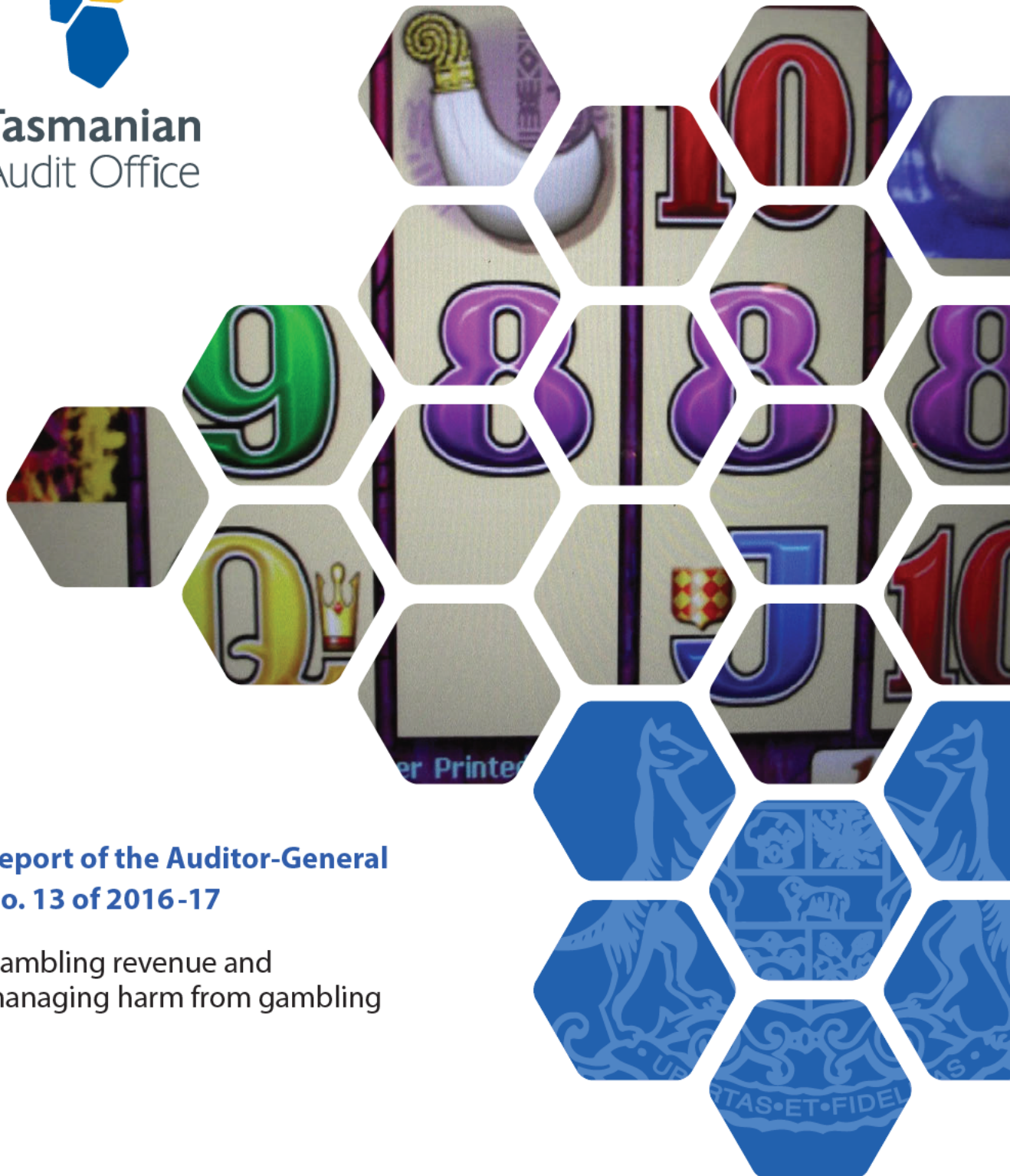




**Tasmanian**  
Audit Office



**Report of the Auditor-General  
No. 13 of 2016-17**

Gambling revenue and  
managing harm from gambling

June 2017

## THE ROLE OF THE AUDITOR-GENERAL

The Auditor-General's roles and responsibilities, and therefore of the Tasmanian Audit Office, are set out in the *Audit Act 2008* (*Audit Act*).

Our primary responsibility is to conduct financial or 'attest' audits of the annual financial reports of State entities. State entities are defined in the Interpretation section of the Audit Act. We also audit those elements of the Treasurer's Annual Financial Report reporting on financial transactions in the Public Account, the General Government Sector and the Total State Sector.

Audits of financial reports are designed to add credibility to assertions made by accountable authorities in preparing their financial reports, enhancing their value to end users.

Following financial audits, we issue a variety of reports to State entities and we report periodically to the Parliament.

We also conduct performance audits and compliance audits. Performance audits examine whether a State entity is carrying out its activities effectively and doing so economically and efficiently. Audits may cover all or part of a State entity's operations, or consider particular issues across a number of State entities.

Compliance audits are aimed at ensuring compliance by State entities with directives, regulations and appropriate internal control procedures. Audits focus on selected systems (including information technology systems), account balances or projects.

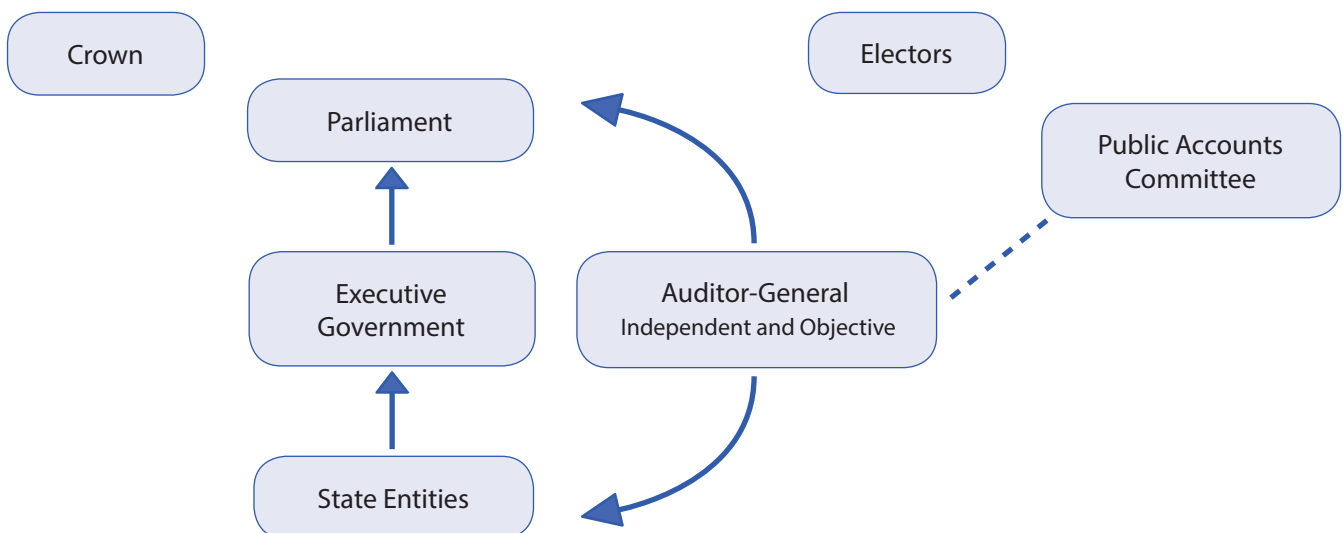
We can also carry out investigations but only relating to public money or to public property. In addition, the Auditor-General is now responsible for state service employer investigations.

Performance and compliance audits are reported separately and at different times of the year, whereas outcomes from financial statement audits are included in one of the regular volumes of the Auditor-General's reports to the Parliament normally tabled in May and November each year.

Where relevant, the Treasurer, a Minister or Ministers, other interested parties and accountable authorities are provided with opportunity to comment on any matters reported. Where they choose to do so, their responses, or summaries thereof, are detailed within the reports.

### The Auditor-General's Relationship with the Parliament and State Entities

The Auditor-General's role as Parliament's auditor is unique.





**2017  
PARLIAMENT OF TASMANIA**

**Report of the Auditor-General  
No. 13 of 2016-17**

**Gambling revenue and managing harm from gambling**

**June 2017**

Presented to both Houses of Parliament in accordance with the requirements of Section 29 of the  
*Audit Act 2008*

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22 June 2017

President  
Legislative Council  
HOBART

Speaker  
House of Assembly  
HOBART

Dear Mr President  
Dear Madam Speaker

## **REPORT OF THE AUDITOR-GENERAL**

### **No. 13 of 2016–17: Gambling revenue and managing harm from gambling**

This report has been prepared consequent to examinations conducted under section 23 of the *Audit Act 2008*. The objective of the performance audit was to form an opinion on how effectively the Department of Treasury and Finance's Liquor and Gaming Branch manages the collection of gambling revenue, the effective management of the Community Support Levy and the effectiveness and enforcement of regulatory harm minimisation measures. The performance audit also examined the effectiveness of the Community Support Levy funded activities to manage harm from gambling.

Yours sincerely

Rod Whitehead  
**Auditor-General**

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## LIST OF ACRONYMS AND ABBREVIATIONS

Act	<i>Gaming Control Act 1993</i>
ABS	Australian Bureau of Statistics
Betfair	Betfair Group — International internet betting exchange business
bn	Billion
Code	Responsible Gambling Mandatory Code of Practice for Tasmania
CSL	Community Support Levy
CSR	Communities, Sport and Recreation division (within DPAC)
DHHS	Department of Health and Human Services
DOTE	Dropping off the Edge
DPAC	Department of Premier and Cabinet
EGMs	Electronic gaming machines
Federal	Federal Group — privately-owned family business, which provides tourism, hospitality, retail, casinos and gaming assets in Tasmania
Gambling revenue	Revenue from gambling taxes, levies, penalties, licence fees
GAP	Gambling Assistance Program
GPs	General medical practitioners
GSP	Gambling Support Program (within DHHS)
Hon	Honourable Member
IER	Index of Economic Resources
IEO	Index of Education and Occupation
IRSD	Index of Relative Socio-economic Disadvantage
IRSAD	Index of Relative Socio-economic Advantage and Disadvantage
Keno or TASkeno	Casino, club and hotel based lottery gaming operated by Federal through its Network Gaming subsidiary throughout Tasmania
KPIs	Key Performance Indicators
KYO	Know Your Odds
LAGB	Liquor and Gaming Branch (within Treasury)
LGAs or councils	Local Government Areas



MOU	Memorandum of Understanding
MLC	Member of the Legislative Council
m	Million
NAGS	National Association for Gambling Studies
NCP	No conclusion possible
NH	Neighbourhood House
NHT	Neighbourhood Houses Tasmania
NGOs	Non-government organisations
SARC	Social Action Research Centre (Anglicare)
SEIS	Social and Economic Impact Study
SEIFA	Socio Economic Indexes for Areas
SMART	Specific, Measurable, Achievable, Relevant, Time-based
TAO	Tasmanian Audit Office
TLGC	Tasmanian Liquor and Gaming Commission, previously the Tasmanian Gaming Commission
Treasury	Department of Treasury and Finance
TT Line	TT Line Company Pty Ltd
UBet	A subsidiary of Tatts Group. UBET exclusively holds a Tasmanian gaming licence with a totalisator endorsement
UTAS	University of Tasmania

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# AUDITOR-GENERAL'S INDEPENDENT ASSURANCE REPORT

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This independent assurance report is addressed to the President of the Legislative Council and to the Speaker of the House of Assembly. It relates to my performance audit (audit) on gambling revenue and managing harm from gambling.

The audit was selected due to public concerns about the reach of gambling and its negative impacts on the Tasmanian community.

It is my intent that this Report contributes to the work of the current Joint Select Committee on Future Gaming Markets and provides insight for gaming industry stakeholders and the Tasmanian community.

## AUDIT OBJECTIVE

The objective of the audit was to form conclusions on:

- how effectively the Department of Treasury and Finance's Liquor and Gaming Branch (Treasury) managed the collection of gambling taxes, levies, penalties and licence fees (gambling revenue) and the collection and distribution of the Community Support Levy (CSL)
- how effectively the Department of Premier and Cabinet (DPAC) and the Department of Health and Human Services (DHHS) managed the activities funded by the CSL
- how effective the activities funded by the CSL were in reducing the risk of harm from gambling
- how effectively Treasury managed the enforcement of the Tasmanian Liquor and Gaming Commission's (TLGC) Responsible Gambling Mandatory Code of Practice for Tasmania (Code).

Further information on the criteria and associated sub-criteria adopted for this audit is included in Appendix 1.

## AUDIT SCOPE

The performance audit examined gambling revenue collection, CSL collection and distribution, CSL funded activities and regulatory harm minimisation measures over the period 2011 to 2016. This involved:

- Treasury
- the TLGC
- the Gambling Support Program (GSP) within DHHS
- Non-government organisations (NGOs) that provide services funded by the CSL
- the division of Communities, Sport and Recreation (CSR) within DPAC (transferred from the Department of Economic Development, Tourism and the Arts in 2014-15).

## AUDIT APPROACH

The audit was conducted in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements* issued by the Australian Auditing and Assurance Standards Board, for the purpose of expressing a reasonable assurance conclusion.

The audit:

- focused on the calculation and collection of revenue under the *Gaming Control Act 1993* (the Act)
- involved data analysis, transaction and controls testing of state-based gambling revenue collected and CSL collected and distributed
- involved the assessment of activities funded by the CSL to reduce the risk of harm from gambling
- examined activities undertaken by Treasury to enforce regulatory harm minimisation measures.

The audit included:

- discussions with key staff from Treasury, DHHS, DPAC and NGOs
- collecting data from Treasury to verify the collection of revenue and the collection and distribution of the CSL over the last five years
- reviewing the monitoring, reporting and performance of activities funded by the CSL and managed by DHHS, DPAC and NGOs
- reviewing documentation to assess the effectiveness of activities funded by the CSL and managed by DHHS and NGOs
- reviewing evidence of Treasury's enforcement of the Code.

The audit was conducted between December 2016 and June 2017.

## **AUDIT COST**

The audit cost \$255 721.

## **MANAGEMENT RESPONSIBILITY**

Treasury was responsible for ensuring the effective collection of gambling revenue and the effective collection and distribution of the CSL.

DHHS was responsible for ensuring the effective management of activities funded by the CSL:

- for the benefit of charitable organisations
- to reduce the risk of harm from gambling.

DHHS was also responsible for the effectiveness of activities to reduce the risk of harm from gambling.

DPAC was responsible for ensuring the effective management of activities funded by the CSL for the benefit of sport and recreation clubs.

## **AUDITOR-GENERAL'S RESPONSIBILITY**

In the context of this audit, my responsibility was to express a reasonable assurance conclusion on:

- how effectively Treasury managed the collection of gambling revenue and the collection and distribution of the CSL
- how effectively DHHS and DPAC managed the activities funded by the CSL
- how effective the activities funded by the CSL to reduce the risk of harm from gambling were in producing the intended outcomes
- how effectively Treasury managed the enforcement of the Code.

## KEY FINDINGS

Key findings arising from the audit are:

### Section 1.1 Are gambling taxes, levies and penalties collected effectively?

Gambling revenue due under the Act is collected effectively by Treasury.

### Section 1.2 Is the CSL collected effectively?

CSL due under the Act is collected effectively by Treasury.

### Section 1.3 Is the CSL distributed effectively in compliance with the Act?

CSL due under the Act is distributed effectively by Treasury in compliance with the Act.

### Section 2.1 Are the activities funded by the CSL managed effectively?

All activities funded by the CSL:

- are adequately reported
- are adequately monitored except for the:
  - grants program for sport and recreation which requires improved documentation of the risk assessment process applied to inspections for major grants
  - grants program for charitable organisations which requires improved monitoring.
- employ set targets and performance measures with the exception of the Gamblers' Help suite of services provided under the GSP where the targets and performance measures are not adequate and do not align with SMART (Specific, Measurable, Achievable, Relevant, Time-based) criteria
- are managed effectively except for:
  - grants to charitable organisations where:
    - no risk management process is in place
    - a number of the projects were incomplete in respect of acquittal by the grant recipient.

