own view, having been involved around the side of these arrangements for quite a few years now, is that they work pretty well. I cannot see that substituting a new body will make it work better.

Mr DEAN - Some of those issues you raise there will be issues that this committee will obviously look at further down the line.

Mr COX - Can I put on the record, Mr Dean, that the members of that board are Mr Clyde Estaugh, who is the chairman and a surveyor by trade; Kate Warner, who is a professor of law at university; and Liz Thomas, who is currently on maternity leave. I make the point that those three people 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?

Mr DEAN - It is a perception by some groups.

CHAIR - Could I advise that if we run out of time and there are any more questions we will submit them in writing to you and seek some responses back. Quite clearly, there are submissions put to the committee and raised in the public arena from time to time with regard the baseline data that is available concerning problem gambling in Tasmania. They also cite a need for a biennial independent assessment of the impacts of gaming machines on the Tasmanian communities. What is your response to that? Would you care to make a brief statement about the quality of the baseline data that Tasmania presently has and, in reassessing the impact of gaming machines on a regular basis, how regularly does the Government believe that there should be further studies and updating of information?

Mr COX - Mr Chairman, you would be well aware that the economic and social impacts of video game machines were the subject of an investigation by the Legislative Council select committee. Since then the government of the day has actively monitored the level and social impact of gambling in the State. Since an initial baseline study was undertaken in 1994, there were two follow-up studies undertaken in 1996 and 2000. These studies have revealed that the level of problem gambling has remained relatively low by national standards. It has remained at that level since the introduction of gaming machines in 1997. The Department of Health and Human Services is commissioning a further problem gambling prevalence study this year. That is due to commence in April and that study will follow up the earlier studies that capture the trends in gambling patterns among the Tasmanian population. The fact that there are now no more gaming machines being released into the community, I think has been responsible. I know there are others who disagree and there will probably be representation made after me on that subject.

CHAIR - Are you advising the committee that the maximum number of machines are presently out in the marketplace?

Mr COX - Do you want to know how many?

CHAIR - You have said that there are no more machines going out and I am asking is the maximum number of machines presently out there in the marketplace?

Mr COX - I do not want to give you the wrong figure. I just wonder whether Mr Challen knows the exact figure.

Mr CHALLEN - I do not know the exact figures. I did not understand that this was relevant to the committee's terms of reference and I was not prepared to answer these questions today, Mr Chairman.

CHAIR - The minister said there are no more machines going out -

Mr COX - No, until 2006. There has been a hold put on them until such time as an assessment is made. Again, like Mr Challen, I was not prepared with the figures. I can get them to you on notice, but I am not sure that it is relevant.

Mr WILL HODGMAN - Would you be able to also get for us - and I think it is relevant - where we sit relative to other States insofar problem gamblers are concerned? I don't know if you have a quantity of so-called problem gamblers or a percentage of where we in fact sit relative to other States. I know you say we are relatively low, but where?

Mr CHALLEN - We can certainly get the available data that shows the comparison with the other States.

The other question you asked, Chairman, which I might pick up, is this call that we hear from time to time for more broadly based social and economic study of the impacts of gaming machines and gaming in the community. 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 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. In particular I am sure that members of the committee are aware of the very good work done by the Productivity Commission a few years ago where, using the best research techniques available, they found a range of possible impacts between a community cost of \$1.2 billion and a community benefit of \$4.3 billion. So the Government has taken the view that there is not anything to be gained from doing that kind of work, that it is in fact extremely difficult to determine the balance of costs and benefits, that we have a set of arrangements which have been authorised by the Parliament and which are working quite well and that the priority is to do the baseline studies at regular intervals so that we can monitor the prevalence of problem gambling in the community.

As the minister has already said, over time we have found that the proportion of problem gamblers in the community has been pretty stable. That gives us a degree of confidence that our arrangements are working satisfactorily and in particular that the programs that we have in place for servicing the needs of problem gamblers in the community are probably meeting the demonstrated need.

Mr COX - A point of clarification, Mr Chairman, I think I might have said that we have reached the cap. There has been a cap put on but that cap has not been reached yet.

Mr DEAN - I just want to take the question of problem gamblers a little bit further. You say that the proportion of problem gamblers is stable. When I sought information on this on one occasion I was told that there was little information retained. Particularly if we look at the criminal side of things, the offence side of problem gamblers, where a gambler commits crime to continue with acts of gambling, does that fall into the category of a 'problem gambler' in this regard?

Mr CHALLEN - Oh yes.

Mr DEAN - Can you tell me what has happened in relation to the statistical data that is being held in relation to crimes committed by gamblers?

Mr CHALLEN - I am not aware of what data exists on that question, Mr Dean. I would be happy to take it on notice. Because of the arrangements in place to protect the confidentiality of the clients of the Break Even network service providers, we do not collect any information at all about individual problem gamblers. So the data we are relying on is survey data from the baseline studies and data collected by the Bureau of Criminology and the Australian Bureau of Statistics and so on. There is a reasonable body of data out there but it does not target the particular client group of the service providers that are servicing problem gamblers within Tasmania. It is more general community statistical information.

