

# Survey Questions - allocation of Community Support Levy Funding under the Future Gaming Market - July 2021

## INTRODUCTION

The Government announced, in the release of its future gaming market policy, that there would be a significant increase in Community Support Levy (CSL) funding available for distribution from 1 July 2023. The CSL, applied to the gross profit of Electronic Gaming Machines (EGMs), is currently set at four per cent for hotels and clubs. Government will effectively double the CSL fund to improve harm minimisation by increasing the hotel rate and extending the CSL to EGMs in casinos.

Under the policy, hotels will pay a CSL of five per cent, clubs four per cent, and casinos will pay three per cent. To the extent that these levies are not sufficient to double the funding pool from current levels, Government has committed to providing a direct contribution.

With a new gaming market structure and an increased pool of CSL funds, a revised CSL distribution model is being considered.

While the objective of the CSL itself will not change, the objective of any changes to the CSL distribution model will be to improve the effectiveness of the CSL through allocation of the increased funds.

## PURPOSE OF THIS SURVEY

The purpose of this survey is to seek your input into how the increased CSL funds ought to be distributed, with the aim of improving the effectiveness of the CSL.

## CURRENT CSL MODEL

The *Gaming Control Act 1993* currently specifies that the CSL is distributed as follows:

- 25 per cent for sport and recreation clubs;
- 25 per cent for charitable organisations; and
- 50 per cent for problem gambling, for:
  - research into gambling;
  - services for the prevention of compulsive gambling;
  - treatment or rehabilitation of compulsive gamblers;
  - community education concerning gambling; and
  - other health services.

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## PROPOSED CSL MODEL

The proposed legislative amendments require that the Minister must distribute the total CSL in the manner prescribed by the regulations. This replaces the current requirement in the Act that the Minister must distribute the CSL to specified categories in accordance with specified weightings.

This will provide greater flexibility and responsiveness to any emerging issues and changes in priorities within the gambling environment, with Parliamentary oversight through the making of regulations.

## SURVEY QUESTIONS

### Categories for distribution of the CSL

It is proposed that the following new, and more broadly worded, categories for distribution of the CSL replace the current categories and set weightings contained in the Act.

**Subject to this consultation, these categories will be included in the regulations:**

- **community capacity building projects or initiatives;**
- **preventative programs or initiatives;**
- **direct support programs or initiatives; and**
- **research activities.**

In relation to the above categories for the distribution of CSL funds, we would appreciate your feedback to the following questions:

1. Do you support the proposed categories? YES / NO

Yes, with important caveats.

2. If you answered “NO” for question 1, what categories would you suggest and why?

The CSL was introduced in 1997 at the same time as the introduction of electronic gaming machines, with the intention that it would fund research, prevention and support programs and services to address harms from gambling. In recognition that allowing poker machines in pubs and clubs might absorb discretionary income in local communities, to the disadvantage of local sporting clubs and community groups, it was decided that 50% of the CSL would be available to those organisations, with the remaining 50% for research and services that prevent harmful gambling and support those harmed by gambling.<sup>1</sup>

The Government has not demonstrated that the individual licensing model will further disadvantage groups eligible for receipt of this component of the CSL so there is therefore no case for expanding the current percentage allocation. In fact the Government itself provided a rationale that only

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<sup>1</sup> [https://www.treasury.tas.gov.au/Documents/Future\\_Gaming\\_Consultation\\_Fact\\_Sheet\\_no\\_1\\_-\\_CSL.pdf](https://www.treasury.tas.gov.au/Documents/Future_Gaming_Consultation_Fact_Sheet_no_1_-_CSL.pdf)

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activities that directly reduce the risk of harmful gambling should be funded by the CSL:

‘The Community Support Levy (CSL) is required to be paid by venues to the Tasmanian Government for the funding of activities aimed at reducing the risk of harm from problem gambling.’<sup>2</sup>

TasCOSS acknowledges that some key stakeholders believe all CSL funds should go towards harmful gambling research and preventative and support programs. This is also our strong preference. If, however, CSL funds are to continue to be directed to sporting clubs and charitable organisations, we believe that the additional CSL funding from the proposed new market model should all be directed to harmful gambling research, prevention and support programs and services.