### Section 2.2 Are the activities funded by the CSL reducing the risk of harm from gambling?

All activities funded by the CSL are based on appropriate and robust research and analysis.

No conclusion can be made as to whether activities funded by the CSL to reduce the risk of harm from gambling are achieving the intended outcomes as the evidence is insufficient for us to form an opinion. The Productivity Commission<sup>1</sup> identified that difficulties arising from the nature of problem gambling, such as stigma, deceit, and irrational beliefs that the next wager will solve any problems, means sufferers are unlikely to identify themselves. Therefore, no reliable measurements of the prevalence measures exist from which to determine the extent to which a service has contributed to reducing the risk of harm from gambling.

### Section 3 Are the harm minimisation measures contained in the Code operating in compliance with the Act?

The harm minimisation measures are operating in compliance with the Act except Treasury's inspection program, although adequate, is behind schedule. The schedule includes 47 instances where inspections are up to 10 months overdue.

1. Australian Government Productivity Commission, 2010, Volume 1, p.5.6.

## RECOMMENDATIONS

The Report contains the following recommendations:

### Section 2.1 Are the activities funded by the CSL managed effectively?

DHHS:

- ensures all charitable grants are adequately monitored, acquitted, and risk assessed
- establishes appropriate key performance indicators and targets for the GSP - Gamblers Help suite of services which better align with SMART criteria.

DPAC ensures the risk assessment process applied to inspections of projects under the major grants program is properly documented.

### Section 2.2 Are the activities funded by the CSL reducing the risk of harm from gambling?

DHHS reviews the Neighbourhood House (NH) model, as it relates to helping people affected by gambling:

- to allow it to better cater for gamblers' need for a 'third place' (an alternative to home or place of employment) in the evening
- in relation to the proximity of support facilities to gambling venues.

### Section 3 Are the harm minimisation measures contained in the Code operating in compliance with the Act?

Treasury conducts the inspection program in a timely manner to ensure venues meet their obligations under the Code.

## SUBMISSIONS AND COMMENTS RECEIVED

In accordance with section 30(2) of the *Audit Act 2008*, a copy of this Report was provided to the State entities subject to this audit. A summary of findings, with a request for submissions or comments, was also provided to the relevant Portfolio Ministers and the Treasurer. Responses are included in Appendix 2.

## AUDITOR-GENERAL'S CONCLUSION

It is my conclusion that the collection of gambling revenue, the collection and distribution of the CSL and the enforcement of the Code are managed effectively.

Further, the activities funded by the CSL are effectively managed by DPAC, but require improvement by DHHS.

Due to insufficient evidence, I am unable to make any conclusion as to the effectiveness of activities funded by the CSL to reduce the risk of harm from gambling.



Rod Whitehead

**Auditor-General**

22 June 2017

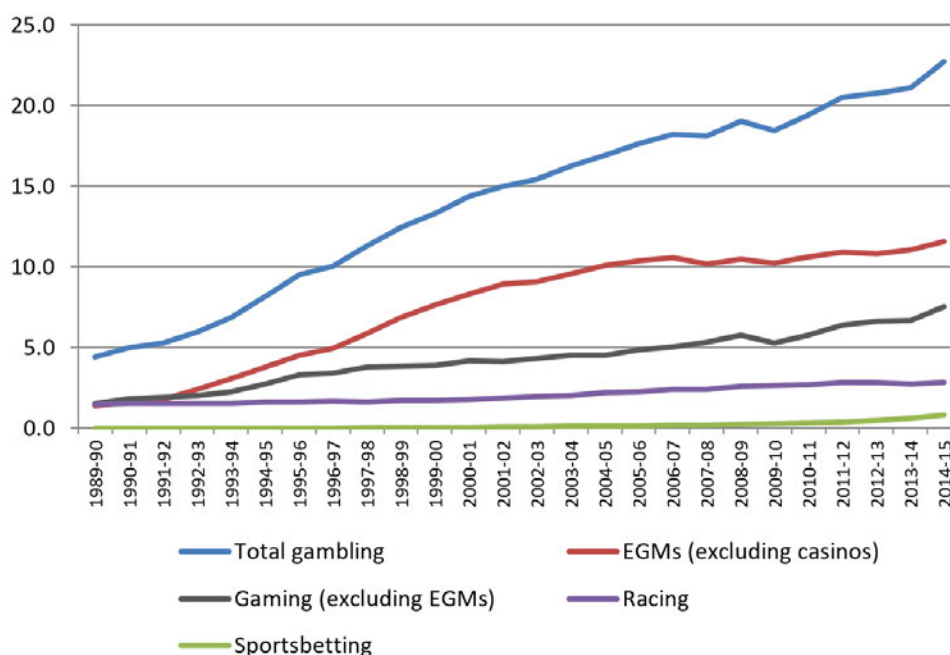
## CONTEXT

### INTRODUCTION

Gambling is the wagering of money or something of value on an event with an uncertain outcome with the primary intent of winning money or material goods. Gambling takes many forms, ranging from small fund-raising raffles on behalf of charitable organisations to sophisticated table games at licensed casinos.

Figure 1 shows that Australians spent more than \$22.7bn<sup>2</sup> on gambling in 2014-15 of which more than half, \$11.6b<sup>3</sup> was spent on EGMs in hotels and clubs.

Figure 1: Total Australian gambling expenditure (\$bn)



Source: Australian Gambling Statistics All Gambling Table 14.

1. Total gambling expenditure includes lawful gaming, racing and sports betting activities. The amounts are for legalised regulated gambling for which accurate figures are available and therefore do not represent expenditure on all forms of gambling.
2. EGMs expenditure is from state-wide gaming machine (poker machine) networks operating in hotels and clubs. It excludes gaming machine expenditure in casinos.
3. Gaming includes all legal forms of gambling other than racing and sports betting, and includes lotteries, poker and gaming machines, casino gaming, football pools, interactive gaming and minor gaming (which is the collective name given to raffles, bingo, lucky envelopes and the like). The amount excludes EGM expenditure in hotels and clubs.
4. Racing comprises legal betting with bookmakers and totalisators, both on racecourses and off-course, and is related to the outcome of horse and greyhound races.
5. Sports betting is the wagering on approved types of local, national or international sporting activities (other than the established forms of horse and greyhound racing), whether on or off-course, in person, by telephone, or via the internet.

Figure 1 illustrates the significant rise in expenditure on EGMs over the period shown. Whilst EGM expenditure plateaued between 2004-05 and 2009-10, it has increased since 2009-10.

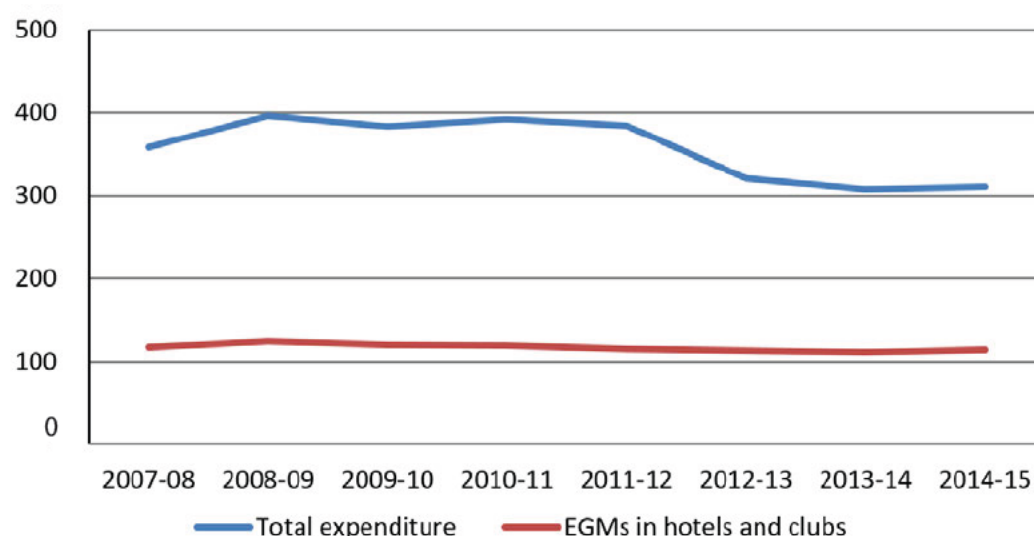
Figure 1 also shows that all forms of gambling expenditure, except for racing, have increased since 2009-10. The increase in gaming expenditure, excluding EGM expenditure in hotels and clubs, over the period 2009-10 to 2014-15 represented increased expenditure in casinos in New South Wales and Victoria, and to a lesser extent Western Australia.

Sports betting expenditure in 2014-15 was more than 2.5 times higher than in 2009-10 and increased 30.1% between 2013-14 and 2014-15.

2. Queensland Government, *Australian Gambling Statistics 1989–90 to 2014–15, 32nd Edition*, Brisbane, August 2016, product tables, p.250.
3. *ibid.*, p.148.

Figure 2 shows total Tasmanian expenditure on gambling including casinos, EGMs, Keno, lotteries, internet gaming and racing.

Figure 2: Gambling expenditure — Tasmania: 2007–15 (\$m)



Source: : Australian Gambling Statistics, TLGC Annual Report 2015-16

Figure 2 shows that total gambling expenditure peaked at \$396m in 2008–09,<sup>4</sup> declining from then following:

- the sale of TOTE Tasmania in 2011-12, which resulted in a reduction of wagering expenditure between \$58m to \$66m each year since 2011-12
- the impact of the Global Financial Crisis which contributed to casino gaming expenditure consistently falling from \$114m in 2008-09 to \$93m in 2014-15, and expenditure on EGMs similarly consistently falling from \$124m in 2008-09 to \$114m in 2014-15.

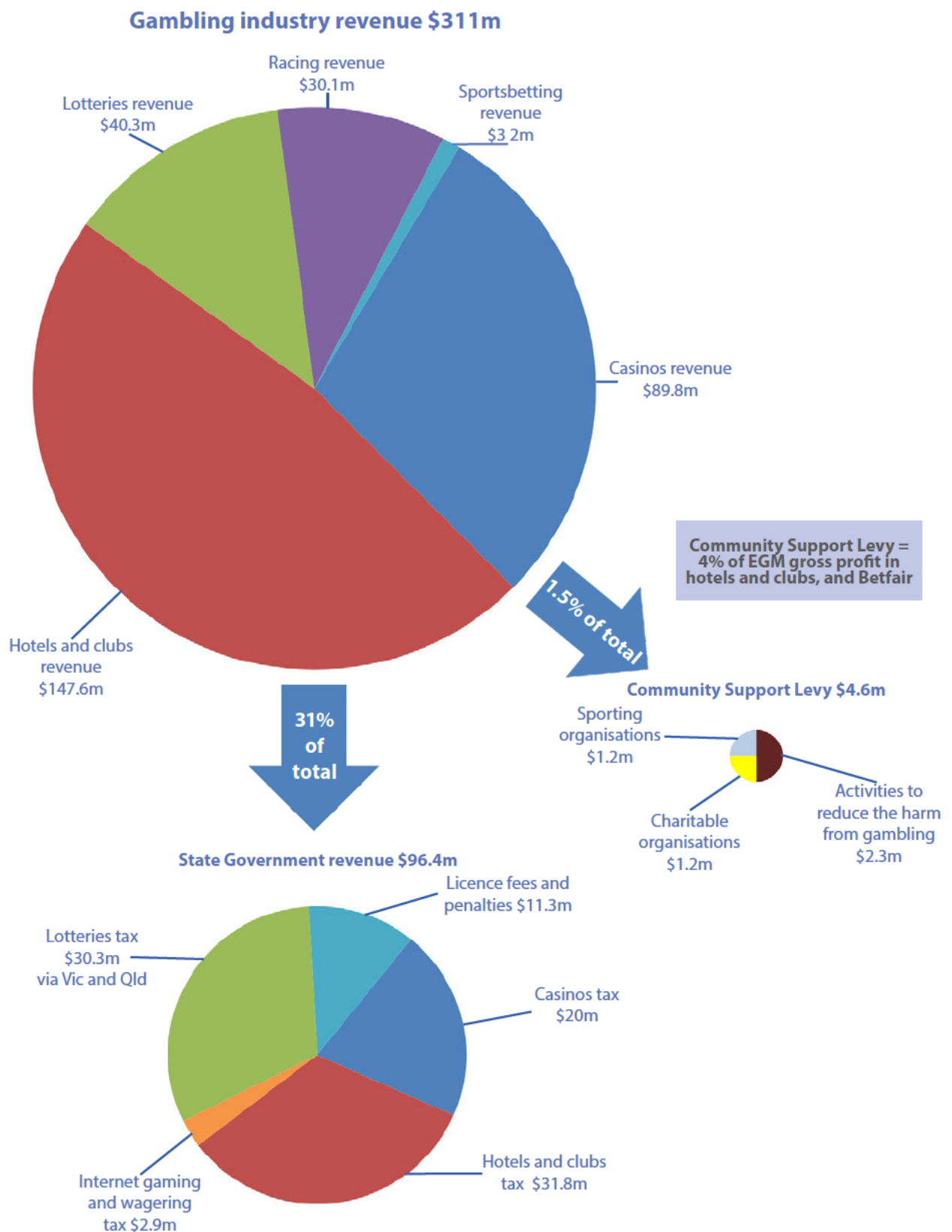
4. *ibid.*, Table Tas 50 Tasmania Total Gambling.



## OVERVIEW OF GAMBLING REVENUE IN TASMANIA

Figure 3 shows the proportions of State Government revenue and CSL collected compared to Tasmanian gambling industry revenue, based on 2015–16 data.

Figure 3: Tasmanian gambling industry revenue 2015-16



Source: Data from TLGC Annual Report 2015–16 and Australian Gambling Statistics 1989–90 to 2014–15, 32nd Edition, Tas 5 Total Racing Expenditure and Tas 35 Total Sportsbetting Expenditure.

Figure 3 shows the:

- Tasmanian Government collected \$96.4m in taxation and fees from locally controlled EGMs, keno, casino, internet gaming, wagering and lotteries
- largest portion of government revenue from gambling was earned from taxation and fees associated with EGMs and TASkeno in hotels and clubs, \$31.8m of which 93% relates to EGMs
- CSL was \$4.6m. Of the total collected, \$2.3m or 50% was specifically for the purpose of funding activities to reduce the risk of harm from gambling. This equated to 0.7% of total gambling industry revenue.

## EGMS IN TASMANIA

In 1973, Australia's first legal casino, the Wrest Point Hotel Casino was opened in Hobart by Federal. In 1982, Federal opened Tasmania's second casino, the Country Club Casino in Launceston.

Although EGMs had existed in the two casinos since 1986, it was not until 1993 that the State Government allowed the rollout of EGMs to hotels and clubs. This was despite a 1992 Parliamentary Committee<sup>5</sup> determining that EGMs would cause harm to the economy, badly affect the food, hospitality and racing industries as well as lead to the loss of jobs. The Committee also warned against a single operator model and recommended a competitive tendering process.

A 1993 Parliamentary Committee<sup>6</sup> recommended that EGMs be rolled out with the condition that support services are provided for problem gamblers. Federal was opposed to the rollout and in its submissions to both Committees stated that '... the spread of EGMs would damage the broader economy.'<sup>7</sup>

In 1993, Federal was given the exclusive rights on operating all the new EGMs in an agreement with the State Government to install around 2 200 EGMs in 50 hotels and clubs. This was in addition to the 1 100 EGMs already operating in the two casinos.

In 2003, an extension was granted to Federal to allow additional EGMs in hotels and clubs and there are now 2 375 EGMs in 97 venues around the State<sup>8</sup>. The number of EGMs per venue is limited to 30 per hotel and 40 per club.

State-wide the maximum number of EGMs allowed is 3 680 with the maximum allowed in hotels and clubs being 2 500.<sup>9</sup> Casinos account for 1 185 EGMs in the State.