Mr DEAN - If I can just take that one step further, where do you collect the data in relation to what you perceive as problem gamblers? Where does that come in?

Mr CHALLEN - It is survey data. It is undertaken by doing community surveys every two or three years.

Mr COX - Just going back to what I said before, Health and Human Services are doing one commencing in April, so they are looking at it again. The Department of Health and Human Services are commissioning a further problem gambling prevalence study which will take place in April this year.

Mr DEAN - And that should be done by survey throughout the community.

Mr CHALLEN - They will contract with a research organisation. Typically it is one of the organisations that is out there doing regular research in the community. They will do a special survey for the purposes of this exercise and provide a report with the statistical information.

Mr WILL HODGMAN - And they consult with gamblers and obviously Relationships Australia?

Mr COX - All the organisations that you would imagine. It is a very hard thing to do Mr Dean. I know that recently someone at the University tried to do this and they could not get any participants. It does create a difficulty.

Mr DEAN - Most gamblers will say that they do not have a problem.

Mr COX - That is exactly right.

Mr DEAN - Obviously they are gamblers, some are bad gamblers, but they say that they do not have a problem. When you say the figure of problem gamblers is stable, would question that and I would seriously question and I think a lot of people would question it as well.

Mr COX - But if you cannot get the evidence and you cannot get the facts to sustain it, it makes it a very difficult process.

CHAIR - Can I just ask you about a couple more matters that have not been clarified. Mr Challen has told us that there are no applications or requests from the gambling money to fund an unmet demand. That was your advice to us earlier in the briefing, I think.

Mr CHALLEN - I think the answer is yes.

Mr COX - Unless you can advise us of one that we are not aware of.

Mr CHALLEN - It is not quite what I said, but it is a question of how carefully you chose your words, Chairman. What I said is that we agree with the service providers about the nature of the services that they will provide. We fund them for a base level of services, and if more clients turn up needing those services then we fund retrospectively the additional services. Anglicare, for instance, is one of the service providers, and I imagine that Anglicare could think of lots of things to do with additional money if we were able to give it to them, but the specific programs that are in place for servicing problem gamblers are funded on a demand basis.

CHAIR - Secondly, a number of small organisations - and I think they came from a perception that 'there is lots of unspent money in there and if it is not being spent we can think of reasons to spend it' - did identify a need for administrative support funding, that perhaps on a triennial basis they could continue to do their good work in the community with some element of certainty. Are administrative costs able to be assessed and supported through the CSL?

Mr CHALLEN - The answer is yes, they are, but there is a reluctance to fund the ongoing administrative costs of charitable organisations. The desire is to get the benefit of CSL spending out there in the community, not to pay for bureaucracies. That is not to say that some administrative costs are not funded. They are. I know the Tasmanian Community Fund grapples with this as well, and it is a problem all grant-giving organisations have.

Mr COX - Mr Chairman, could I just add that there is significant competition for those grants, and it is very important that the process of distributing those funds remains very fair and equitable, and that they are spread across the many needy community organisations. I do not believe it would be appropriate that a few organisations would be allowed to develop an ongoing dependency on the provision of grants to cover their basic administrative costs while other organisations would go without. There have been in the past organisations that got Federal funding to do that - one in one of the suburbs in Bass which Mr Dean may be aware of - and that particular person spent the majority of her days accessing funding and did it very well. She was a master at it. For that reason I do not know that it would be appropriate.

Mr WILL HODGMAN - It is a sad paradox, though, and it has been put to the committee that there are organisations that now feel compelled to effectively employ someone on a near to full-time basis to pursue grants at a State and Federal level in order to be competitive in that highly competitive environment where they say they are grappling with a bureaucracy. It just seems to be an unfortunate use of time and resources, and I do not know how you break it down, but it has been put to us.

Mr COX - I take your point, Mr Hodgman, but I just do not think it is appropriate that we give advantage to some organisations, and again I made the point from when we started that certainly with sport and recreation we will make an officer available, we will go out of our way to make sure that people are not disadvantaged, and I would think every member of this committee would do the same.

CHAIR - My last question is what linkages are there, if any, between the CSL, the Tasmanian Community Fund and the Tasmania Together Progress Board and benchmarks?

Mr COX - To my knowledge there aren't any.

Mr CHALLEN - The CSL spending clearly contributes to some of the Tasmania Together benchmarks. There is a specific benchmark in relation to the level of problem gambling.

CHAIR - Are they identified in your strategic direction on the web site?

Mr CHALLEN - That is a fair question and I do not know the answer to it. I would have to check.

Mr COX - We will take it on notice, Mr Chairman.