We are also of the view prevention and support programs and activities should be based on evidence that demonstrates their effectiveness. Evidence in Tasmania and other jurisdictions show that a stronger evidence base is needed to ensure that resources committed to preventing gambling harm achieve their aims.<sup>3</sup> In its 2016-17 report on gambling revenue and reducing the harm from gambling, for example, the Tasmanian Auditor-General concluded that:

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.<sup>4</sup>

The Tasmanian Auditor-General also found that CSL funded activity performed by charitable organisations was not always managed effectively, with a number of projects ‘incomplete in respect of acquittal by the grant recipient.’<sup>5</sup> Research activities should also feed directly into the development and modification of prevention and support activities related to gambling harm.

In light of this, TasCOSS is concerned that ‘community capacity building projects or initiatives’ is insufficiently defined to be able to ensure that activities under this category are effective in reducing or preventing harm from gambling. We are also concerned that the broad definition opens the fund to political influence, particularly given that a Minister (the Treasurer) is responsible for the distribution of CSL funds rather than an independent body such as the TLGC.

We therefore recommend:

- all CSL funds be directed at harmful gambling research, prevention and support programs and

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<sup>2</sup> *Future Gaming Consultation Fact Sheet No. 1: Community Support Levy*,

[https://www.treasury.tas.gov.au/Documents/Future\\_Gaming\\_Consultation\\_Fact\\_Sheet\\_no\\_1\\_-\\_CSL.pdf](https://www.treasury.tas.gov.au/Documents/Future_Gaming_Consultation_Fact_Sheet_no_1_-_CSL.pdf)

<sup>3</sup> Victorian Auditor-General’s Office, *Reducing the harm caused by gambling*, March 2021,

<https://www.audit.vic.gov.au/sites/default/files/2021-03/20210318-Gambling-Harm-report.pdf>;

Tasmanian Audit Office, *Gambling revenue and managing harm from gambling*, No.13 2016-17

<https://www.audit.tas.gov.au/wp-content/uploads/Report-Gambling-revenue-and-managing-harm-from-gambling.pdf>

<sup>4</sup> Tasmanian Audit Office, *Gambling revenue and managing harm from gambling*, No.13 2016-17

<https://www.audit.tas.gov.au/wp-content/uploads/Report-Gambling-revenue-and-managing-harm-from-gambling.pdf>, p.3

<sup>5</sup> p.16

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services, but failing this:

- the additional money in the CSL pool as a result of the market model change go to harmful gambling research, prevention and support programs and services.

In both cases:

- the percentage allocation be incorporated in legislation
- the TLGC be adequately resourced to take responsibility for the distribution of CSL
- all charitable grants are adequately monitored, risk assessed and acquitted
- key performance indicators and targets are established and monitored for activities directly aimed at preventing harmful gambling and supporting those harmed by gambling.

3. Do you think that one or more of the categories should receive a greater proportion of funding over any of the others? YES / NO

Yes.

4. If you answered "YES" for question 3, please provide details of your recommended weightings for each category and why.

For the reasons stated above:

- 100% of CSL funds go towards harmful gambling research, prevention and support programs and services, or failing this
- the additional money in the CSL pool as a result of the market model change go to harmful gambling research, prevention and support programs and services.

5. Do you believe that the percentages should be more flexible at the margins, eg "not more than x per cent" or "no less than x per cent", rather than a set percentage? YES / NO

See answer above.