The current agreement, which commenced in 2003, between the Tasmanian Government and Federal is for 15 years. From 2018, the agreement becomes a five-year rolling term. The Minister is required to provide four years notice of non-renewal. The earliest the existing agreement can end is 2023 if the Minister provides notice by 2019.

In 2015-16, players spent \$114.2m<sup>10</sup> on EGMs in hotels and clubs, providing 30.7% or \$29.6m of total State Government gambling revenue.<sup>11</sup> In the same year, players spent \$76.9m on EGMs in casinos, providing 20.5% or \$19.8m of the total State Government gambling revenue.<sup>12</sup>

5. Committee for the Review of State Taxes and Charges, *Report into the Extension of Gaming Machines into Hotels and Licensed Clubs*, October 1992.

6. Legislative Council Select Committee on Video Gaming Machines Beyond Casinos in Tasmania, April 1993.

7. Federal Hotels, 1993, submission to the Legislative Council Select Committee, signed by Director, Federal Hotels Limited, (from the Tasmanian Parliamentary Library).

8. TLGC, Annual Report 2015-16, p.14.

9. *Gaming Control Act 1993*, Section 101B.

10. TLGC, Annual Report 2015-16.

11. TLGC, Annual Report 2015-16, p.10.

12. *ibid.*

## HARM RELATED TO GAMBLING

Many Australians enjoy an occasional bet. However, for some, gambling can be highly destructive. The Productivity Commission estimated that 2.1% of the Australian population are problem gamblers<sup>13</sup>.

Problem gambling is behaviour characterised by difficulties limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community<sup>14</sup>. In using the terms *problem gambling* and *problem gambler*, it is not our intention to in any way offend, judge or label people.

In this Report, we have referred to moderate and high risk gamblers as problem gamblers because, as a group, they are distinct in their experience of depression, disruptions to family life, work and study and incur substantial debts. Both the Productivity Commission<sup>15</sup> and the SEIS<sup>16</sup> identified that the severity of risk of harm from gambling is best described as a continuum. To allow meaningful comparisons the reports aggregate moderate and high risk behaviour as problem gambling.

The Australian Government estimated that the action of one problem gambler negatively impacts the lives of between five and 10 others, including family, friends and employers. Therefore, there are up to five million Australians who could be affected by problem gambling each year.

In 2013, 61%<sup>17</sup> of all adult Tasmanians participated in some form of gambling with 2.4%<sup>18</sup> assessed to be problem gamblers. Therefore, there are more than 9 600<sup>19</sup> problem gamblers in Tasmania and between 48 000 and 96 000 Tasmanians (potentially up to one in five Tasmanians) who could be impacted by problem gambling each year.

In Tasmania, problem gamblers are people who are more likely to use EGMs at a hotel or club than at a casino, participate in more than 80 gambling sessions and lose \$3 000 or more to gambling each year.<sup>20</sup> Some gamble three to four sessions a week or 190 sessions a year, with losses averaging \$14 000 a year.<sup>21</sup> EGMs are known to be a particularly risky form of gambling in terms of addiction.<sup>22</sup>

In addition to their financial losses, problem gamblers are six times more likely to be divorced, four times more likely to have problems with alcohol and four times more likely to smoke daily as non-problem gamblers. Problem gamblers also find it hard to hold down a job, struggle to maintain relationships and are more likely to suffer mental and physical health issues than non-gamblers, all of which increase demands on social services. Only 15% of compulsive gamblers seek help.<sup>23</sup>

The social cost of problem gambling in Tasmania is estimated to be at least \$100m.<sup>24</sup> Social costs include the impact of problem gambling on families, employers, and the community.

13. Australian Government Productivity Commission, *Australia's gambling industries*, Report No 10, Canberra, 1999, Vol. 1, p.6.1.

14. Tasmanian Government, *First Social and Economic Impact Study of Gambling in Tasmania Summary Report* (2008 SEIS), Hobart, p.4; and Problem Gambling Research and Treatment Centre at Monash University, *Guideline for screening, assessment and treatment in problem gambling*, Monash University, Melbourne, 2011, p.18.

15. Australian Government Productivity Commission, *Gambling*, 2010, Vol. 1, p.5.8.

16. 2008 SEIS, op. cit., p.184.

17. ACIL Allen Consulting, *Third Social and Economic Impact Study of Gambling in Tasmania* (2015 SEIS) *Summary Report*, p.5.

18. *ibid*, p.10.

19. *Australian Gambling Statistics 1989-90 to 2014-15, Explanatory notes*, Table 3 used ABS data to report population as 401 000 adults in Tasmania in 2014-15. We applied 2.4% from the 2015 SEIS to 401 000 to estimate 9 624 Tasmanians.

20. Anglicare, *Programmed to addict: why poker machines be removed from our communities*, Anglicare submission to the Joint Select Committee on Future Gaming Markets, December 2016, p.16, originally sourced from ACIL Allen Consulting 2014, Vol.2, p.74-75.

21. *ibid*. p.75-76.

22. Thomas, A.C., Allen, F.L., Phillips, J & Karantzas, G. *Gaming machine addiction: The role of avoidance, accessibility and social support, Psychology of Addictive Behaviors. Advance*, Online Publication, August 2011.

23. Thomas, S, and Jackson, A, *Risk and protective factors, depression and comorbidities in problem gambling*, Report to beyondblue, Monash University and the University of Melbourne, 2008.

24. Australian Government Productivity Commission, 2010, op. cit., p.2. estimated \$4.7b across Australia. We used a portion of Australians in Tasmania (3%) to estimate social cost in Tasmania as \$100m.

Money spent on gambling reduces the capacity to pay bills, support other businesses, secure housing, or fund healthy activities for children and families.

In recognition of the potential for harm from gambling, the government, through the Act, implemented two sets of measures to help minimise harm from the introduction of EGMs in hotels and clubs:

1. Requirements on Treasury to collect the CSL (introduced in 1993).
2. Requirements on the gambling industry to promote responsible gambling<sup>25</sup> (introduced in 2012).

One of the requirements of the Act was the implementation of 10 harm minimisation measures through the TLGC's Code in 2012. See Section 3 of this Report for further detail.

## COMMUNITY SUPPORT LEVY

The CSL is the only funding source available to the community provided by the State Government for the purpose of funding activities to reduce the risk of harm from problem gambling. The CSL was established:

- in recognition that an increase in the number and location of EGMs in the community may diminish traditional fundraising activities
- to fund programs and activities for the purpose of reducing the risk of harm from gambling<sup>26</sup>.

The Act sets the CSL at 4% of EGM gross profits in hotels and clubs plus Betfair (it excludes casino EGMs). In 2015-16, the CSL collected was \$4.6m, which represented 4.6% of the estimated \$100m social cost of problem gambling.

The TLGC performs a strategic oversight function in respect to the CSL by overseeing the administration of the CSL, including recommending and reporting of annual budgets to the Treasurer<sup>27</sup>.

## GAMBLING REGULATION AND LICENCING IN TASMANIA

The regulation and licensing of gaming in Tasmania is controlled by the Act. It covers gaming machines, keno, casino gaming, totalisator wagering, sports betting, interactive gaming and wagering, foreign games permits and minor gaming. The Act also established the TLGC.

The TLGC is an independent body appointed by the Governor and charged with the regulation of gaming and wagering in Tasmania. It is supported in its day-to-day activities by Treasury. The Act confers regulatory powers to the TLGC and the TLGC delegates some of those powers to Treasury to ensure licensed gaming providers and venues adhere to the harm minimisation provisions contained in the legislation. Treasury is accountable to the Treasurer.

25. The TLGC describes responsible gambling as:

- minimising the harm from gambling
- ensuring safe gambling environments
- people understanding the nature of gambling and making informed decisions about participating in gambling.

Source: TLGC, *Responsible Gambling Mandatory Code of Practice for Tasmania*, p.6.

26. Legislative Council Select Committee – *Video gaming machines extension beyond casinos*, Parliament of Tasmania No. 3, 1993.

27. TLGC Annual Report 2015-16, p.4.

## DETAILED FINDINGS

### 1. IS THE COLLECTION OF GAMBLING REVENUE AND THE COLLECTION AND DISTRIBUTION OF THE CSL MANAGED EFFECTIVELY?

In this Section, we detail the work undertaken to confirm Treasury was effectively managing the collection of gambling revenue and the collection and distribution of the CSL.

#### 1.1. Are gambling taxes, levies and penalties collected effectively?

While not as significant as payroll tax and taxes on property, taxes on gambling still represent a large portion of tax revenue for Tasmania. As shown in Figure 3, the government collected \$96.4m<sup>28</sup> of gambling revenue in 2015-16 which represented 9% of the total state-based taxation revenue of \$1.1b.<sup>29</sup> From 2017-18, the level of State Government revenue from gambling is expected to decrease by approximately \$3.4m following Betfair's surrender of its Tasmanian licence.

The collection of gambling revenue is undertaken by Treasury and overseen by the Commissioner of State Revenue. The CSL is collected separately as a levy, which is discussed further in Section 1.2.

The gambling industry is taxed at different rates as detailed in Appendix 3.

The government collects gambling revenue as follows:

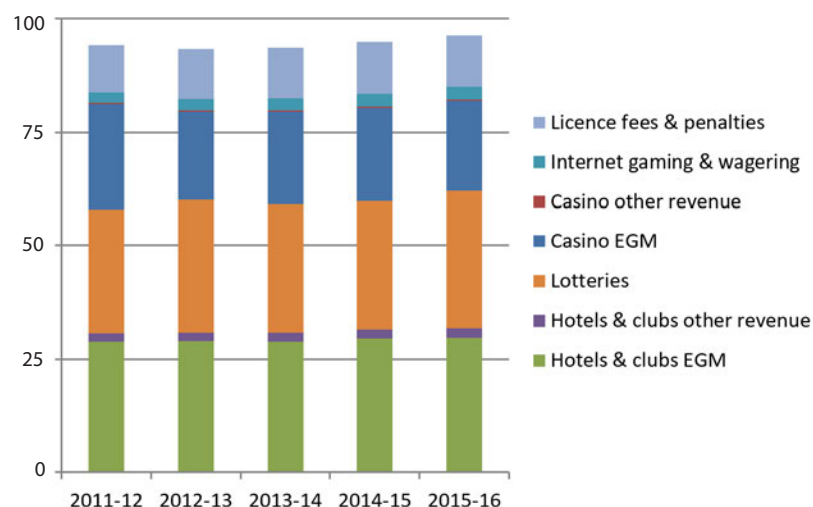
- tax and levies on a monthly basis, except the wagering levy which is collected annually
- licence fees on a yearly basis, except casino fees which are collected monthly
- penalties as incurred.

The main sources of gambling revenue for the government in 2016 were:

- hotels and clubs tax (33%)
- casinos tax (20.8%)
- lotteries tax (31.5%)
- licence fees and penalties (11.7%)
- internet gaming and wagering tax (3%).

Figure 4 shows the split of gambling revenue by way of taxes, levies, penalties and licence fees collected by the Tasmanian Government over the last five years. A full list of taxes, levies, penalties and licence fees collected from the gambling industry for the period 2011-16 is shown in Appendix 4.

Figure 4: Taxes, levies, penalties and licence fees collected by the Tasmanian Government 2011-16<sup>30</sup> (\$m)



Source: TLGC

28. TLGC, Annual Report 2015-16, p.10.

29. Treasurer's Annual Financial Report 2015-16, p.46.

30. Appendix 4 details a full listing of taxes, levies, penalties and licence fees collected from the gaming industry 2011-16.

### Collection of gambling revenue from casinos, hotels and clubs

Federal operates gaming tables in its two casinos and EGMs and TAskeno in its casinos and in all hotels and clubs around Tasmania. All EGMs are electronically monitored by Federal. Federal collects the required amount of gambling tax revenue from all hotels and clubs. Treasury then collects all gambling revenue from Federal and has access to the electronic data to ensure the correct monthly remittance of taxes and levies.

The controls in place to ensure the government receives all due gambling revenue include:

- dual password access to EGM and TAskeno software (Federal and Treasury)
- Treasury access to Federal's electronic EGM data to allow cross-checking
- Treasury use of an accredited testing facility to check EGM and TAskeno for software changes to ensure compliance with the Act
- regular signature checking by Treasury — computer routines run through EGM and TAskeno software to ensure no unauthorised software was added
- daily reporting of revenue by Federal to Treasury
- manual controls of the gambling tables — cash clickers and video surveillance of cash counting
- statutory financial audit of Treasury activities.

In addition to understanding the process by which Treasury managed the collection of gambling revenue, we completed sample testing of gambling revenue transactions and controls. The result of this testing is summarised in Appendices 5 and 6.

### Collection of gambling revenue from TT Line Company Pty Ltd

TT Line Company Pty Ltd (TT Line) operates a small number of EGMs on both of its Spirit of Tasmania ferries that sail between Devonport and Melbourne. The licence to operate the EGMs is owned by TT Line, a private company, Admirals, responsible for their operation.

The same controls used for Federal's EGMs are in place, e.g. dual passwords, signature checking and use of an accredited testing facility.

We tested a sample of tax paid from the Admirals monthly profit statements and we checked Admirals monthly profit statement figures against reported Treasury figures statements. We also examined Treasury's statements for evidence of the reconciliation of the amounts.

### Collection of internet gambling revenue

Until September 2016, Betfair was based in Tasmania and paid a 5% tax on Betfair commissions relating to its business directed through Tasmania - this included Australian racing and non-racing events together with some overseas events that involved Australians, e.g. the Rugby World Cup.

We examined a sample of monthly tax returns between 2012 and 2016 sent from Betfair to Treasury and noted that a Treasury officer had confirmed the calculations on the returns.

### Collection of gambling revenue from lotteries

There are two sources of lottery gambling revenue in Tasmania — draw lotteries, where you buy a ticket and check your numbers after the draw and scratchies, where you buy a ticket and scratch to see whether you have won a prize. These forms of gambling are operated by Tattersalls (licenced in Victoria) and Golden Casket (licenced in Queensland). Treasury has tax sharing agreements and administrative arrangements in place with the Victorian and Queensland governments, which require those jurisdictions to certify the correct revenue is remitted to Tasmania.

Our audit testing included sighting a sample of certificates of monthly payments from both Victoria and Queensland certifying the correct amount of tax was being remitted to Tasmania.

### Licence fees

Licence fees are payable to the government for operating casinos, EGMs and betting operations based in Tasmania.

## Casinos

Federal is required to pay a monthly licence fee to operate its two casinos. The fee was originally set at \$112 500 per month in 2003 and is now adjusted annually using the Australian Bureau of Statistics consumer price index (All groups Hobart).

We recalculated one monthly licence fee across 12 years from March 2003 to March 2015 and found the calculations to be accurate.

## Hotels and clubs

Hotels and clubs are required to pay annual licence fees using a base rate of 700 fee units for the licence and the first 10 machines plus 70 fee units for every EGM in excess of 10.

A fee unit value is set by the *Fees Unit Act 1997* and allows the government to CPI adjust monetary fees, charges, levies, penalties etc. The value of a fee unit during the financial year is calculated in accordance with a statutory formula set out in the *Fees Unit Act 1997*.

We recalculated the 2015-16 licence fee using information accessed from Treasury's website and compared this to the 2015-16 fee reported in the TLGC. We noted a small variance of \$4 504. Treasury advised this variance may relate to the timing of payments and the transfer of venues from one owner to the next.

## On course wagering

UBET Tas Pty Ltd (UBET) operates wagering venues throughout Tasmania. It took over the previously state-owned entity Tote Tasmania, which was sold by the government in March 2012.

UBET pays a fixed licence of 4.7m fee units per annum. We examined a sample of licence fees paid between 2012 and 2016 and found the amounts to be correct.

## Internet gaming

Until September 2016, Betfair, was based in Tasmania and paid an annual licence fee to the government.

## Penalties

The power to impose penalties is contained in the disciplinary action part of the Act. While small breaches are normally dealt with by Treasury inspectors, more serious breaches are referred to the TLGC who have the power to impose penalties and/or suspend or cancel a prescribed licence.