Mr CHALLEN - To my knowledge there are no direct links between the CSL and the Tasmanian Community Fund, though I do know that the staff that service the two groups do talk to each other, and I know there has been some redirection of applicants from the one to the other, depending on suitability. I am not aware of any direct links with the Tasmania Together program.

Mr COX - Just quickly, Mr Chairman, I can give you an answer to that. Both sport and recreation club grants and charitable organisation grants are linked to the Tasmania Together goals, Tasmania Together Goals and Benchmarks 5.31. The goal category is Our Community.

CHAIR - Minister and Mr Challen, I thank you on behalf of the committee for meeting with us this morning and for clarifying certain issues. We will consider all this in due course.

Mr COX - Thank you, Mr Chairman.

THE WITNESSES WITHDREW.

Mr KIM BOOTH, MHA, WAS CALLED AND EXAMINED.

CHAIR (Mr Fletcher) - Welcome, Mr Booth. I just note that we are without a quorum. Mr Sturges is temporarily missing in action, but he will be here soon. I would like to proceed. As the hearing is a matter of formality, there is no disadvantage to proceed at this stage. The evidence you are about to give will be on the written form of the *Hansard* so that will enable all members of the committee at a later stage to consider it. Having extended a welcome to you, Kim, and noted the paper that you have presented to us, perhaps I could ask you if you wish to extend upon that further or highlight certain aspects of that paper for the benefit of the committee.

Mr BOOTH - Thank you, Mr Chairman. I would have to say at the outset that I am very pleased and honoured to be able to attend this committee hearing today. The Tasmanian Greens have long been extremely concerned about the effects of gambling, particularly on our rural and regional communities. We believe there are some very significant issues, not just in terms of the matters that are not a matter for this committee, if you like, the circumstances of the rollout, but particularly I congratulate you on the terms of reference to investigate the Auditor-General's concern in regard to the \$5.2 million that has been unspent of the Community Service Levy. We regard that as extremely irresponsible and a very serious issue. It highlights, in our view, the Government's lack of concern for these people who legitimately should be compensated. The intentions of the CSL should be carried out at the very least.

Quorum formed.

Mr BOOTH - As you alluded to, Mr Chairman, I have our submission here to talk to. If you have any questions, I would appreciate you asking them, rather than me just going through the whole matter, other than to summarise the main points in our submission to you. The key issue that we addressed in the submission was the need for a biennial independent social and economic impact study into the effects of gaming machines in Tasmanian communities. I think it is obviously quite self-evident that unless you inform yourself properly of the effects of these machines then it is fairly difficult to undertake any real harm-minimisation strategies or any potential roll-back of the machines and so forth. We believe that the Legislative Council's call, I think in December 2002, for a full independent social and economic impact study into the effects of these machines should have been carried out. We believe there is sufficient funding available now with this \$5.2 million unexpended - 50 per cent of which is supposed to go into areas to do with problem gaming - and that this would be a terrific opportunity for that independent social and economic study to be carried out.

Another key issue is the establishment of baseline data accurately assessing the impact of gaming machines on regional economies through the undertaking of specific economic modelling on a Tasmanian town or community. This would mirror studies that have been done on the mainland by more responsible governments, if you like, that have identified extraordinary damage that gaming machines cause to regional communities, particularly identifying that for every dollar lost to gambling \$2 flows out of the community because there is no net job multiplier with gambling. It is a very corrosive

activity that has a fairly low employment generation for the amount of dollars spent, and generally the money flows straight out of the community; it does not recirculate.

The other key issue is a need for the Tasmanian Gaming Commission to be restructured to ensure its independence from government, and that is articulated in our submission. The need to establish a community service levy foundation to distribute the Community Service Levy on the basis of public submissions - once again, we think that that is a worthy matter for your consideration, Mr Chairman.

Finally, there is the need to ensure that all the Community Service Levy funds go towards problem gambling and not towards administration of any government departments or programs. I would like to clarify that point. An interpretation could be that we are suggesting that all the money goes to problem gaming. We are saying the split should still be 50 per cent but 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. That should be a separate government obligation - so just a clarification there.

The other point I would like to make is that since we put this submission in we have had additional information brought forward - and I have a copy here to table for you, if that is acceptable to you. This is to do with the Australian Bureau of Statistics, what they call the SEIFA, index of disadvantage. It is essentially an index put out by the Australian Bureau of Statistics that analyses certain key performance indicators, I suppose, from different communities and references them against other communities identifying issues such as household income, education, profession, household and dwelling size and so forth, and from that they use it to identify specific areas obviously for strategies to try to overcome disadvantage through the use of this SEIFA index. Through that there is some fairly disturbing information which you will be able to look at - there are graphs included with this as well - in regard to the possible targeting of particular suburbs that the ABS has identified as disadvantaged through their research. But it seems to be that, for example, three of those ABS-identified suburbs in Launceston had at least 50 pokies in 2001 and 60 in 2004. Using an average of \$40 000 in losses per machine, which is an indicative estimate based on Cradle Coast region figures, we can say as a result of that three of Launceston's most disadvantaged suburbs have lost between \$2 million and \$2.4 million per year. We are questioning whether in fact - and I will elaborate on that later - that is a deliberate strategy on the part of the people who own these machines. What is the reason for the proliferation of addictive gambling mechanisms in suburbs that according to the ABS already suffer significant disadvantage?