6. Are there any other comments you wish to provide regarding the proposed categories for the distribution of CSL funds?

All categories should refer to gambling – at present they can be used to justify expenditure on a range of activities that may not prevent gambling harm or support people harmed by gambling. The categories should read:

- **community capacity building projects or initiatives that prevent, reduce or provide support in relation to harmful gambling;**
- **harmful gambling preventative programs or initiatives;**
- **direct support programs or initiatives related to harmful gambling; and**

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- *research activities related to harmful gambling and reducing its impacts.*

## Considerations for the distribution of the CSL

It is proposed that the following considerations inform the distribution of CSL funding within the categories under the new model. For funding to be approved, a project, program or grant would need to be consistent with at least one of these considerations.

**Subject to this consultation, these considerations for the approval of funding from the CSL within each category will be included in the regulations:**

- **creating a link between the location of gambling losses and CSL spending;**
- **collaboration and partnering with other organisations to maximise reach and delivery of programs/initiatives to support prevention and treatment of problem gambling;**
- **supporting long term programs aimed at reducing problem gambling behaviour;**
- **supporting one-off grants for major initiatives aimed at reducing problem gambling;**
- **provisioning of ongoing counselling for problem gamblers;**
- **investment in programs, infrastructure and activities that enable greater community engagement and healthy lifestyle opportunities (as a diversion from gambling);**
- **supporting funding for research and evaluation of problem gamblers; and**
- **ensuring the distribution of the CSL is subject to regular review (eg to be reviewed every five years following the Social and Economic Impact Studies).**

In relation to the above considerations for determining the distribution of CSL funds, we would appreciate your feedback to the following questions:

1. Do you support the above considerations? YES / NO / NOT ALL

No.

2. If you answered “NO” or “NOT ALL” for question 1, please provide details of the considerations you would suggest for determining the allocation of CSL funds and why?

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TasCOSS is extremely concerned that, because only one consideration is required to be met for funding to be approached, it is possible for all CSL funds to be directed to activities that do not address prevention of gambling harm or support services for those harmed by gambling. That is because this consideration is so broad:

- **investment in programs, infrastructure and activities that enable greater community engagement and healthy lifestyle opportunities (as a diversion from gambling);**

Under the proposed model, the Minister could approve funding for anything from a pizza oven at football club, to a new dinghy at a sailing club or a rowing trip to Lake Barrington because they meet both the category of 'community capacity building projects or initiatives' as well as the consideration just mentioned. In the absence of a requirement that allocation of CSL funds be tied to communities that are most harmed by gambling losses, it is possible that the entire pool of CSL funds could benefit people and communities that have experienced no harms from gambling. This appears to be at odds with the rationale for allocating 50% of CSL funds going to local sports and recreation clubs and charitable organisations, which is to offset the disadvantage of having local people expend income on poker machines rather than those organisations.

To protect against this TasCOSS recommends:

- SEIS is used to guide allocation of CSL funds to communities that experience the highest losses from poker machines
- Whoever is responsible for the allocation of CSL funds is required to report publicly against
- The CSL activities should be reviewed annually against specific action plans and should be publicly available

Further, as discussed above, Ministerial involvement in the distribution of CSL funds opens the program to perceptions of political interference. We therefore recommend measures to make the distribution process transparent and accountable including:

- TLGC administer the CSL and its distribution
- CSL activities and their outcomes/KPIs are reported publicly on an annual basis.

### 3. Are there any other comments you wish to provide regarding the proposed considerations for informing the distribution of CSL funds?

Further refining of the considerations to ensure that funding is only be approved if the proposed program, infrastructure or activity:

- is linked to a community or communities experiencing harms from gambling
- addresses at least two considerations, to prevent CSL funds going to 'diversionary activities' with no direct link to preventing, reducing or addressing harm from gambling.

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## Overarching views

TasCOSS also strongly supports public consultation on the CSL. Given that the CSL can fund a broad range of infrastructure, programs and activities, all Tasmanians deserve a say in how the CSL is allocated and distributed. In particular, communities that experience the largest losses from gambling need to be consulted, including those harmed by gambling. This consultation needs to occur at the earliest possible opportunity.

Thank you for your input.