Disciplinary action under the Act can be taken against:

- casino operators
- manufacturers, suppliers and testers of gaming equipment
- gaming operators
- gaming licence holders
- gaming premises.

Penalties are imposed when incurred and are reported annually in the TLGC's annual report. The TLGC also has the power to receive and investigate complaints.

In 2015-16, the TLGC imposed \$80 878 in penalties predominantly in respect of casino operations.

### Section 1.1 conclusion

Gambling revenue due under the Act is collected effectively by Treasury.



## 1.2. Is the CSL collected effectively?

In 1993, the Legislative Council established a Select Committee to examine the introduction of EGMs into hotels and clubs. The Committee's report<sup>31</sup> included a recommendation to counter the negative social consequences of extending the EGMs into hotels and clubs. The report also included a recommendation to establish the CSL with funding to be set at 8% of EGM revenue from hotels and 5% of EGM revenue from clubs. The CSL was ultimately set at 4% of gross profit derived from EGMs in hotels and clubs. The CSL later included 4% of Betfair betting exchange commissions attributable to Tasmanian registered players until it ceased operation in Tasmania in September 2016.<sup>32</sup>

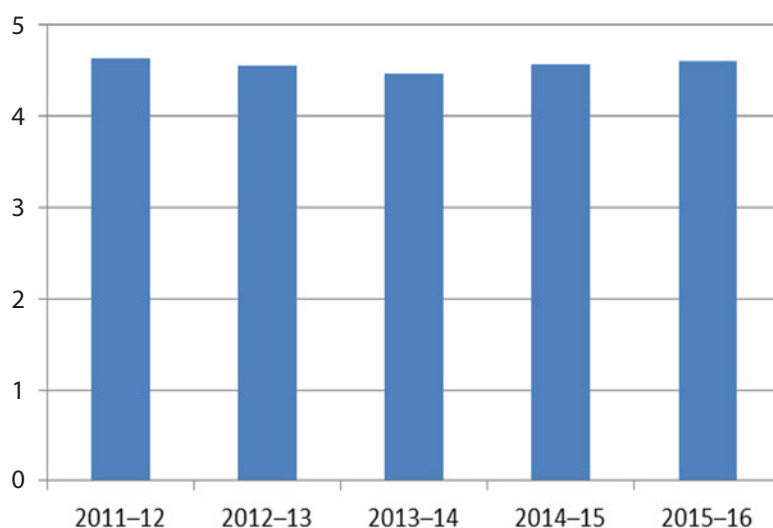
The CSL's intent was to assist sporting and charity organisations as well as assist gambling research, support and rehabilitation.

Federal, as the sole operator licenced to provide EGMs in casinos, hotels and clubs in Tasmania, pays Treasury a monthly CSL amount based on its hotels and clubs EGM revenue data, as discussed in Section 1.1.

In this Section, we assess Treasury's effectiveness in calculating and collecting the CSL.

Figure 5 shows the amount of CSL collected between 2011 and 2016.

Figure 5: CSL collected 2011–16 (\$m)



Source: TLGC Note: Betfair CSL levy was between \$25 000–\$30 000 per annum (less than 1% of the total)

Figure 5 shows that there has been little variation in the amount of CSL collected since 2011.

Many of the controls implemented by Treasury to collect gambling revenue from EGMs are also effective in collecting the CSL, e.g. dual passwords for software changes, signature testing and monitoring Federal provided data, as well as Treasury having access to EGM data.

We performed sample testing of Treasury's CSL calculations, which were based on information provided by Federal as well as from Treasury's own access to EGM data.

The audit procedures we performed are summarised in Appendix 7.

### Section 1.2 conclusion

CSL due under the Act is collected effectively by Treasury.

31. Legislative Council Select Committee, *Video Gaming Machines Extension Beyond Casinos*, No. 3, 1993, recommendation 6.

32. Betfair shifted its operations from Tasmania to the Northern Territory in September 2016.



### 1.3. Is the CSL distributed effectively in compliance with the Act?

The Act requires the CSL to be distributed as specified in Table 1.

Table 1: Legislative distribution of CSL as required by the Act

Percentage of CSL	Purpose	Administered by
25%	For the benefit of sport and recreation clubs	DPAC
25%	For the benefit of charitable organisations	DHHS
50%	For the provision of: <ul style="list-style-type: none"> <li>• gambling research</li> <li>• community education</li> <li>• services to prevent compulsive gambling</li> <li>• rehabilitation for compulsive gamblers</li> <li>• other health services</li> </ul>	DHHS

The Treasurer is responsible for distributing the CSL. The TLGC performs a strategic oversight function and is responsible for advising the Treasurer that the allocations of funds from the CSL by DHHS and DPAC are in accordance with their budgets. Both DHHS and DPAC prepare their annual budgets, which are submitted to the Treasurer through the TLGC for approval.

Table 2 shows the distribution of the CSL for the period 2011-16.

Table 2: Actual distribution of CSL 2011-16 (\$)

	2011-12	2012-13	2013-14	2014-15	2015-16
Opening undistributed balance	323 013	73 202	52 481	14 658	135 607
CSL collected	4 629 545	4 561 552	4 472 089	4 579 900	4 599 853
<b>Available for distribution</b>	<b>4 952 558</b>	<b>4 634 754</b>	<b>4 524 570</b>	<b>4 594 558</b>	<b>4 735 460</b>
<b>Disbursements:</b>					
DPAC – 25%****	*1 163 342	1 140 388	1 118 022	1 118 500	1 176 438
DHHS – 25%	1 157 386	1 140 388	1 118 022	1 118 500	1 176 438
DHHS – 50%	2 091 830	1 953 978	1 838 525	1 772 000	1 925 583
Treasury – SEIS**	319 964	292 986	391 556	404 514	93 941
Treasury – exclusion scheme***	42 221	41 209	43 787	45 437	47 899
Treasury – for Code & research	104 613	13 324	0	0	0
<b>CSL disbursed</b>	<b>4 879 356</b>	<b>4 582 273</b>	<b>4 509 912</b>	<b>4 458 951</b>	<b>4 420 299</b>
Closing undistributed balance**	73 202	52 481	14 658	135 607	315 161

Source: TLGC

\* \$5 956 carried forward by DPAC for 2011-12

\*\* The 50% allocation to DHHS fluctuates as Treasury retains a portion of that allocation, which is included in the undistributed balance, to fund the estimated cost of the SEIS

\*\*\* Treasury also holds back funds from the 50% allocation to DHHS for the Tasmanian Gambling Exclusion Scheme

\*\*\*\* Prior to 2014-15 managed by the Department of Economic Development, Tourism and the Arts.

#### Section 1.3 conclusion

CSL due under the Act is distributed effectively by Treasury in compliance with the Act.

## 2. ARE THE ACTIVITIES FUNDED BY THE CSL MANAGED EFFECTIVELY AND DO THEY REDUCE THE RISK OF HARM FROM GAMBLING?

In this Section, we examine whether DHHS and DPAC are effectively managing the activities funded by the CSL and assess whether the CSL-funded activities reduce the risk of harm from gambling.

### 2.1. Are the activities funded by the CSL managed effectively?

We assessed all activities funded by the CSL to determine whether they:

- are adequately monitored and reported
- employ set targets and performance measures
- are managed effectively.

Table 3 shows the results of this assessment.

Table 3: Assessment of activities funded by the CSL

CSL funded activity	Adequately monitored and reported	Set targets and performance measures	Managed effectively
Sport and recreation club funding	✓	✓	✓
Charitable organisation funding	P	✓	✗
<b>Funding to reduce the risk of harm from gambling:</b>			
• Research	N/a	N/a	✓
<b>Services to prevent compulsive (problem) gambling (GSP):</b>			
• Gamblers Help online	✓	✗	✓
• Gamblers Help phoneline	✓	✗	✓
• Gamblers Help face-to-face services	✓	✗	✓
<b>Community Education (Gambling Support Program – 6 campaigns):</b>			
• Convenience advertising	✓	✓	✓
• Know Your Odds (KYO)	✓	✓	✓
• Sports betting research	✓	✓	✓
• Family and friends	✓	✓	✓
• General Practitioners (incl. Gambling Assistance Program – GAP)	✓	✓	✓
• Gamblers Help advertising	✓	✓	✓
Other health services (Neighbourhood Houses)	✓	✓	✓

✓ – meets requirements    ✗ – does not meet requirements    P – partially meets requirements  
N/a – not applicable

Further details of the activities funded by DPAC and DHHS and matters considered in our assessment are provided in Sections 2.3, 2.4 and 2.5.

### **Section 2.1 conclusion**

All activities funded by the CSL:

- are adequately reported
- are adequately monitored except for the:
  - grants program for sport and recreation which requires improve documentation of the risk assessment process applied to inspections for major grants
  - grants program for charitable organisations which requires improved monitoring
- employ set targets and performance measures with the exception of the Gamblers Help suite of services provided under the GSP where the targets and performance measures are not adequate and do not align with SMART criteria
- are managed effectively except for:
  - grants to charitable organisations where:
    - no risk management process is in place
    - a number of the projects were incomplete in respect of acquittal by the grant recipient.

### **Recommendations**

DHHS:

- ensures all charitable grants are adequately monitored, acquitted and risk assessed
- establish appropriate key performance indicators and targets for the GSP - Gamblers Help suite of services which better align with SMART criteria.

DPAC ensures the risk assessment process applied to inspections of projects under the major grants program is properly documented.



Source: DPAC, Lindisfarne Memorial Tennis Club received funding for resurfacing.

## 2.2. Are the activities funded by the CSL reducing the risk of harm from gambling?

We assessed whether the activities funded by the CSL to reduce the risk of harm from gambling are:

- based on appropriate and robust research and analysis
- effective in producing the intended outcomes.

Table 4 shows the results of this assessment.

Table 4: Assessment of activities funded by the CSL

CSL funded activity	Based on robust research	Contributes to reducing the risk of harm
<b>Funding to reduce the risk of harm from gambling:</b>		
Research	N/a	✓
<b>Services to prevent compulsive (problem) gambling (GSP – Gamblers Help campaigns):</b>		
• Gamblers Help online	✓	NCP
• Gamblers Help phonenumber	✓	NCP
• Gamblers Help face-to-face services	✓	NCP
<b>Community Education (Gambling Support Program – 6 campaigns):</b>		
• Convenience advertising	✓	NCP
• Know Your Odds (KYO)	✓	NCP
• Sports betting research	✓	NCP
• Family and friends	✓	NCP
• General Practitioners (incl. Gambling Assistance Program – GAP)	✓	NCP
• Gamblers Help advertising	✓	NCP
Other health services (NHs)	✓	NCP

✓ – meets requirements      NCP - No conclusion possible (the evidence is insufficient for us to form an opinion)

N/a – not applicable

In forming an opinion as to whether CSL funded activities have been effective in reducing the risk of harm from gambling, we noted that reliable information is fundamental to support the measurement of harm from gambling and the impact of interventions, and in the absence of that information, evaluating the effectiveness of activities to reduce harm is difficult.

The Productivity Commission noted in its 2010 report on gambling, that a better evidence base is '... needed to answer basic questions about the effectiveness of prevention and early intervention strategies, and of counselling and treatment services.'<sup>33</sup>

It is difficult and expensive to undertake comprehensive evaluations that identify and quantify the impacts of a policy measure. In particular, the relationship between regulatory measures and outcomes is usually indirect, and because regulatory measures in gambling are rarely introduced in isolation, determining the impacts of particular regulations can be challenging.<sup>34</sup>

The inherent difficulties in assessing the effectiveness of problem gambling initiatives was also noted by the Victorian Auditor-General in his report on *Taking Action on Problem Gambling*.<sup>35</sup>

33. Australian Government Productivity Commission, 2010, Vol. 2, p.18.10.

34. Ibid, p.18.26.

35. Victorian Auditor-General Report, *Taking Action on Problem Gambling*, July 2010, p.32.

The report noted that national and international, robust and credible evaluations of problem gambling interventions are scarce because problem gamblers are a difficult group to identify. They are not homogenous and their identification depends on a subjective definition.

To be classified as a problem gambler, an individual needs to have experienced 'adverse consequences'. Application of this definition in practice is difficult because the impact of gambling on individuals will vary, and the definition of 'adverse' is subjective. As a result, determining a defined group of people with a gambling problem, on whom to base data collection, is challenging.

Tracking help-seeking problem gamblers over a long period is problematic as experience of longitudinal studies shows a declining rate of participation, due to a number of factors such as changed circumstances. This limits the collection of information on outcomes.

Problem gambling policy often involves multiple forms of intervention working concurrently. There are often significant interdependencies between interventions and individual activities are influenced by other activities. As such, it is difficult to attribute outcomes to particular initiatives or activities.

There are many community, economic and other environmental factors that influence levels of gambling, some of which cannot be measured. This increases the difficulty in identifying, measuring and defining changes that have occurred specifically from particular gambling harm reduction initiatives.

However, as noted by the Productivity Commission in its 2010 report on gambling, the difficulty in evaluating the effectiveness of strategies and activities to reduce harm from gambling should not be seen as a reason not to seek to evaluate policy decisions. The Commission observed an ongoing program of high quality, policy-focused research and evaluation will supplement policymakers' use of judgment and expert opinion, and enrich the existing evidence base. Better information may lead to new directions in policy and will allow policymakers to adapt, revoke or introduce regulations with greater certainty about their impacts<sup>36</sup>.

Further details of the activities funded by DHHS to reduce the risk of harm from gambling are provided in Section 2.5.

### **Section 2.2 conclusion**

All activities funded by the CSL are based on appropriate and robust research and analysis. No conclusion can be made as to whether activities funded by the CSL to reduce the risk of harm from gambling are achieving the intended outcomes as the evidence is insufficient for us to form an opinion. The Productivity Commission<sup>37</sup> identified that difficulties arising from the nature of problem gambling, such as stigma, deceit, and irrational beliefs that the next wager will solve any problems, means sufferers are unlikely to identify themselves. Therefore, no reliable measurements of the prevalence measures exist from which to determine the extent to which a service has contributed to reducing the risk of harm from gambling.

### **Recommendations**

DHHS reviews the Neighbourhood House (NH) model, as it relates to helping people affected by gambling:

- to allow it to better cater for gamblers' need for a 'third place' (an alternative to home or place of employment) in the evening
- in relation to the proximity of support facilities to gambling venues.

36. Australian Government Productivity Commission, 2010, Vol. 2, p.18.2.

37. *ibid*, Vol. 1, p.5.6.

## 2.3. CSL FUNDING FOR THE BENEFIT OF SPORT AND RECREATION CLUBS

CSL funding for sport and recreation clubs is allocated via grants managed by DPAC comprising major and minor grant programs.

Table 5 shows the allocation of CSL funds across the grants programs for the period 2011-12 to 2016-17.

Table 5: DPAC allocation of major and minor grants 2011-12 to 2015-16 (\$)

		2011–12	2012–13	2013–14	2014–15	2015–16
Minor grants*		328 927	277 138	331 246	261 908	290 867
2011		2012	2013	2014	2015	2016
Major grants**	935 279	820 246	856 889	780 549	782 833	822 217

\*DPAC reported minor grants by financial year.

\*\*DPAC reported major grants by calendar year 2011 to 2016.

Note: DPAC was responsible for sport and recreation grants since 2014-15 only. Prior to 2014-15, the Department of Economic Development, Tourism and the Arts was responsible.

Both the minor and major grant programs provide grants to clubs, associations, local government and other not-for-profit providers of sport and active recreation. The grants are for the purpose of providing financial assistance towards equipment purchases and/or the development/improvement of facilities or playing surfaces that directly improve opportunities for Tasmanians to participate in sport and active recreation.

The Minor Grant Program provides grants of between \$500 and \$10 000. There are usually between two and three grant rounds per year and applicants must contribute at least half of the project funding.

The Major Grant Program provides grants of between \$15 000 and \$80 000 and applicants must contribute at least half of the project funding.