CHAIR - Mr Booth, can I take you then to the first of your key issues, which is the biennial independent social and economic impact study, and ask how firmly you are locked into a biennial study? It would seem to me that a biennial study of any substance would be continually rolling over and over again. Do you recognise that there was a study in 1994 and 2000, and there is another study under way at the moment? Does that not meet your aspirations?

Mr BOOTH - What we are calling for mirrors, and I do not think the current study mirrors, what the Legislative Council called for in 2002 - I think it was December - which was a full independent social and economic impact study into the effects of these machines. The studies to my knowledge that have been done have been very small sample random

phone polls where obviously if you are a disadvantaged person it is unlikely that you are going to have a phone to answer the questions, so we would disregard generally the veracity of those current studies. The reason that we are calling for a biennial one, which is every two years, is that you need to be able to inform government policy by real data, but just simply by holding your finger up in the wind and hoping that you will find out. These are seriously damaging machines, and anecdotal evidence is showing that there is a high level of business failure, family breakdown, suicide and social collapse as a result of the proliferation of the things out into pubs and clubs in the community. So, yes, I do accept that the data might be replicated, but you would need to have at least a couple of them to see if you have a continual trend, in our view.

CHAIR - Who would you anticipate would have the capacity to do this work?

Mr BOOTH - Obviously part of our call is that it be a totally independent study, and as such would need to be carried out by some group which was independent of government.

CHAIR - I gather from your submission that you are suggesting this should be funded out of the CSL?

Mr BOOTH - That is correct, yes. We think there is an opportunity there: there is \$5.2 million unexpended and there is something like \$4 million per year going into the CSL, so if you work on the way the CSL is made up, which is that 50 per cent is supposed to go into research into gambling problems, there is \$2.6 million sitting there now that is available and another \$2 million per annum. So we believe it would be socially responsible to conduct that study to inform us.

Mr WILL HODGMAN - Do you have any idea what a study of this type would cost?

Mr BOOTH - No, I do not have those figures, but that is something that needs to be costed. I would think that you would get an extremely good study done for the available funds that are there. Furthermore, it is not a question of how much it is going to cost to do the study, it is how much it is costing in damage to the community not to do the study.

If you talk to people, the agency groups who are dealing with the crisis out in the community, you will find it is a hidden problem. People do not like to talk about it and I am sure that you, Mr Dean, in your past life would be very aware of the anecdotal evidence of the increases in robberies, domestic violence and suicide as a result of people who, for whatever reason, have become addicted to these machines, just as they become addicted to alcohol, drugs or some other thing.

These machines are an addictive process and it is causing severe economic and social damage to our community and we need to bring that anecdotal evidence out of the shadows. We need to bring it out in the open, we need to be able to inform ourselves as governments to have strategies to go forward so that we can still enable people to enjoy their lives. Nobody is talking about stopping people enjoying themselves but we want to make sure that there is not that 2 per cent or so who are gambling addicts and who are apparently - once again, the evidence is somewhat anecdotal - are contributing to about 50 per cent of the losses on these machines.

CHAIR - Would you explain to me what you see as the shortcomings of the baseline data, the subsequent upgrading of that baseline data and the subsequent reviews of the social situation in the Tasmanian community. Could you just encapsulate in a few words or dot points what you see as the shortcomings of the present system.

Mr BOOTH - I do not think that there is any real attempt to properly collect or analyse that data. The real data is coming through the agency groups like TasCOSS and Anglicare and other community groups that are dealing with these problems. The Government I referred to the phone polling, for example, but I do not believe that there has been any serious attempt by the Government to even understand the problems. I think the very fact the 50 per cent of this \$5.2 million should have been spent in these areas of research and education and has not been spent in my view shows the Government's gross negligence in regard to people who are really suffering.

CHAIR - Your presentation is on the basis that there is a surplus of funds there, there is lots of money in the CSL and you believe we ought to do better things with it.

Mr BOOTH - Yes. That is essentially the submission that it is warranted. The Auditor-General has expressed concerns and I congratulate you once again for conducting this enquiry. I think that it is terrific that you have taken it upon yourselves to try to do something to find out why the funds are not being spent. But yes, I do think that the circumstances warrant accepting that call that groups such as the Greens, TasCOSS, Anglicare, and the Legislative Council select committee inquiry of 2002 have made for independent social and economic impact studies to inform us as to how to go forward and I think there is the funding available.

