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D23/136784

Toby Hemming  
Deputy Secretary, Integrity, Regulation and Legal Services  
Department of Justice and Community Safety  
121 Exhibition Street  
MELBOURNE VIC 3000

18 August 2023

Dear Mr Hemming

## **REGULATORY IMPACT STATEMENT FOR THE CASINO CONTROL REGULATIONS 2023**

I would like to thank your staff at the Department of Justice and Community Safety (DJCS) for working with the team at Better Regulation Victoria to prepare a Regulatory Impact Statement (RIS) for the Casino Control Regulations 2023.

As you know, the Commissioner for Better Regulation provides independent advice on the adequacy of the analysis provided in all RISs in Victoria. A RIS is deemed to be adequate when it contains analysis that is logical, draws on relevant evidence, is transparent about any assumptions made, and is proportionate to the proposal's expected effects. The RIS also needs to be written clearly so that it can be a suitable basis for public consultation.

I am pleased to advise that the final version of the RIS received by us on 16 August 2023 meets the adequacy requirements set out in the *Subordinate Legislation Act 1994*.

### **Background**

Crown Melbourne Limited (the casino operator) is a wholly owned subsidiary of Crown Resorts Limited (Crown) and holds the only licence to operate a casino in Victoria as awarded under the *Casino Control Act 1991 (CCA)*.

In 2019, the NSW Independent Liquor and Gaming Authority established an inquiry headed by Patricia Bergin SC into Crown's suitability to hold a casino licence at its Melbourne and Perth locations (as Crown was applying for a licence to operate a casino in NSW at the time). The Bergin Inquiry found that Crown was unsuitable to hold a casino licence.

DJCS explains in the RIS that in response to the Bergin Inquiry, the Victorian Government established the Royal Commission into the Casino Operator and Licence (RCCOL) which found that the casino operator was unsuitable to hold a Victorian casino licence.

As outlined in the RIS, the RCCOL recommended that the casino operator be permitted to continue operating while it undertook a significant reform agenda over a two-year period. It made 33 recommendations, nine of which were immediately implemented and came into effect on 1 January 2022. The *Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022* (the CLARC Act) amended the CCA and several other pieces of legislation to implement 12 of the remaining RCCOL recommendations. The other 12 reforms were implemented through non-legislative means.

DJCS explains that the Casino Control Regulations 2023 (the proposed Regulations) are required to complete implementation of the CLARC Act in the following areas: player identity verification; use of player cards; pre-commitment for gaming machines; requirements for activity statements provided to all players; cashless gaming harm minimisation measures; improvements to player exclusion; additional corporate governance requirements; and information disclosure requirements.

## **Problem**

In the RIS, DJCS explains three key problems identified by RCCOL:

1) Failure to mitigate harm from gambling

Gaming machines are the product most associated with gambling harm at a casino. Crown Melbourne has less stringent restrictions imposed on its gaming machines than other venues such as hotels and clubs.

2) Failure to appropriately address money laundering risks

RCCOL heard confidential evidence from Victoria Police that money laundering regularly occurs at the casino and that the casino operator did not have in place robust systems to detect and deter money laundering.

3) Failures of governance

Crown's board failed to carry out its responsibilities to ensure that the organisation satisfied its legal and regulatory obligations. Senior managers and the Board were not performing certain functions and making the decisions that they needed to.

DJCS explains how the proposed Regulations address these problems in the RIS.

## **Options identification**

In the RIS, DJCS identifies two broad options to address the problems identified above. Option 1 (the preferred option) imposes the minimum requirements for implementation

of the CLARC Act reforms and the RCCOL recommendations. Option 2 mostly replicates Option 1 with some substitute measures or additional requirements.