Each grant recipient is required to provide a report of acquittal with a signed declaration that the grant was received and expended for the purpose for which it was granted. A project income and expenditure statement must be submitted together with all receipts for the expenditure of the funds.

DPAC conducts audits, including an inspection, of 10% of projects funded under the minor and major grant programs each year to ensure that the projects meet the needs of the sport and active recreation community and that project outcomes have been achieved. In selecting the projects to be audited, DPAC uses both a random and risk-assessed approach.

We assessed the management of the grant program and found that clear guidelines and requirements were provided to applicants for both minor and major grant programs. We examined a sample of grants for the period 2011-16 and found that the grants complied with our assessment criteria. The grants we selected for testing had not been selected by DPAC for audit.

Detailed results of our testing are shown in Appendix 8.

From our assessment, we conclude that the funded activities:

- are adequately reported and monitored but requires improved documentation of the risk assessment process applied to inspections for major grants
- have set targets and performance measures
- are managed effectively.

## 2.4. CSL FUNDING FOR THE BENEFIT OF CHARITABLE ORGANISATIONS

CSL funding for charitable organisations is allocated via a grant program managed by the GSP within DHHS. Some of these funds also help to fund the 35 Neighbourhood Houses (NHs)<sup>38</sup> (discussed in Section 2.5).

In determining the recipients of the grants, DHHS gives preference to projects and activities:

- in geographic areas affected by problem gambling
- that address the contributing factors to problem gambling and those most impacted by problem gambling, including initiatives focussed on:
  - family violence
  - mental health
  - social isolation
  - alcohol and drug issues
  - health
  - financial literacy
- that provide or support safe, healthy and inclusive activities for a range of community members
- that demonstrate sustainability, innovation and an ability to leverage existing community services, networks and resources.

To receive a grant, the organisations must be incorporated.

Table 6 shows the allocation of CSL funds across the grant program for the period 2011-12 to 2015-16.

Table 6: DHHS allocation of grants 2011-12 to 2015-16 (\$)

	2011-12	2012-13	2013-14	2014-15	2015-16
Grants to charitable organisations	251 226	345 598	474 005	175 084	230 062

Source: DHHS

We assessed the management of the grant program and found that clear guidelines and requirements were provided to applicants but there is no risk-management process in place for the program.

We examined a sample of grants from 2011–16 and identified incomplete acquittal documentation for six of the 16 projects (37.5%).

Detailed results of our testing are shown in Appendix 8.

From our assessment we conclude that the funded activities:

- are adequately reported but not adequately monitored
- employ set targets and performance measures
- are managed effectively however, there was no risk management process in place and a number of the projects were incomplete in respect of acquittal.

38. CSL provides \$1.5m p.a. to NHs, including some of the grants to charitable organisations. Parliamentary Standing Committee on Public Accounts, Committee Community Support Levy Investigation, 2015, p.3.



## 2.5. CSL FUNDING FOR REDUCING THE RISK OF HARM FROM GAMBLING

Section 151(4)(c) of the Act states that 50% of the CSL is to be distributed for the provision of research into gambling; services for the prevention of compulsive gambling; treatment or rehabilitation of compulsive gamblers; community education concerning gambling; and other health services. Often this allocation is referred to as the 50% allocation to address problem gambling, or to reduce harm from gambling.

At present, the funding provided under the CSL is the only source of State Government funding for programs and activities to address the risk of harm from gambling.

EGMs in hotels and clubs are known to cause harm on the basis that:

- EGMs are a particularly risky form of gambling<sup>39</sup>
- Tasmanians spent more than 30% of their gambling dollars on EGMs<sup>40</sup> in hotels and clubs in 2015-16
- research has shown EGMs in hotels and clubs to be the main cause of problem gambling<sup>41</sup>
- the GSP reported that in 2015-16, 61.5% of people using the Gamblers Help phoneline service indicated that gambling on EGMs was their primary gambling activity<sup>42</sup>
- Anglicare reported that only 15% of problem gamblers were likely to seek help and that most people that seek help are primarily experiencing problems with EGMs - this aligns with estimates from the Productivity Commission.<sup>43</sup>

In this Section we identified the communities where the risk of harm from EGMs is most prevalent, the probable cause for that harm and whether activities funded for the purpose of reducing harm were effective. To identify communities most likely to suffer harm from problem gambling we considered the following factors:

- The most recent data (2014–15) provided by the Social Action Research Centre (SARC) on the quantum of the loss per capita adult to EGMs and the number of EGMs per local government area (LGA).<sup>44</sup>
- The most recent (2015) Dropping off the Edge (DOTE) index for disadvantage which considered<sup>45</sup>:
  - criminal convictions
  - long-term unemployment
  - juvenile offending
  - young adults not participating in full-time work, education or training
  - disability
  - low family income.
- The most recent (2011) Australian Bureau of Statistics (ABS) Socio Economic Indexes for Areas (SEIFA 2011),<sup>46</sup> which consisted of the:
  - Index of Relative Socio-economic Disadvantage (IRSD)
  - Index of Relative Socio-economic Advantage and Disadvantage (IRSAD)
  - Index of Education and Occupation (IEO)
  - Index of Economic Resources (IER).

39. Thomas, A.C., Allen, F.L., Phillips, J & Karantzas, G. *Gaming machine addiction: The role of avoidance, accessibility and social support, Psychology of Addictive Behaviors. Advance*, Online Publication, August 2011.

40. TLGC, op. cit., p.10.

41. Anglicare, *Programmed to addict: why poker machines be removed from our communities*, Anglicare submission to the Joint Select Committee on Future Gaming Markets, December 2016, p.16.

42. Ganley, I., Joint Select Committee on Future Gaming Markets, Hobart, 7/2/17.

43. Australian Government Productivity Commission, 2010, Vol. 1, p.7.3.

44. Anglicare, [http://www.pokermachinescauseharm.org.au/in\\_your\\_area](http://www.pokermachinescauseharm.org.au/in_your_area), viewed 13 June 2017.

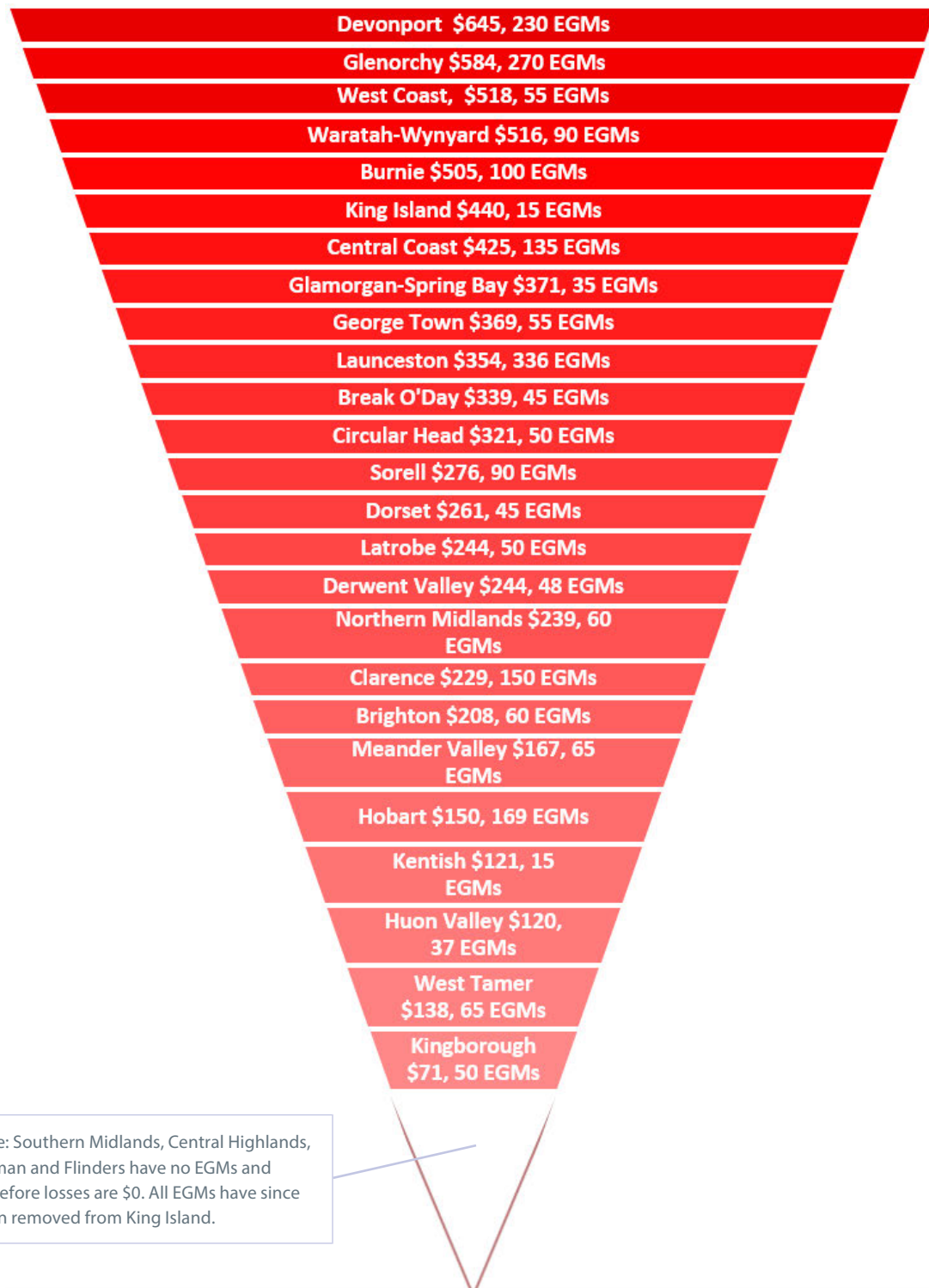
45. DOTE, <http://dote.org.au/map>, viewed 13 June 2017.

46. Australian Bureau of Statistics, Technical Paper, Socio-Economic Indexes for Areas (SEIFA), 2011, pp.1-8.



Figure 6 shows the 29 LGAs in Tasmania and the cost per capita adult in 2014-15 of EGM gambling at hotels and clubs. It also shows the number of EGMs in each LGA.

Figure 6: EGM losses per capita adult in hotels and clubs and no. of EGMs by LGA 2014-15<sup>47</sup>



47. Source: Anglicare <[http://www.pokermachinescauseharm.org.au/in\\_your\\_area/](http://www.pokermachinescauseharm.org.au/in_your_area/)>.

Applying the disadvantage indexes to Figure 6, we note that, of the 10 highest per capita (adult) loss LGAs shown:

- all incur losses over \$350 per capita adult per year
- seven have low DOTE ratings (i.e. are disadvantaged)
- six have low ABS Socio Economic ratings (i.e. are disadvantaged)
- six have both low DOTE and ABS ratings (i.e. are significantly disadvantaged).

Further, disadvantaged communities are more likely to engage in gambling:

'For [instance] Battlers are more likely than other communities to be heavy gamblers, especially those belonging to the Strugglestreet persona (19% of whom are heavy gamblers vs 11% of the population 18+). Strugglestreet is a group who are doing it tough on low incomes or government benefits. They are usually renting and some have young families to support; those that gamble may well do so in the hope of winning a much-needed windfall that would solve all their financial problems.<sup>48</sup>

We note the concentration of EGMs in disadvantaged LGAs is comparatively high and shows a correlation between the location of EGMs and low income/high disadvantage communities. The LGAs losing the most money per capita adult per year on EGMs are communities that are disadvantaged and also the communities most at risk of harm from problem gambling.

To assist communities, the 50% of the CSL allocated to DHHS for the purpose of funding activities to reduce the risk of harm from gambling has been allocated as follows (average over the past five years):

- research into gambling -15% including 13% for conducting the triennial Social and Economic Impact Study (SEIS) of gambling in Tasmania
- services to prevent compulsive (problem) gambling - 35%
- community education - 25%
- other health services - 25%.

DHHS's GSP delivers the activities funded by the CSL for the purpose of:

- services to prevent compulsive (problem) gambling - three campaigns
- community education – six campaigns.

The GSP with DHHS delivers the State Government's public health response to gambling and is guided by the DHHS strategic framework, which has three focus areas - providing services, reducing harm and building capacity. DHHS uses a population approach with a focus on harm minimisation and harm prevention. The work is informed by research in these topics.<sup>49</sup>

DHHS reports to the TLGC on a quarterly basis in respect of their expenditure of the funds allocated for the GSP. DHHS has also implemented outcomes based reporting across all their funded activities. This reporting shows the percentage of services accessed by people across their network but does not report results for problem gamblers.

48. Roy Morgan Research, *Roy Morgan Gambling Currency Report*, Article 5596, <[http:// www.roymorgan.com](http://www.roymorgan.com)>.

49. Ganley, I. Joint Select Committee on Future Gaming Markets, Hobart, 7/2/17.

## Research into gambling

The CSL contributes to research into gambling by funding the:

- SEIS
- research undertaken as part of other CSL funded activities.

### Social and Economic Impact Studies

The Act requires the Minister to independently review the social and economic impact of gambling in Tasmania every three years.

The first SEIS in 2008 was undertaken by the South Australian Centre for Economic Studies. It included a prevalence study based on a telephone survey of 4 051 Tasmanian adults and estimated that 1.4% of them were at moderate or high risk of harm from gambling. Recommendations led to the TLGC establishing the Code, which lists the 10 harm minimisation measures as regulatory requirements:

- Responsible advertising
- Inducements
- Player loyalty programs
- Access to Cash
- Payment of winnings
- Adequate lighting
- Service of food or alcohol
- Clocks in gambling areas
- Staff training to recognise people with gambling problems
- Player information.

The second SEIS (2011) was undertaken by the Allen Consulting Group in collaboration with the Problem Gambling Research and Treatment Centre (a joint venture between Monash University and the University of Melbourne) and the Social Research Centre (an Australian National University business). The report discusses a prevalence study based on a telephone survey of 5 000 Tasmanian adults and estimated that 2.4% of Tasmanian adults were at moderate or high risk of harm from gambling.<sup>50</sup>

The third SEIS (2015) was undertaken by a consortium led by ACIL Allen Consulting Pty Ltd and compares the 2011 data with prevalence estimated from a similar survey in 2013. The 2013 results suggested 0.2% fewer respondents were at high risk than in 2011 and that 2% more of the respondents were at moderate risk of harm from gambling. The report confirmed that 2.4% of Tasmanian adults were at moderate or high risk of harm from gambling.<sup>51</sup>

The report also identified the goals of harm minimisation as being:

1. supply reduction (controlling the amount of gambling available)
2. demand reduction (encouraging people not to gamble, delay gambling or gamble less)
3. harm reduction (alleviating the harm associated with gambling rather than the gambling itself).<sup>52</sup>

The fourth SEIS is due for release in December 2017.

The Tasmanian research reported in the SEIS compliments the Productivity Commission reports into gambling published in 1999 and 2010.<sup>53</sup>

We examined:

- three versions of the SEIS (2008, 2011, 2015)
- research relevant to each GSP campaign.

50. Total of 2.4% (sic.) includes: 1.8% moderate risk gamblers and 0.7% problem gamblers. Source: Tasmanian Government, *Second Social and Economic Impact Study of Gambling in Tasmania Summary Report* (2012 SEIS), Hobart, p.11.

51. 2015 SEIS, *Summary Report*, p.10.

52. 2015 SEIS, Vol. 3 - *Assessment of Gambling Harm Minimisation Measures*, p.2.

53. Australian Government Productivity Commission, 2010, op. cit.

We found that the:

- second and third SEIS provided background information into gambling and identified difficulties measuring the prevalence of gambling
- GSP has worked with the University of Tasmania (UTAS) and the Royal Australian College of General Practitioners to develop an accredited training module that is available to GPs across Australia. It provides a range of information around problem gambling including potential indicators of problem gambling, suggested screening questions and referral pathways
- GSP has delivered campaigns advertising options for people affected by the gambling of others in response to the first Productivity Commission Report which said: 'For every person classified as a problem gambler there are between five and 10 people affected adversely'.<sup>54</sup>

We conclude that the research funded by the CSL informed measures to reduce the risk of harm from gambling.