CHAIR - Your concern is based on the results of the Anglicare telephone poll of 2003?

Mr BOOTH - Our concern is based on all of the evidence that comes through both semi-formal and formal means and also anecdotal submissions from people who come to our offices. The results of studies that have been done in regional communities in Victoria have identified significant losses to communities through these machines.

Mr WILL HODGMAN - Firstly, I make an observation via a submission that was put to us by Treasury and the Minister for Finance. It said that in the next review or study that is to be undertaken in, I think, May this year the Government will consult with agencies such as Gamblers Anonymous, Relationships Australia and so on to improve that baseline study. Is it your understanding that that has not occurred in the past or are you not aware of that or do you not accept that that has occurred?

Mr BOOTH - I would say that there has been a willful disregard for the community in this equation. I think that we really have to look into the circumstances surrounding the roll-out into the pubs and clubs in the first place and we have to look at the circumstances of why the deed was extended for 15 years beyond its 2008 expiry date without any justification that any reasonable person could accept as to why it was rolled out. I think you then have to look at the Government's submission and Treasury's submission from the point of view of somebody who is not an impartial agency. They have a vested interest in ensuring that the revenue stream that flows both to Federal Hotels and the Government continues. Quite frankly, I do not believe that they have any intention of

doing the right thing. I think it is going to take people such as yourselves to take a stand on this.

Mr WILL HODGMAN - The point I am making, though, is that the Government said this morning that their analysis of a baseline survey does involve speaking with groups and organisations that are involved at the coalface, with people with gambling problems and so. Do you deny that that has happened or is it your understanding that it has not? I think you made the observation that the Government has basically held a finger in the air to try to get some sort of understanding. Do you accept the Government's claim that they will and they may have conducted a more extensive survey to get a handle on the extent of this problem in our community?

Mr BOOTH - I would absolutely refute that the Government has any goodwill in this equation whatsoever. I will reiterate: you only have to go back to the circumstances of rolling out an additional 287 machines and sentencing Tasmanians to another 15 years beyond the expiry date, which is basically a 20-year stretch. Before a more enlightened parliament, if you like, could have looked at these things and said, 'If we're going to extend this deed, we are going to put it up to competition' or 'We're going to bring in harm-minimisation strategies as a condition of the licence', which is what a responsible government should do and it is what the community is calling for.

CHAIR - The second of your key issues relates to a trial study in a rural or remote community and previously you lodged argument with regard a trial study at Bendigo and you are suggesting that that ought to be followed here in Tasmania. Would you see the CSL funding such an exercise?

Mr BOOTH - I think that such a study could certainly be undertaken. I think it would be a very good idea. The original intention of the CSL was that 50 per cent of the funds that were set aside - which is the basis of our submission - should be expended on things like a full socioeconomic impact study and a regional study such as the Bendigo one. I would suggest that in a regional area such as the Launceston area, for example, it would be an excellent thing to do, provided the Government did not have its hands on it. It would have to be independent.

Mr DEAN - So you are saying that that type of study or survey has never been undertaken in an area such as Launceston, as you referred to, in a disadvantaged area?

Mr BOOTH - No, not in Tasmania. I can provide a copy of that study to the committee. Do you have that, Mr Chairman?

CHAIR - I have, personally.

Mr BOOTH - I could undertake perhaps to provide, through the Chair, to all members here a copy of that study. It is very revealing. They have not referenced this with these studies.

Mr DEAN - Have you or anybody else had a look at that?

Mr BOOTH - Yes. We have looked at the study and I mentioned that one of the things was that in terms of the multiplier effect, it is a negative multiplier because for every dollar

spent in a community, \$2 is syphoned out of the community rather than remaining within the community and regenerating and feeding small business and so forth.

Mr DEAN - What I am looking at is the extent of that study, when you did this and obtained these facts and details.

CHAIR - I think rather than develop that now, there is a substantive paper available on that.

Mr BOOTH - I will undertake to give you a copy of that shortly.

CHAIR - Mr Booth, have you or any organisation you are associated with ever made an application to the Gaming Commission for funding for a project such as this?

Mr BOOTH - I haven't, and I am not aware that it has been done.

CHAIR - But you would see it being funded out of the Community Service Levy?

Mr BOOTH - Well, given that these are the terms of reference of the committee, I think it would be a very appropriate matter for you to consider and recommend.

CHAIR - You are suggesting a significant transfer of funds from one area to another new area, which is in the area of research and study, and obviously you are recommending that because you believe the community benefit would be best served by doing the study work rather than making grants to community organisations.