DJCS explains that Option 1 imposes requirements on the casino operator in the following areas:

- Player identity verification – reasonable steps must be taken to confirm the validity of documents and an identity verification policy approved by the Victorian Gambling and Casino Control Commission (VGCCC) (the regulator) must be put in place;
- Use of player cards – player cards must include a photo that meets specified standards, the casino operator must take reasonable steps to ensure that players use their own card, and cards must record additional data related to gambling activity (such as, player’s credit in and credit out time and amounts).
- Pre-commitment for gambling machines – there must be binding time and money limits which players set;
- Requirements for activity statements – monthly activity statements must be provided to all players in a format approved by the VGCCC and information included in the statement must meet requirements that are similar to standards in the National Consumer Protection Framework for Online Wagering;
- Cashless gaming harm minimisation measures – cashless gaming terminals must be located at least two metres away from gaming machines and there must be at least a 15-minute delay between when a cashless gaming card is loaded and when it can be used to play games;
- Improvements to player exclusion –there will be new offences if the casino operator discourages voluntary exclusion, players must be able to apply for an exclusion online or in person and be able to nominate the duration, and requirements for revoking a voluntary exclusion order will be strengthened;
- Additional corporate governance requirements – certain matters will be prescribed as non-delegable, so they must be considered by the Board. In addition, select positions will be prescribed as independent senior management positions;
- Information disclosure requirements – certain information will be required to be displayed at particular locations in the casino and the notice for collection of personal information will be required to be provided in a range of languages and in an ‘Easy Read’ format.

Option 2 is the same as Option 1 except:

- Player identity verification – a player’s identity must be verified by a 100-point identification check, and the casino operator must record details of one identification document when collecting winnings above \$1000;
- Use of player cards – cards must have a PIN or password;

- Requirements for activity statements to be provided to all players – players must view activity statements within 7 days to be able to continue gambling at the casino; and
- Cashless gaming harm minimisation measures – cashless gaming terminals must be located in a zone determined by the VGCCC and supervised at all times and there must be at least a 1-hour delay between when a gaming card is loaded and when it can be used.

### **Options analysis**

A multi-criteria analysis (MCA) is used in the RIS to compare the options against a reference case, which is the minimum regulations needed to give effect to the CLARC Act reforms and allow regulated gaming in the casino. The criterion and weightings in the MCA are:

- Prevention of money laundering (25 per cent)
- Reduction in gambling harm (25 per cent)
- Costs imposed on the casino operator, players or government (40 per cent).
- Impact on player experience (10 per cent)

The Department explains that relative to the reference case, both Options 1 and 2 would:

- be more effective than the reference case in terms of preventing money laundering and reducing gambling harm;
- increase costs for the casino operator and have a more adverse impact on the experience of players; and
- overall, the benefits of both options outweigh costs.

It explains that Option 2 has marginal benefits in reducing gambling harm compared to Option 1, due to more effective measures for cashless gaming and activity statements. However, these additional benefits are outweighed by additional costs for the casino operator and impacts on player experience.

As the proposed Regulations apply to the Melbourne casino operator, DJCS notes that there will not be any impacts on small businesses. DJCS also notes that there is likely to be a negligible impact on the profitability of the casino. DJCS highlights that the Victorian Government recently announced similar reforms to the CLARC Act reforms for clubs and

hotels, which will minimise displacement of money laundering and gambling from the casino and lessen the impact on the casino's revenue.


### **Implementation and evaluation**

DJCS explains in the RIS that it has engaged with Crown and other impacted stakeholders throughout the development of the proposed Regulations to ensure that they can be implemented by December 2023.

DJCS states that the reforms implemented following RCCOL are significant and, in some cases, have not been delivered at this scale anywhere else in the world meaning that there is limited data available to undertake evaluation. The RIS explains that a comprehensive evaluation of the casino reforms will be undertaken (including additional data collection) which will cover the proposed Regulations. The evaluation will assess the outcomes of the RCCOL reforms, including money laundering and gambling harm with an interim and final report to be made available in 2024 and 2026 respectively.

Should you wish to discuss any issues raised in this letter, please do not hesitate to contact my office on (03) 7005 9772.

Yours sincerely



**Rebecca Billings**

Interim Commissioner for Better Regulation