### **Services to prevent compulsive (problem) gambling**

Activities funded by the CSL for the purpose of delivering services to prevent compulsive (problem) gamblers are delivered by the GSP through the Gamblers' Help suite of services. Gamblers' Help is available to anyone affected by gambling and comprises an integrated suite of services:

- Gamblers Help online
- Gamblers Help phonenumber
- Gamblers Help face-to-face services (including counselling and access to the self-exclusion program).

Each of the services is delivered by contractors who provide similar services nationally. Each contractor is well established in the provision of social services, including services to reduce the harm of gambling and conducts research in order to target services and petition governments to improve services to reduce the risk of harm from gambling.

We reviewed annual reports from the contractors which described the work undertaken to deliver the services. Although we did not identify targets against which we could measure performance, the annual reports indicated that the contractors were providing the services - outlined in the Memorandum of Understanding (MOU) with other states - in accordance with the funding agreements.

The GSP uses feedback from the Gamblers Help services to inform development of its strategic plan,<sup>55</sup> which is formalised through the DHHS Community Education Strategy.

The GSP contributes to discussions concerning the effectiveness of specific campaigns and services at national forums, such as the National Association for Gambling Studies Annual Conference.<sup>56</sup> A MOU ensures all Australian states and territories contribute to, and promote, the Gamblers Help services.

### **Gamblers Help online**

Gamblers Help online provides Tasmanians with 24/7 access to counselling and referrals to telephone and face-to-face services. The service provides online counselling by live chat or email, online self-assessment and self-help tools, advice, information and referrals.

The service is contracted by DHHS to Turning Point, a Victorian entity associated with Eastern Health (a Victorian public-health entity) and affiliated with Monash University. Turning Point is a national addiction treatment centre dedicated to providing high quality, evidence-based treatment to people adversely affected by alcohol, drugs and gambling.

54. Australian Government Productivity Commission, 1999, Summary, p.23.

55. Department of Health and Human Services, *The Gambling Support Program Strategic Framework 2014 – 19* (GSP Framework), DHHS, Hobart, 2015.

56. As well as links to research and information on gambling studies in Asia-Pacific, European, and United States regions, the National Association for Gambling Studies website provides links to the next of New Zealand's Gambling and Addictions Research Centre's biennial International Gambling Conferences, scheduled for 12-14 February 2018, titled *Flipping the iceberg on gambling harm, mental health and co-existing issues*, <<<http://nags.org.au/links.php>>> viewed 13 June 2017.

The Tasmanian services are delivered under a national MOU for Gamblers Help services. In 2015-16, the cost of the service to Tasmania was \$10 600.

We examined:

- funding agreements and MOU
- progress and data reports - specified in the MOU as a requirement of the project manager
- independent evaluation reports – specified in the MOU as a requirement at the completion of the project
- project briefs from 2012–15 and 2015–16 which specify the reporting regime
- annual reports from 2011–12 to 2015–16
- target and performance measures where they were documented and/or present
- service reports data.

Table 7 shows the performance data provided in annual reports from Turning Point.

Table 7: Gamblers Help online performance data 2011-12 to 2015-16 (No.)

Gamblers Help online	2011-12	2012-13	2013-14	2014-15	2015-16
Demand	57	40	57	81	97
Answered	55	39	57	81	96
Emails Received	51	6	4	4	6
Emails sent	55	11	3	3	7

Source: Gambling Help Online – Tasmania, Annual Reports 2011-12 to 2015-16, Turning Point

Our assessment of the management effectiveness of this service is shown in Appendix 9.

We conclude that this service:

- is adequately monitored and reported
- does not employ adequate targets and performance measures
- is managed effectively
- is based on robust research
- has no measureable means to determine its contribution to reducing harm.

### Gamblers Help phoneline

Gamblers Help phoneline provides 24/7 access to counselling and information services and is also contracted to Turning Point and delivered under a MOU.

In 2015-16, the cost of this service to Tasmania was \$154 946.

Annual reports for this service listed three KPIs:

- 70% of individuals/families are assessed as, or report as having changed knowledge, confidence and behaviours to make informed choices about gambling
- 70% of individuals/families report that the service was appropriate to their needs
- Respond to 85% of all telephone calls to the service.

Table 8 shows the performance data provided in annual reports from Turning Point.

Table 8: Gamblers Help phonenumber performance data 2011-12 to 2015-16 (No.)

<b>Gamblers Help phonenumber</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Target: respond to 85% of calls	83%	89%	87%	81%	87%
Calls received	853	885	1 139	743	499
Answered	710	787	986	600	436
Related to a gambler	354	255	237	238	291
From a gambler	200	150	148	149	193

Source: Gambling Help Online – Tasmania, Annual Reports 2011-12 to 2015-16, Turning Point

We examined:

- funding agreements and MOU
- reporting outputs as specified in the funding agreements.

Our assessment of the management effectiveness of this program is included in Appendix 9.

We conclude that this service:

- is adequately monitored and reported. Although we found no independent evaluations, we found performance was monitored because subsequent data informed research
- does not employ adequate targets and performance measures. However, DHHS GSP could access the number of calls following campaigns in order to assess effectiveness. For example, Turning Point identified the number of calls increased in the month following the delivery of the 'Family and friends' campaign
- is managed effectively
- is based on robust research
- has no measureable means to determine its contribution to reducing harm. However, we found DHHS GSP could access performance data such as the number of calls following campaigns in order to assess the effectiveness of programs.

### **Gamblers Help face-to-face services**

This service is available during business hours and provides free individual, family and group counselling, advice, information and referrals to people affected by gambling. It supports problem gamblers in accessing the self-exclusion scheme and provides local community education and community development.

This service is contracted to Anglicare Tasmania who sub-contract regional access to the services to Relationships Australia.

Approximately \$820 000 of the CSL was allocated to this service in 2012-13 and 2013-14. In 2014-15, DHHS identified underused aspects of the service, such as financial advice, and reduced the funding provided from the CSL by approximately 30%. In 2015-16, Anglicare received \$589 424 for this service. Anglicare advised they had been able to maintain the number of employees providing counselling by accessing funds from the Australian Government for the provision of financial advice, which includes gambling.

Anglicare confirmed that only 15% of problem gamblers were likely to seek help and that most people that seek help are primarily experiencing problems with EGMs, which aligns with estimates from the Productivity Commission.<sup>57</sup>

Table 9 shows the information reported in annual reports for this service.

Table 9: Gamblers Help face-to-face performance data 2011-12 to 2015-16 (No.)

<b>Gamblers Help face-to-face services</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Sessions	1 272	1 132	865	720	671
Additional group sessions	191	179	185	267	191
New clients	243	238	+79*	169	209
Existing clients	102	121	+93*	145	92
Cases closed	109	117	+106*	70	272
Additional outreach state-wide	42	33	+14*	78	63

\*Report only provided figures for six months (Jan to July 2014)

Each of the annual reports made the following comment:

‘...all clients were offered a counselling appointment within 24 hours. The majority of clients attended an appointment within 24 hours, the remaining made appointments which suited their schedules.’

Most of the information provided in the annual reports was anecdotal narrative, with some snapshots of client satisfaction taken from various activities run as alternatives to gambling.

We examined:

- funding agreements and MOU
- output reports as required by the funding agreements
- relevant research.

Our assessment of the management effectiveness of this program is included in Appendix 9.

We conclude that this service:

- is adequately monitored and reported
- does not employ adequate targets and performance measures. Although we found no targets to measure performance, we found reports and evaluations were recorded for outbound referrals, case management, incremental screening, personal support and other activities undertaken
- is managed effectively
- is based on robust research
- has no measureable means to determine its contribution to reducing harm.

57. Australian Government Productivity Commission, 2010, Vol. 1, p.7.3.



## Community education

DHHS's GSP also uses the CSL to deliver community education programs for the prevention and treatment of compulsive gambling. We considered the GSP activities under six campaigns headings:

- convenience advertising (notices in public toilets)
- Know Your Odds (KYO) (TV and printed advertisements)
- sports betting research (to identify target audiences)
- family and friends (TV and printed advertisements)
- General Practitioners (including Gambling Assistance Program – GAP)
- Gamblers Help advertising (visible phone number and internet address).

We found the GSP used research to inform development of the GSP Strategic Framework 2014 – 2019 and ensure programs suit local conditions and demographics by:

- applying the findings of the 2010 Productivity Commission report to prioritise their programs, specifically, that governments should work to establish stronger formal linkages between gambling counselling services and other health and community services<sup>58</sup>
- contributing to national forums, such as the National Association for Gambling Studies Annual Conference<sup>59</sup>
- arranging focus groups to test the KYO campaign on local communities
- engaging researchers at the University of Tasmania
- working with the Royal Australian College of General Practitioners to develop the Gambling Assistance Program (GAP).

From this research, DHHS identified programs included in the GSP:

### Convenience advertising

This campaign involved placing notices in the toilets at various venues such as hotels, clubs, sporting venues and other public places. Research<sup>60</sup> led to placement in additional venues including colleges and the university. The campaign targets vulnerable gamblers' awareness of the Gamblers Help services.

### Know Your Odds (KYO)

This campaign offers community education on risks and harm associated with gambling. It began with television commercials based on a Victorian campaign before expanding into other media such as posters and advertising on buses. Described as a prevention campaign, it was focus tested in Tasmania with positive results. Program briefs for various stages of the campaign made reference to research reported in the SEIS 2008 and by the Productivity Commission.<sup>61</sup>

### Sports betting research

This campaign was based on research<sup>62</sup> to inform the development of information resources for distribution through school, health and community service networks. It involved online, tablet, smart phone, facebook, newspaper and billboard advertising aimed at younger males.

### Family and friends

This campaign aimed to raise awareness of services and self-help strategies for people affected by someone else's gambling. It used TV and radio advertisements based on programs produced by the Victorian Responsible Gambling Foundation as well as flyers for a targeted letter box drop into areas surrounding large EGM venues.

58. Australian Government Productivity Commission, 2010, Vol. 1, p.7.27.

59. National Association for Gambling Studies, *Flipping the iceberg on gambling harm, mental health and co-existing issues*, <http://nags.org.au/links.php>, viewed 13 June 2017.

60. Ly, C, Department of Health and Human Services, *An Exploratory Investigation of Online Gambling Amongst University Students in Tasmania*, DHHS, Hobart, 2010.

61. Australian Government Productivity Commission, 2010, op. cit.

62. Palmer, C, University of Tasmania, *Sports betting research*, UTAS, Hobart, 2014.



### General Practitioners (GP) (including Gambling Assistance Program – GAP)

This campaign involved research<sup>63</sup> into GP's capacity to respond to patients who may have issues with gambling. Findings identified a gap which led to production of a training program and other resources.

GAP is an accredited training module available to GPs across Australia and launched in 2014. It provides information around problem gambling, including potential indicators of problem gambling, suggested screening questions and referral pathways. It has been promoted through direct campaigns, Gamblers Help service providers, Medicare Local and on-site visits to medical centres.

### Gamblers Help advertising

This campaign involved signs on public transport, editorial content in community newsletters as well as posters and notices. Evaluation reports provided by the Gamblers Help contractors showed that the frequency of calls and online contacts increased following the advertising.

In 2010, the Productivity Commission made 47 recommendations, most of which required policy changes in order to be implemented. Of those 47 recommendations, 10 related to counselling and treatment services.<sup>64</sup>

We found that the activities selected by the GSP to be funded by the CSL addressed nine of the 10 recommendations. The recommendation not addressed was not within DHHS' GSP responsibility, namely: *'...establish a national minimum standard of training for problem gambling counsellors.'*

We reviewed documentation including program briefs (which we accepted as Business Cases), references to research (which substantiated the relevance of the programs), and evaluation reports (which showed GSP planning processes used performance reviews).

We also examined:

- the processes the GSP uses to select programs
- the GSP Strategic Framework 2014-2019
- supporting information.

Our assessment of the management effectiveness of the community education program is included in Appendix 10.

We conclude that this service:

- is adequately monitored and reported
- has targets and performance measures
- is managed effectively
- is based on robust research
- has no measureable means to determine its contribution to reducing harm.

### Other health services (Neighbourhood Houses)

Funding provided for *other health services* under Section 151(4)(c)(v) of the Act is allocated by DHHS solely for the purpose of reducing the harm from gambling via the services provided by NHs.

DHHS provides NHs base funding of approximately \$4.6m each year, one third of which is provided from the CSL. NHs receive:

- a portion from the 25% of the CSL funding provided for the benefit of charitable organisations. Under Section 151 (4) (b) of the Act the NHs qualify as charitable organisations because they are not-for-profit organisations providing support to the community.
- a portion from the 50% of the CSL funding provided for reducing the risk of harm from gambling
- The NHs are allocated 100% of the funding provided for other health services under Section 151 (4) (c) (v) of the Act. The Act does not define the purpose of 'other health services.'

63. Martin F., et al, University of Tasmania, *Problem Gamblers: General Practitioners' Perception of Self-Competency in Detection and Intervention*, UTAS, Hobart, 2013.

64. Australian Government Productivity Commission, 2010, Vol. 1, pp.47-66.

Since the establishment of the CSL there have been a number of parliamentary inquiries and questions and discussions in Parliament regarding activities funded by the CSL. Two recurring questions were: What activities can be funded under 'other health services' pursuant to Section 151(4)(c)(v) of the Act and is the funding provided to the NHs permitted or appropriate under the Act?

At the time the Act was being debated in the Legislative Council in 1993, the Hon. Raymond Bailey, MLC stated:

'The reason for putting in 'other health services' is that if the funds that are to be allocated pursuant to this 50% exceed the amount that might need to be appropriated in relation to gambling problems, they can be used by other health services.'<sup>65</sup>

This was confirmed by the view of Don Challen, Secretary of Treasury in 2004:

'The act has a very general heading that would allow us to apply the CSL with the Minister and Treasurer's approval, to more or less anything that comes under health. But so far in our discussion with DHHS we have tried to focus the funding on things that they want to do that would have some sort of link back to gambling....it is retained in the area that it was designed for.'<sup>66</sup>

Further, during a motion put to the Legislative Council in 2015, the Hon. Hiscutt, MLC stated:

'...providing CSL funding to the Neighbourhood House Program recognises whole communities affected by gambling. It means money gambled is reinvested into communities of need.'<sup>67</sup>

Since 2011, CSL funding of the NHs has been via a Ministerial Direction. In 2011, the then Minister for Human Services and the Treasurer agreed to direct \$6m of the CSL to NHs over four years from 2011-12 to 2014-15. In 2015, the current Minister for Human Services sought and received approval from the Treasurer to renew the arrangement for a further four years to 2018-19.

Notwithstanding the Ministerial Direction, the NHs qualify for funding from the CSL under both sections of the Act from which the funding is provided.

Notwithstanding the intention of the Act, DHHS also considers it appropriate that funding allocated for other health services is for the purpose of addressing harm from gambling and this purpose is met through NHs.

Table 10 shows the source of funding for the NHs for the period 2011-12 to 2015-16.

**Table 10 Funding split for Neighbourhood Houses**

Year	Funding from 50% CSL (\$)	Funding from 25% CSL (\$)	Funding from 50% CSL (%)	Funding from 25% CSL (%)	Total Funding (\$)
2011-12	600 000	900 000	40.0%	60.0%	1 500 000
2012-13	580 378	919 622	38.7%	61.3%	1 500 000
2013-14	508 662	991 338	33.9%	66.1%	1 500 000
2014-15	525 006	974 994	35.0%	65.0%	1 500 000
2015-16	586 612	913 388	39.1%	60.9%	1 500 000

Source: DHHS

NHs were established 30 years ago and there are now 35 across the State.

The NHs provide safe inclusive venues in communities most at risk of experiencing gambling problems and play a key role in reducing social isolation, strengthening communities and building community resilience towards gambling harms.