Mr BOOTH - Well, I think if you look at the make-up of the CSL, from memory 50 per cent of it is supposed to go to problem-gambling research, community education and research, and I would think that this would shoehorn beautifully into that 50 per cent. Also, 25 per cent of it was supposed to be community grants, and 25 per cent was going onto sporting initiatives. The reason that the CSL initially was set up was part of a kind of sop, if you like, to the community to say 'We are taking away from you the beer tickets and the beer machines that used you fund your local sporting clubs, so in order for us to have a way, if you like, of bringing in these machines and rolling them out into pubs and clubs, recognising that you will lose your income stream, we will put 25 per cent of this levy into the sporting clubs'. We believe that money is important, that the 25 per cent be expended there. There is, I point out, sitting there over \$1 million in the kitty that rightfully belongs to local sporting clubs. Also there is another \$1 million sitting in the community grants.

CHAIR - Can I go on to the next key point there, which is the Tasmanian Gaming Commission and the need, in your view, for greater independence from government? How would you see that coming about?

Mr BOOTH - It would have to be set up as a body that is separate from government in all ways, totally independent. The reason for that is twofold. There is the perception of bias and there is the actuality of bias and a pecuniary interest, if you like, with the close links with Treasury and government on the Gaming Commission. It is highly unlikely that, given the addiction they have to the revenue stream for government, they are going to come up with a recommendation that says, 'Look, we have to face reality with these machines if that is what the social and economic impact study shows'. What if it actually

shows that these things are causing the problems that we are hearing anecdotally and that other studies are showing, and that there have to be some harm minimisation strategies brought in: For example, patron care, Anglicare and TasCOSS would have put those submissions to you, I am sure, but you have to remember that at the moment Tasmania is in this extraordinary situation of having some of the highest take rates in the world. A depressed person can go in there, any person but more likely if you are in some sort of state of dislocation from your normal mental state, and blow a week's wages in an hour. They can strip \$600-odd per hour out of your wallet. That is not recreation.

CHAIR - Do you think Mr Eastaugh, Professor Warner and Ms Thomas are too close to government and too biased towards government? You are talking about the commission. The commissioners are Mr Clyde Eastaugh, a surveyor from Devonport; Professor Warner from the University and Ms Thomas, and you are saying they need to be more independent of government. Which of those three do you think are too close to government?

Mr BOOTH - I do not think it is any individual. I think it is that the actual commission has to be set up completely independently in terms of their income stream and the members who sit on it. I am not here to particularly point the finger at any individual. I am saying there has to be a mechanism put in place that completely puts them at arm's length from any perception of an interest there to maintain the status quo.

CHAIR - So you would see a new bureaucracy being established?

Mr BOOTH - I would see a new organisation being established; you could call it a bureaucracy, but I think it is very important. I think it would be funds well spent, because they are already expending wages in that area anyway.

CHAIR - But you would see the funding for that coming out of the Community Service Levy?

Mr BOOTH - I have a broader view that the Government, in accepting that the enormous windfall that it is raking off in terms of its budgetary income, should be looking at it and wondering why there are such huge losses on these machines, for which this income is being generated. I believe that they should be putting in whatever is necessary to develop proper harm-minimisation strategies, a totally independent Gaming Commission and to honestly face the reality. It could well be as a result of this study that the Government has to renegotiate the deed, for example.

There has been no justification for it being rolled out other than expediency at the time. If those studies are carried out and if the agency groups are right - and I would think certainly from the applications I have had from people and submissions that they are right - we have a serious problem here that we have to address. It is no different to having crack cocaine being sold on the streets. The Government does not allow that.

Pokie machines are known as the crack cocaine of the gambling industry. They are highly addictive machines. They are set up with special mood lighting, with finger food. Patrons have been trapped in those sort of situations. They have gone in, into what they thought was an oasis, and have walked out minus their shirt. It has been no oasis at all; it was a mirage.

Mr WILL HODGMAN - In terms of the structure of the organisation, you are saying it is not an issue about the personnel involved, it is an issue about the body itself being incorporated within, you say, Treasury -

Mr BOOTH - That is correct.

Mr WILL HODGMAN - or the Government broadly -

Mr BOOTH - Yes.

Mr WILL HODGMAN - and therefore the Government has a vested interest in the outcomes produced or the decisions of this organisation?

Mr BOOTH - Yes. It is standard process now in enlightened democracies to make sure that government sets policy and makes rules and regulations but the administration of that not only has to be seen to be but has to be independent of any government interference such that nobody feels if you are sitting on such a board, for example, on a gaming commission that there is any special pressure being applied to you by a government who are addicted to the income stream or have a policy consideration in it.

Mr WILL HODGMAN - So it could be simply a perception rather than a reality of bias or pressure?

Mr BOOTH - That is possible. I am not saying to you that the Government summons them in and tells them what to do but what I am saying is that linkages are too close. The history of this Government and probably all governments too is that I do not believe there has been a honest look at the whole situation with pokie machines. You only have to go back to the 1993-94 press releases and rhetoric from the current Government in regard to the damage that these machines were going to cause. I can recall one from Premier Lennon saying it would cause the collapse of the racing industry. Truer words were never spoken but now he has turned 180 degrees and is looking back the other way and rolling them out for another 15 years.