65. Legislative Council, Hansard, Friday, 3 December 1993.

66. Challen, D. Estimates Committee B (Cox) – Part 2, 3 June 2004.

67. The Hon. Hiscutt L, Legislative Council, Hansard, 25 August 2015.

The NH Program forms part of DHHS's community development strategy. The NHs are community run organisations building community capacity in socially isolated and disadvantaged local areas. They are funded to provide a local structure for:

- responding to community needs
- representing community views
- delivering community programs and/or services
- building community capacity.

The purpose of the NHs is to bring local people together to look at opportunities or needs in their community and to work together to do something about it.<sup>68</sup> The NH Program includes three agreed statewide goals and a governance structure, to be achieved or worked towards with local populations:

- build community
- support people and their families
- enhance participation choices
- local governance and management.<sup>69</sup>

Each NH is an independently incorporated association represented by a peak body, Neighbourhood Houses Tasmania (NHT). NHT is governed by a board of management, with members elected from all three regions of Tasmania. The Board comprises staff, committee members and volunteers from local Houses. NHT is funded by DHHS under the Community Support Program, Peak Body Service.

The NHT team includes an executive officer and five part-time project officers who work on projects and respond to the daily needs of NHs.

Whilst the NHs do not deliver specific programs to address problem gambling, they do provide an opportunity for problem gamblers to access services to treat or prevent problem gambling. They provide assistance to the community in:

- social isolation
- mental health
- addictions
- financial problems
- literacy
- skills training and community networks.

The NHs provide safe, inclusive venues as a third place in the community. The term 'third place' refers to venues other than the home or place of employment. The creation of third places is evidence-based and identified as critical in supporting people affected by problem gambling and social isolation.

NH coordinators advised that the success of the assistance they provide was dependent on the services being available in forms that suited vulnerable members of the community. They also advised that people who need the services are uncomfortable being identified as having a specific problem and therefore they do not present themselves as clients requiring assistance.

The coordinators advised that people often asked if there were activities in the evening in place of the activities previously offered by hotels and clubs prior to the introduction of EGMs.

Some of the NHs raised funds to extend activities into the evenings, but most said access to sufficient funds had prevented evening activities which limited the availability of the NHs as a third place.

The case studies below are examples of where the NHs have assisted people with problem gambling.

68. Neighbourhood Houses Tasmania << [<>](http://nht.org.au/home/neighbourhood-houses-in-tasmania/).

69. *ibid*.

### **Case Study 1: Mr A**

Mr A, is a widower who raised four children to independent adulthood before his wife died. He now lives alone in the family home he has occupied for the last 40 years. Mr A no longer drives and has no inclination to travel far from home.

A close neighbour saw that Mr A had very few visitors and seldom went out so she invited him to walk to the local NH with her for the lunch events advertised in the NH newsletter.

After six months of invitations, Mr A finally accepted and went to the NH for the first time. He also started going to the local Community Garden. After a few visits, he asked to talk to a counsellor who had introduced herself at some of the events he had been to.

A year later Mr A has become a regular visitor to the NH and told the coordinator that he'd started to enjoy a stroll along the track on the way to the NH and the garden. He explained that previously, the only walk he had taken was to the hotel where he spent a couple of hours and all his pension on the pokies. Mr A told the coordinator that everything was better now that he had somewhere else to go and he now spent more of his money at the local supermarket than in the hotel.

Volunteers at the NH observed an improvement in Mr A's mobility and general happiness since he began coming. Also, coming to the NH meant that Mr A could access assistance to complete several forms required by government departments, including electronic health records.<sup>70</sup>

### **Case Study 2: Miss B**

Miss B is a young, sole parent who left school in Year 10 and has been unemployed for a few years. According to her mother, Miss B often spent all of her welfare money on EGMs. Her mother worried about the wellbeing of her grandchild as Miss B would leave her pre-school aged child with friend or extended family for indefinite periods.

Miss B's mother went to events at the NH and mentioned her concerns to the coordinator saying that she was worried about her grandchild because Miss B spent all her money on the pokies as soon as she got it and left her child with many different people while she gambled. Miss B's mother was anxious because any disagreement with her daughter usually resulted in months passing before she saw the child again.

When the coordinator first suggested she have a word with a counsellor, the grandmother reacted negatively, assuming it would lead to the intervention of social services. However, counsellors working at the NH persevered which led to the grandmother accepting advice. Miss B subsequently also accepted assistance. Some of the services this family accessed through the NH led to Miss B accepting a referral to counselling provided by the Gamblers Help services.

The coordinator said she knew of several posters advertising Gamblers Help services that Miss B would have walked past, some on notice boards, on buses, and online. However, like many vulnerable members of the community Miss B felt threatened by, or opposed to, services providing what she regarded as official information. The only path likely to lead her to using the services was through personal contact.<sup>71</sup>

70. Source: Neighbourhood Houses Tasmania.

71. *ibid.*

From DHHS' perspective, NHs are an outlet for their Community Education programs and the access they offer to computers provides a portal to the online services of the National GSP. They also provide access to early intervention programs and support treatment and prevention programs by offering opportunities for social contact and activities. NHs support the Men's Shed Program as well as community sheds and gardens and provide a contact point for potential gamblers to get involved in alternative activities including volunteering.

In 2015-16, over 445 000 contacts with NHs were made by community members (an average of over 13 000 at each NH).

We:

- reviewed research to understand harm in communities
- examined information about NHs
- reviewed the processes NHs use to report performance
- visited a number of NHs.

We conclude that the other health services funded by the CSL:

- are adequately monitored and reported. Targets are set by governing committees and performance is reported by fulfilling the requirements of the DHHS outcome based reporting framework
- are managed effectively
- are based on robust research
- support NHs in seven of the 10 high gambling losses, high disadvantage LGAs as shown in Figure 6 (there are no NHs in Waratah-Wynyard, Glamorgan-Spring Bay or Burnie)
- have no measureable means to determine its contribution to reducing harm. Aside from finding alternative venues in which to socialise, or excluding themselves from entering specific premises, we found no other viable or organised programs or opportunities for gamblers to manage their risk of harm from gambling outside of the NHs.



Source: Neighbourhood Houses Tasmania



### 3. ARE THE HARM MINIMISATION MEASURES CONTAINED IN THE CODE OPERATING IN COMPLIANCE WITH THE ACT?

In March 2009, the government announced measures aimed at reducing the harm caused by problem gambling including asking the then Tasmanian Gaming Commission (now TLGC) to establish a Responsible Gambling Mandatory Code of Practice for Tasmania (Code). The Code was introduced in late 2012<sup>72</sup>, was developed in response to the first SEIS (2008) and is similar to responsible gambling codes in other Australian jurisdictions. Prior to the implementation of the Code, a voluntary industry code was in place.

The Code applies to 10 areas of gambling operations, namely:

- Responsible advertising
- Inducements
- Player loyalty programs
- Access to cash
- Payment of winnings
- Adequate lighting
- Service of food or alcohol
- Clocks in gambling areas
- Staff training to recognise people with gambling problems
- Player information.

The Code applies to most gambling licence holders<sup>73</sup> and is enforced by Treasury through its Liquor and Gaming branch and overseen by the TLGC.

Treasury undertake a rolling compliance program where all casinos, hotels and clubs are inspected for compliance with the Code. Key elements of the program are:

- inspections are undertaken using a risk-based approach and the results recorded in Treasury's information system
- all breaches are recorded in Treasury's information system including breaches that are rectified during the course of the inspection
- breaches of the Code may result in penalties being imposed on the venue depending on the severity and frequency of the breach. Penalties are imposed in accordance with the Act by the TLGC and are payable to Treasury. Penalties include monetary fines, imposed licence conditions, licence suspension or revocation
- breaches are rated according to severity and frequency and inform the inspection program for the State with venues with multiple or serious breaches inspected more frequently.

We tested Treasury's compliance program by:

- undertaking a walkthrough inspection of a venue with a Treasury compliance officer
- reviewing Treasury's inspection process
- reviewing the process of enforcement including the issuing of warning letters, show cause and rectification notices
- examining the reporting process.

We found that:

- Treasury inspectors had undertaken 231 inspections across 159 venues since May 2015
- 47 inspections across the State are up to 10 months overdue
- during 2015-16, 13 penalties were imposed by the TLGC and reported in its annual report.

72. 2015 SEIS, *Summary Report*, p.23.

73. Excludes minor gaming permit holders, technicians and person listed on the roll of recognised manufacturers, suppliers and testers of gaming equipment, TLGC.

A review of the Code is being undertaken by the TLGC and is due for completion by September 2017. This review is a statutory review required by the Act to be undertaken every five years. The review is informed by stakeholders, including licence holders, Federal Group and the community. In addition, the review is examining what is occurring in other jurisdictions.

### **Section 3 conclusion**

The harm minimisation measures are operating in compliance with the Act except Treasury's inspection program, although adequate, is behind schedule. The schedule includes 47 instances where inspections are up to 10 months overdue.

### **Recommendation**

Treasury conducts the inspection program in a timely manner to ensure venues meet their obligations under the Code.



*Treasury Tasmania, Hobart*

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## APPENDICES

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## APPENDIX 1: AUDIT CRITERIA

The audit addressed the objectives through the following criteria and sub-criteria:

Criteria	Sub-criteria
1. Is the collection of gambling revenue and the collection and distribution of the CSL managed effectively?	<ul style="list-style-type: none"><li>• Are the gambling taxes, levies and penalties collected effectively?</li><li>• Is the CSL collected effectively?</li><li>• Is the CSL distributed effectively in compliance with the Act?</li></ul>
2. Are the activities funded by the CSL managed effectively and do they reduce the risk of harm from gambling?	<p>Are the activities funded by the CSL:</p> <ul style="list-style-type: none"><li>• adequately monitored and reported</li><li>• employing targets and performance measures</li><li>• managed effectively?</li><li>• Are the activities funded to reduce the risk of harm from gambling:</li><li>• based on appropriate and robust research and analysis</li><li>• effective in producing the intended outcomes?</li></ul>
3. Are the harm minimisation measures contained in the Code operating in compliance with the Act?	

The criteria and sub-criteria in the original Audit Planning Memorandum were amended during the execution of the audit. Explanations for the amendments are provided below:

### Criterion 1:

The sub-criteria were amended to assess the effectiveness of Treasury in ensuring the amount of gambling taxes, levies and penalties due under applicable legalisation was received. This is broader than the original intent of expressing an opinion as to whether the amounts received were correct.

### Criterion 2:

Two sub-criteria were reallocated from the original Criterion 3 to Criterion 2 as they related to activities funded by the CSL to reduce the risk of harm from gambling. This also included condensing a number of the original sub-criteria in Criterion 3 into one sub-criterion assessing whether the activities funded to reduce the risk of harm from gambling were effective in producing intended outcomes.

### Criterion 3:

The original Criterion 3 included a sub-criterion to examine whether harm minimisation measures, such as the Code, were operating in accordance with the Act and how they compared with measures in other jurisdictions. The comparison with other jurisdictions was not completed as a report commissioned by the TLGC in conjunction with a mandatory five-year review of the Code and associated responsible gaming instruments provides this comparison. At the time of the audit, the report had not been publicly released.

## APPENDIX 2: SUBMISSIONS AND COMMENTS RECEIVED

Submissions and comments that we receive are not subject to the audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness and balance of these comments rests solely with those who provided the response. However, views expressed by agencies were considered in reaching review conclusions.

Section 30(3) of the Act requires that this report include any submissions or comments made under section 30(2) or a fair summary of them. Submissions received are included in full below.

### **Department of Health and Human Services**

DHHS acknowledges the need to improve grants program acquittal and risk assessment processes and welcomes a focus on these areas. DHHS will explore automated acquittal options and has sought advice from the Department of Premier and Cabinet (Communities, Sport and Recreation) regarding appropriate risk management processes. However, as the advertising, assessment, reporting and targets/performance measure processes are assessed as effective, DHHS contends that, on balance, the charitable grants program is managed effectively.

In response to the finding that targets and performance measures for Gamblers Help services are not adequate and do not align with SMART criteria, DHHS notes that the Funding Agreements for 2015-2017 Gamblers Help face-to-face and phone services adhere to the DHHS Community Sector Outcomes Purchasing Framework (the Framework). The Framework is an Agency-endorsed approach to community sector funding that is based on a Results-Based Accountability (RBA) approach and was developed in partnership with TasCOSS and other community organisations. RBA is based on three key questions:

1. How much did we do?
2. How well did we do it?; and
3. Is anyone better off?

DHHS considers that the Gamblers Help key performance indicators (KPIs) address these questions and that while RBA does not refer to SMART KPI criteria, the approaches are not mutually exclusive. DHHS will lobby for the inclusion of performance measures and targets in the next Memorandum of Understanding for Gamblers Help online, recognising that this process involves all states and territories. In addition, for future Gamblers Help funding agreements DHHS will work to identify KPIs that meet the service needs, align with the Outcomes Purchasing Framework and align with the SMART KPI approach.

Finally, DHHS welcomes the recommendations regarding the Neighbourhood House (NHH) Program and notes that they will be considered as part of the development of the NHH Program Strategic Framework.

**Michael Pervan**

**Secretary**

### **Department of Premier and Cabinet**

I am pleased that the performance audit found that the Grants Programs have been managed effectively over the audit period of 2011 to 2016, including reporting, monitoring and the use of set targets and performance measures.

In line with your recommendation for my Department, we will ensure the risk assessment process applied to inspections of projects under the Major Grants Program is appropriately documented.

**Greg Johannes**

**Secretary**

**Department of Treasury and Finance**

I note the key findings relating to the Department of Treasury and Finance. With respect to the recommendation that “Treasury conducts the inspection program in a timely manner to ensure venues meet their obligations under the Code”, the Department agrees on the importance of conducting the inspection program in a timely manner, noting with regard to the current backlog that:

- Treasury allocated an additional staff resource to the Compliance Unit in March 2017 to assist in addressing the backlog, which resulted in part from an unusually high number of liquor disciplinary investigations and significant developments occurring at the two casinos with the implementation of a new Gaming Management System.
- Since the draft Report was prepared, 24 of the overdue inspections have been completed, leaving 23 outstanding. Of the 47 inspections that were overdue at the time of the draft Report, the majority (33) of those inspections were less than three months overdue.

**Tony Ferrall**

**Secretary**

## APPENDIX 3: TAX RATES IMPLEMENTED

Gaming activity	Tax rate
Casino table games	0.88% of annual gross profit
Keno	5.88% of annual gross profit
Gaming machines (EGMs)	25.88% of annual gross profit
+ 4% CSL derived from the annual gross profit of EGMs in hotels and clubs.	
<b>TT-Line (Spirit of Tasmania vessels)</b>	
Gaming machines for TT-Line	17.91% of annual gross profit
Other forms of gaming for TT-Line <sup>1</sup>	7.91% of annual gross profit
<b>Internet gaming and wagering</b>	
Betting exchange (Betfair)	5% of commissions received
+ 4% CSL commission from Tasmanian residents on events held in Australia. <sup>2</sup>	
<b>Lotteries (no state lotteries)</b>	Revenue sharing with Vic. and Qld - Tas receives tax collected in those states for tickets sold in Tas.

Source: TLGC Annual Report 2015–16, p.9.

Notes:

1. There are no other forms of gaming other than gaming machines currently operating on the Spirit of Tasmania vessels.
2. Betfair Pty Limited was not required to contribute to the CSL. The Act requires this amount to be paid by the Treasurer into the CSL.

## APPENDIX 4: TAXES, LEVIES, PENALTIES AND LICENCE FEES COLLECTED FROM THE GAMBLING INDUSTRY 2011-12 TO 2015-16

TAXATION AND FEES (\$) <sup>1</sup>					
	2011-12	2012-13	2013-14	2014-15	2015-16
<b>CASINOS</b>					
Table gaming	86 263	79 877	75 078	84 945	86 281
Gaming machines <sup>2</sup>	23 265 263	19 394 837	20 347 579	20 510 135	19 768 938
Keno gaming	197 029	168 703	177 001	186 398	184 067
Casino unclaimed prizes <sup>3</sup>	5 424	1 897	4 221	6 087	5 517
<b>Total casinos</b>	<b>23 553 979</b>	<b>19 645 313</b>	<b>20 603 879</b>	<b>20 787 565</b>	<b>20 044 803</b>
<b>HOTELS AND CLUBS</b>					
Gaming machines	28 774 429	28 902 794	28 739 564	29 466 922	29 566 357
Keno gaming	1 623 908	1 546 235	1 734 976	1 776 183	1 948 552
Keno unclaimed prizes	283 505	315 017	300 537	268 944	300 868
<b>Total hotels and clubs</b>	<b>30 681 841</b>	<b>30 764 046</b>	<b>30 775 076</b>	<b>31 512 049</b>	<b>31 815 777</b>
<b>INTERNET GAMING AND WAGERING</b>					
Betting exchange tax	2 198 492	2 537 570	2 661 203	2 860 495	2 944 504
<b>Total internet gaming and wagering</b>	<b>2 198 492</b>	<b>2 537 570</b>	<b>2 661 203</b>	<b>2 860 495</b>	<b>2 944 504</b>
<b>LOTTERIES</b>					
Lotteries	27 209 064	29 281 901	28 333 291	28 208 656	30 246 276
Soccer Pools	57 504	79 273	65 357	55 508	46 738
<b>Total lotteries</b>	<b>27 266 568</b>	<b>29 361 173</b>	<b>28 398 648</b>	<b>28 264 164</b>	<b>30 293 014</b>
<b>TOTAL TAXATION / EXPENDITURE</b>	<b>83 700 881</b>	<b>82 308 102</b>	<b>82 438 806</b>	<b>83 424 273</b>	<b>85 098 097</b>
<b>LICENCE FEES AND PENALTIES<sup>4</sup></b>					
Casino licence fees	3 372 000	3 444 000	3 477 600	3 573 600	3 604 800
Casino penalties	260	2 600	31 850	30 000	67 550
Hotel and club fees	304 608	302 935	312 860	301 571	318 410
Hotel and club penalties <sup>5</sup>	6 110	5 980	10 790	5 622	6 240
Minor gaming fees	17 746	39 924	19 709	39 772	20 630
Internet gaming and wagering fees <sup>6</sup>	127 760	514 200	438 000	584 143	182 458
Annual totalizator wagering levy	6 580 000	6 768 000	6 862 000	6 956 000	7 097 000
Totalizator / internet gaming and wagering penalties	89 050	650	0	1 300	4 620
<b>Total licence fees and penalties</b>	<b>10 497 534</b>	<b>11 078 289</b>	<b>11 152 809</b>	<b>11 492 008</b>	<b>11 301 708</b>
<b>TOTAL</b>	<b>94 198 415</b>	<b>93 386 391</b>	<b>93 591 615</b>	<b>94 916 282</b>	<b>96 399 806</b>

Notes:

1. All figures are reported in nominal terms, may be subject to rounding and are on a cash basis.
2. The figures reported for casino gaming machines includes gaming conducted on the Spirit of Tasmania vessels.
3. Casino unclaimed prizes includes gaming machine unclaimed prizes.
4. Penalties are imposed by the Commission under the *Gaming Control Act 1993* on licence holders as a consequence of breaching licence conditions. Penalties may not always be paid in the year they are imposed.
5. Includes special employee and technician penalties.
6. Betfair Pty Ltd pre-paid its annual licence fee in 2010-11, which accounts for the lower level of receipts in 2011-12. Betfair paid a pro-rata license fee from February to June 2016, which accounts for the lower level of receipts in 2015-16.

Source: TLGC Annual Report 2015-16 p.10.

## APPENDIX 5: TAX CALCULATION ASSESSMENT

Activity	Source	Testing	Results	Explanation
Verify applicable tax rates	TLGC annual report p9	N/a	N/a	Verification only
Federal – casino tables, casino EGMs, hotels & clubs EGMs, Keno	Data returns provided to TLGC TLGC spreadsheets Annual summary sheets	2015–16 – 4 months 2014–15 – 4 months 2013–14 – 1 month 2012–13 – 1 month 2011–12 – 1 month	Correct tax paid - no discrepancies identified	
Lotteries (including soccer pools)	A sample of monthly tax certificates from Victorian Gaming Commission	Tax certificate amounts were carried forward into monthly and annual spreadsheets	Correct tax paid - no discrepancies identified	Victorian Commission for Liquor and Gaming Regulation tax certificates are audited by the Victorian Auditor-General
Internet gaming (i.e. Betfair)	Betfair reports Betfair Annual Report (player expenditure and tax)	Walk through of five months of Betfair tax returns with Treasury.	Correct tax paid - no discrepancies identified	Betfair paid tax on commissions received from Tasmanian clients betting on Australian and New Zealand sporting events. It moved its operation to the Northern Territory on 16 September 2016
Spirit of Tasmania – EGMs	Admirals Tax profit statements	Tax paid from the profit statements was verified. Checked Admirals monthly profit statement figures against reported Treasury figures	Correct tax paid - no discrepancies identified	
Penalty revenue	TLGC Annual Reports	Reconciliation of listed penalties applied and annual totals	A number of small discrepancies found across years sampled, 2011 to 2016.	Discrepancies were due to values quoted in different years and human error – no errors were greater than \$3000. Satisfactory explanation received for all discrepancies
Casino licence fees	<i>Gaming Control Act 1993</i> Part 2 – 2003 deed	Recalculate fees	Correct fees paid – no discrepancies identified	Set initially at \$1.2m and then CPI adjusted

Activity	Source	Testing	Results	Explanation
Hotels and clubs licence fees	Data returns provided to TLGC TLGC spreadsheets Annual summary sheets	Tasmanian Audit Office (TAO) performed a recalculation of licence fees and compared result against reported figure	Comparison noted a variation of 1.41% (\$4 504)	Caused by timing of payments and transfer of venue ownership affecting calculation of licence fee. Explanation is considered satisfactory
UBet Levy (horse racing and internet wagering)	<i>Gaming Control Act 1993</i> List of UBet venues fees paid	Recalculate levy	Correct fees paid – no discrepancies identified	Section 150AD sets fee as 4.7m fee units each year
Calculation of the CSL	TLGC – CSL account statements Network Gaming Betfair returns Annual summary sheets	Recalculated CSL figures based on data provided by Federal, Betfair and Treasury	The reported CSL collected matched our calculated CSL figures	The CSL was effectively calculated



## APPENDIX 6: REVENUE CONTROL ASSESSMENT

Activity	Source	Testing	Results	Explanation
Data input into tracking sheet and signed off	Federal end-of-month reports	Testing undertaken by TAO	The control is operating effectively	Treasury staff sign off on data entered
Dual authorisation on summary sheet, bank reconciliations, profit sheets, cash desk reconciliations, cash count sheets, TASkeno reconciliations	Federal end of month reports	2015–16 – 4 months 2014–15 – 4 months 2013–14 – 1 month 2012–13 – 1 month 2011–12 – 1 month	The control is operating effectively except no sign off by government inspector, January and September 2012	All documentation signed off correctly except for January 2012. Explanation not provided but noted no subsequent reoccurrences
Federal independently from Treasury calculates tax and CSL	Tracking sheet extracts	Tax and CSL figures recalculated and checked against Federal and Treasury calculations	The control is operating effectively	Federal documentation independently calculates tax and CSL
Master games report signed and cross referenced to Federal data	Master games report	Monthly testing as above	The control is operating effectively	
EGMs cannot be opened without LAGB key	Meeting with LAGB staff	Inspection conducted in conjunction with Treasury official	Control is operating effectively	Physical controls inspected
Meter check and cash count	Meeting with LAGB staff	Inspection conducted in conjunction with Treasury official	Control is operating effectively	Physical controls inspected
<b>Admirals Tax</b>				
Monthly profit statement entered and signed off	Sample of monthly tax statements examined	Statements examined for evidence of the reconciliation of the amounts	No exceptions sighted	
<b>Tattersalls</b>				
Audit of processes	Tattersalls Processes Audit	Audit conducted by Victorian Commission for Gambling and Liquor Regulation, July 2015		Reliance on audit conducted
<b>TAO financial Audit</b>				
Key controls tested by external auditors (TAO) during annual financial audit	TAO financial audit	Financial auditors conduct an annual walkthrough of tax revenue and CSL controls used by Treasury	Operating effectively	

## APPENDIX 7: CSL CALCULATION AND DISTRIBUTION

### CSL SOURCE AND CALCULATION (\$)

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue from hotel and club EGMs	115 064 108	113 336 939	111 049 318	113 859 824	114 244 039
CSL calculation@4%	4 602 564	4 533 478	4 441 973	4 554 393	4 569 762
Taxable Betfair commissions	685 054	699 601	742 392	636 563	752 139
CSL calculation@4%	27 402	27 984	29 696	25 463	30 086
Total CSL received?	4 629 966	4 561 462	4 471 668	4 579 855	4 599 847
Verified from Treasury Data	4 629 545	4 561 552	4 472 089	4 579 900	4 599 853
<b>Variance</b>	<b>421</b>	<b>90</b>	<b>421</b>	<b>45</b>	<b>6</b>

### CSL CALCULATION AND DISTRIBUTION

Activity	Source	Testing	Results	Explanation
CSL is based on total hotel and club EGM revenue	Treasury confirmed revenue figures	CSL recalculated and tested against account statements for 2011-16	Verified as compliant with the Act	CSL spend in any given year was not precisely proportional due to monies carried over from previous year
CSL complies with Section 151 of the Act	CSL account statements	CSL spending tested against requirements of the Act	Verified as compliant with the Act	Services for the prevention and treatment of compulsive gambling as specified in Section 151 4(c) (ii) and (iii) are combined in LAGB reporting
DHHS approved budgets comply with the Act	DHHS budgets submitted to Treasury for SCL payments	DHHS budgets tested for compliance with the Act	Verified as compliant with the Act	Services for the prevention and treatment of compulsive gambling as specified in Section 151 4(c) (ii) and (iii) are combined in DHHS budgets
Sporting grants comply with the Act	CSL account statements CSR publicised grants allocation	CSR grants program tested for compliance with the Act	Verified as compliant with the Act	Monies allocated were appropriately spent on grants

## APPENDIX 8: GRANT PROGRAMS ASSESSMENT

	CSR Sporting organisations - Minor grants program	CSR Sporting organisations - Major grants program	DHHS Charitable organisations grants program
Amounts specified?	✓	✓	✓
Eligibility requirements for organisations?	✓	✓	✓
Eligibility requirements for projects?	✓	✓	✓
Matching funding to be provided?	✓	✓	✓
Closing dates and timeline?	✓	✓	✓
Clarity of the process?	✓	✓	✓
Clear assessment Criteria?	✓	✓	✓
Acquittal process?	✓	✓	✓
Guidance for the form?	✓	✓	✓
Application Form?	✓	✓	✓
Risk assessment?	✓	✓	✗
Adequately reported?	✓	✓	✓
Adequately monitored?	✓	✓	✗
Targets and performance measures?	✓	✓	✓

✓ – meets requirements    ✗ – does not meet requirements

## APPENDIX 9: GAMBLERS HELP ASSESSMENT

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Monitored and reported?</b>					
<b>Gamblers help Online:</b>					
Reporting regime specified in MOU	N/a		✓		✓
Project briefs specify reporting	N/a		✓		✓
Reports verified	✓	✓	✓	✓	✓
Program evaluated	✗	✗	✗	✗	✓
<b>Gamblers help phone line:</b>					
Reporting regime specified	✓	✓	✓	✓	✓
Reports verified	✓	✓	✓	✓	✓
Program evaluated	✗	✗	✗	✗	✗
<b>Face-to-face services:</b>					
Reporting regime specified	✓	✓	✓	✓	✓
Reports verified	✓	✓	✓	✓	✓
Program evaluated	✓	✓	✓	✓	✓
<b>Targets and KPIs set?</b>					
<b>Gamblers help Online:</b>					
KPIs set for program			P		P
KPIs are measurable			✓		✓
KPIs set targets			✗		✗
KPIs are reported on	✓	✓	✓	✓	✓
<b>Gamblers help phone line:</b>					
KPIs set for program		✓	P	✓	✓
KPIs are measurable		✓	✗	✓	✓
KPIs set targets		✗	✗	✓	✓
KPIs are reported on	✓	✓	✓	✓	✓
<b>Face to face services:</b>					
KPIs set for program	✗		✓		✓
KPIs are measurable	✗		✓		✓
KPIs set targets	✗		✓		✓
KPIs are reported on	✗	✗	✗	✗	✗
<b>KPIs are SMART?*</b>					
<b>Gamblers help Online:</b>					
Specific	✓	✓	✓	✓	✓
Measurable	✓	✓	✓	✓	✓
Achievable	✗	✗	✗	✗	✗
Relevant	✓	✓	✓	✓	✓
Time-based	✗	✗	✗	✗	✗

	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Gamblers help phone line:</b>					
Specific		✓	✗	✓	✓
Measurable		✓	✗	✓	✓
Achievable		✗	✗	✓	✓
Relevant		✓	✗	✓	✓
Time-based		✗	✗		
<b>Face-to-face services:</b>					
Specific	✗		✓		P
Measurable	✗		✓		P
Achievable	✗		✗		P
Relevant	✗		✓		✓
Time-based	✗		✗		P

✓ – meets requirements    ✗ – does not meet requirements    P – partially meets requirements  
N/a – not applicable

\* Current literature provides a range of approaches to the successful development, implementation and review of KPIs. Because effectiveness KPIs are statements of the pre-defined and expected impacts of a program, it is important that they are:

specific—so as to focus on those results that can be attributed to the particular intervention/program

measurable—include quantifiable units or targets that can be readily compared over time

achievable—realistic when compared with baseline performance and the resources to be made available

relevant—embody a direct link between the program's objective and the respective effectiveness KPI

timed—include specific timeframes for completion.

Collectively, these characteristics are commonly known as the SMART criteria.

Note: merged columns in the table represent instances where the contracted service covered more than one year.

## APPENDIX 10: GAMBLING SUPPORT PROGRAM MANAGEMENT ASSESSMENT

Activity	Description	Target	Research	Costs/budget	Evaluations	Deliverables	Time-frame
Convenience advertising - posters in bathrooms	✓	✓	✓	✓	✓	✓	✓
Know Your Odds (KYO)	✓	✓	✓	✓	✓	✓	✓
Sports Betting	✓	✓	✓	✓	✓	✓	✓
Family and Friends	✓	✓	✓	✓	✓	✓	✓
GP Training and Resources	✓	✓	✓	✓	✓	✓	✓
Gamblers Help Advertising	✓	✓	✓	✓	✓	✓	✓

✓ – meets requirements

## AUDIT MANDATE AND STANDARDS APPLIED

### Mandate

Section 17(1) of the *Audit Act 2008* states that:

‘An accountable authority other than the Auditor-General, as soon as possible and within 45 days after the end of each financial year, is to prepare and forward to the Auditor-General a copy of the financial statements for that financial year which are complete in all material respects.’

Under the provisions of section 18, the Auditor-General:

- ‘(1) is to audit the financial statements and any other information submitted by a State entity or an audited subsidiary of a State entity under section 17(1).’

Under the provisions of section 19, the Auditor-General:

- ‘(1) is to prepare and sign an opinion on an audit carried out under section 18(1) in accordance with requirements determined by the Australian Auditing and Assurance Standards
- (2) is to provide the opinion prepared and signed under subsection (1), and any formal communication of audit findings that is required to be prepared in accordance with the Australian Auditing and Assurance Standards, to the State entity’s appropriate Minister and provide a copy to the relevant accountable authority.’

### Standards Applied

Section 31 specifies that:

‘The Auditor-General is to perform the audits required by this or any other Act in such a manner as the Auditor-General thinks fit having regard to –

- (a) the character and effectiveness of the internal control and internal audit of the relevant State entity or audited subsidiary of a State entity; and
- (b) the Australian Auditing and Assurance Standards.’

The auditing standards referred to are Australian Auditing Standards as issued by the Australian Auditing and Assurance Standards Board.



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