CHAIR - Kim, I guess what I have been trying to do here is to look at your key issues. All of your key issues require funding and I am sure that you are going to say that all of that funding could come from within the community support levy which will lead to a very significant dead-weight cost against the community support levy and take money away from organisations that are presently receiving money and further organisations that are demanding money and are not getting successful applications in. I wonder if you would justify that.

Mr BOOTH - Yes, certainly. What we are talking about is the original intention of the way that the CSL was set up, which was that 50 per cent of that money would go to problem gambling, community education and research. So we would say, setting aside your 25 per cent for sport and recreation and 25 per cent for community grants, that you have an opportunity here to recommend essentially that the original intention, the reason for the CSL be applied. In regard to problem gambling, community education and research it is quite obvious and the Auditor-General has revealed that there is this black hole that the

money is going into and it is not being expended. You are sitting on more than \$2.5 million; that is \$5.2 million unexpended funds.

You have \$2.6 million there right now available for this research and I would argue that in fact it does fit in with the framework of the CSL. There is \$4 million per year going into it to be cut up and so there is another \$2 million. This year there will be another \$2 million so there is \$5.2 million available virtually. I think the maths works out to about \$5million available for these studies to be done this year.

CHAIR - Would it make any difference to your proposition if I were to say that, since 30 June last year when the Auditor-General reported, the amount of \$5.2 million has reduced to something in excess of \$3 million? Applications still exceed the process of delivering so the demand is greater than the supply. There are processes being put in place to try to address the processing at a faster rate.

Mr BOOTH - If the Government has finally got off its back and decided to do something about it, that is great. I would question where those funds are going and why they have suddenly started expending it. There is obviously pressure for this sort of inquiry and there are other political pressures from community groups. What I would say is that there is still significant funds unexpended. I think there would be more than enough money to do a regional study. I think it is appropriate to do it with the CSL funding. I do not think the Government is about to do anything about providing extra money for that sort of thing. As I said before, I think that the cost of not doing it is far greater than any considerations you might have about the cost of doing it. I think it is really important that we are informed. After all, it is not me saying that this. In Melbourne, for example, the increase in house burglaries used to be blamed on heroin addicts; it is now blamed on pokie addicts, people who are addicted to these machines, just like the poor bloke with a needle hanging out of his arm. These are people who are addicted to this process, who have something happening within their psychology or their family that is causing them to go and lose their house. You only have to look in the paper where solicitors or accountants have embezzled \$4 million and blown it through poker machines. I know of cases where a member of a business, usually a family business, has gambled their wages and committed suicide. This is not a picnic; this is ugly stuff if you lift the veil off it. They need to do something about it.

CHAIR - Your proposition seems to me, particularly in the latter stages, to be more focussed towards your concern for the high incidences of problem gambling rather than the core subject of what our inquiry is about, which is the process of distributing funds from the CSL.

Mr BOOTH - I do recognise that we have a strong position in regard to that. I suppose, Chair, you are looking at the reasons why it has not been expended. I would say to you that the reason it has not been expended is because the Government is frightened of what the results are going to be if you do that research. The only way of proving or disproving that proposition is to do it.

Mr WILL HODGMAN - Do you have anything you can share with the committee by way of your experiences as a parliamentarian dealing with organisations or bodies that have sought funding via the CSL, any successes or failures or any observations that you have received in that respect?

Mr BOOTH - My experience in regard to that has generally been in the areas of a failure of the Government. Agency groups, community groups and individuals have contacted me because of the fact that we have been vocal about this for a long time. We get people who come to us who have a tragedy within their family. I am sure that probably most of this committee would be aware of some of those cases. They are extremely tragic. 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. There are a whole lot of mechanisms for that, which are probably beyond the direct terms of reference of this inquiry but which certainly fall into the unexpended part for education and research into problem gambling. If you are to reduce the harm from problem gambling, one of the first things, say, agency groups is to limit the take-rates of the machines. Bring in patron care strategies such that people are excluded from the machines, that you have to have almost a driver's licence, if you like, to play them, so that you are unable to lose more than a certain amount per week or per day that can be programmed to a card. There are a lot of those strategies, and they are the sorts of things that people are saying to me.

Mr WILL HODGMAN - If I can just clarify, you say that the cost of those sorts of patron care programs and so on should not come from the CSL, it should come from Consolidated Revenue or from the private operators obviously, but in terms of those government-provided services?

Mr BOOTH - The cost of the actual mechanism ought to be borne by the people who are reaping the rewards from these things, who are certainly not the punters. They are already being taxed, they are already paying as part of those losses this CSL. Now 50 per cent of that levy is available for research into gambling and how to minimise it and so forth. Harm minimisation strategies represent a perfect responsibility, I would suggest, of this particular 50 per cent of the CSL. By researching the sorts of patron care facilities that the agency groups are putting forward, such as exclusions, changing the lighting and banning smoking - which is a thing of the past - all of the strategies, if you like, that have been set up by the operators of these machines and by default, therefore, the Government, to encourage people to do their shirts. You are not encouraged to just go and have a flutter; you are encouraged to do your shirt. If you are not encouraging people to do their shirt, then there should not be any resistance to harm minimisation strategies and mechanisms being recommended through the CSL and government acting on it, and requiring as a social responsibility that venue operators do not allow people to go and lose their house, not allow the accountant to embezzle money and pump it through the casino, not allow this damage to happen, but to still allow people to socialise and have fun.

Mr DEAN - You are telling us that problem gambling is increasing, and I notice from the document provided here that up to up to the year 2000 there is every indication that it is increasing. But we were given information today that problem gambling is stable, it is not on the increase at all. Do you have any comment in relation to that? I guess, this is brought up under the question of expenditure by the Government on that area of problem gamblers. They are saying there is no increase, and therefore expenditure is sufficient at this stage.

Mr BOOTH - Well, I would say that if there is any problem gambling, then that is a problem and you cannot measure it by simply saying there has not been a significant increase. I mean, if that is the case it is a good thing. I think that Federal Hotels gave evidence before the inquiry last year in regard to the roll-out of these machines, the PAC inquiry, but they had already reached saturation point there so, with respect, I do not think they could strip any more money out of the community. It has already reached its capacity. They knew that they could not do it, that it was always a lie that 1 500 machines would be rolled out.

Mr DEAN - I am trying to focus on CSL expenditure and money to that area - 50 per cent expenditure in that area, Mr Chairman. I have been careful to try to keep it within the terms of reference.

Mr BOOTH - With respect, Mr Chair, on point F, any other relevant issues, I suppose you can be fairly broad-ranging in terms of your questioning.

CHAIR - I considered that and made a judgment.

Mr BOOTH - Fair enough. I did say 'with respect'.

Mr DEAN - You will pull me up, Mr Chairman, if I go too far on this question. In relation to the evidence that is being collated to identify these problem gamblers, are you satisfied with the way the surveys are done to get that information into the system.

Mr BOOTH - No.

Mr DEAN - Are you aware of how it is done?

Mr BOOTH - Yes, and I am not satisfied that it is done properly. I go back again to the Legislative Council's previous inquiry that called for a full independent social and economic impact study, and whether that is on a biennial basis or whether it is done to inform, to give you a baseline, it must be done. We have so much anecdotal evidence of a problem here, and yet a refusal of the Government to commit a few million dollars to a study that may reveal a way through this. Hopefully it would. There is no question that there are major problems through pokie addiction in the community, there is no question about that, and there is no question that those problems have been exacerbated since they rolled these machines out in the pubs and clubs. No question. The question is how big is it, how do we do something about it and what effect is that going to have on the Government's budget. Now, of course, I would say that we need to inform ourselves of the problem, figure out how we can reduce the damage and the Government needs to adjust its budget accordingly and get revenue streams not from damaging the community.

CHAIR - Any other questions? Mr Booth, one final question: if the Government had some surplus money would you say this appropriating money for the purposes that you have enunciated today would be your absolute number one priority recommendation to government that they should spend any surplus money on this need, rather than any other need?

Mr BOOTH - I think there are many priorities that this Government needs to address. I think this is up there with them, it is an extremely important issue. As I have said before, the cost of not knowing it is too high. I think the flow-on benefits to the community of reducing the impact of these machines, informed by a study that actually quantifies the sum of it is money very well spent. It would be returned not only to government but also to the community 10 times over.

It is an intergenerational problem that we are creating here. You have homeless children on the streets now as a result of their parents being addicted to these things. You have robbery, violence, suicide, family breakdown and business failure. What cost are you going to allow this to cause the community without acting responsibly as a government? I think it is total negligence on their part to allow it to continue.

CHAIR - So it would be your number one priority.

Mr BOOTH - It would be very a high priority.

CHAIR - You couldn't think of anything that would demand money more?

Mr BOOTH - In terms of this inquiry, I would say it would be of a very high priority that this research is undertaken.

CHAIR - Are there any other questions?

Mr DEAN - I would like to expand on that. You have talked about the suicides and all the other problems. Are you satisfied that the data in relation to those types of incidents have been collated the right way?

Mr BOOTH - No, I am not satisfied. I think what we are seeing with the anecdotal evidence is only the tip of the iceberg. Their ship needs to be a cross-agency strategy to make sure that cases of suicide are recorded and as much as possible, pinned to a cause. The underlying circumstances of a suicide or a business failure need to be referenced back to some sort of database and that is where a total social and economic impact study will cover those areas. It is the only real way to be positively informed about it.

CHAIR - Thank you.

Mr BOOTH - Thank you, Mr Chairman.

THE WITNESS WITHDREW.