

Regulatory Impact Statement

Casino Control Regulations 2023

Gaming and Liquor

Department of Justice and Community Safety





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Glossary of acronyms and terms

Acronym/term	Definition
ACC	Australian Crime Commission
ACIC	Australian Criminal Intelligence Commission
Activity statements requirements	Legislative requirements implemented by section 41 of the <i>Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022</i>
AML/CTF	Anti-money laundering/Counter terrorism financing
AUSTRAC	Commonwealth agency responsible for preventing, detecting and responding to criminal abuse of the financial system to protect the community from serious and organised crime.
Bergin Inquiry	Inquiry under section 143 of the <i>Casino Control Act 1992</i> (NSW) undertaken by the Hon. Patricia Bergin AO, SC, to look into whether Crown was suitable to hold a casino licence in NSW.
Carded play requirements	Legislative requirements implemented by section 41 of the <i>Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022</i>
Cashless gaming requirements	Legislative requirements implemented by section 38 and section 43 of the <i>Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022</i>
Cashless gaming terminal	Means a device (other than a gaming machine) that a person uses to: <ul style="list-style-type: none"> • increase the value of a non-cash gaming token; or • redeem any of the value of a non-cash gaming token; or • obtain a non-cash gaming token.
Casino operator	Crown Melbourne Limited
CCA	<i>Casino Control Act 1991</i>
Commission-based player	A person who participates in an approved premium player arrangement where the casino operator agrees to pay a casino patron a commission based on their turnover of play in the casino.
Crown	Crown Resorts Limited, the ultimate holding company of Crown Melbourne Limited, the casino operator
CLARC Act	<i>Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022</i>
department	Department of Justice and Community Safety
Game	Has the same meaning as defined in section 3 of the CCA and means a game of chance or a game that is partly a game of chance and partly a game requiring skill. It includes table games and gaming machines.
GRA	<i>Gambling Regulation Act 2003</i>



ILGA	NSW Independent Liquor and Gaming Authority
Mandatory pre-commitment requirements	Legislative requirements implemented by section 36 of the <i>Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022</i>
Melbourne Casino Complex	The 'casino complex' as defined in section 3 of the <i>Casino Control Act 1991</i>
Non-cash gaming token	Has the same meaning as defined in section 1.3 of the GRA and means a gaming token other than cash
NSW	New South Wales
Proposed GRA Regulations	The proposed Gambling Regulation (Pre-commitment and Loyalty Scheme) and Gambling Amendment Regulations 2023 amending the Gambling Regulation (Pre-commitment and Loyalty Scheme) Regulations 2014 and the Gambling Regulations 2015
RCCOL	Royal Commission into the Casino Operator and Licence
RIS	Regulatory impact statement
Supervision charge	The amount payable by the casino operator each year in accordance with section 112B of the CCA that reflects the costs and expenses incurred by the VGCCC in exercising its functions in relation to the casino
Unrestricted mode gaming machines	Unrestricted mode means that the gaming machines can operate in a mode where spin rate, bet limit, autoplay and note acceptors are unrestricted. The Melbourne casino is the only gambling venue operator in Victoria that can operate gaming machines in unrestricted mode.
VGCCC	Victorian Gambling and Casino Control Commission
VRGF	Victorian Responsible Gambling Foundation
WA	Western Australia



Executive summary

Introduction

This regulatory impact statement (RIS) considers regulations to complete implementation of the recommendations of the Royal Commission into the Casino Operator and Licence (RCCOL).

Crown Melbourne Limited (the casino operator) holds a licence granted under Part 2 of the *Casino Control Act 1991* (CCA) to operate a casino in Victoria. The Melbourne casino is the only casino operating in Victoria.

Crown Melbourne Limited is a wholly owned subsidiary of Crown Resorts Limited (Crown). Crown also owns and operates casinos in Perth and Sydney.

In July and August 2019, *The Sydney Morning Herald* and *The Age* published a series of reports alleging that Crown had engaged in conduct in breach of its regulatory obligations. The allegations triggered inquiries in New South Wales (NSW), Victoria and Western Australia (WA) into the suitability of Crown to hold casino licences.

In Victoria, RCCOL found that the casino operator was unsuitable to hold the casino licence on the basis that it had engaged in conduct that was “illegal, dishonest, unethical and exploitative”.

The failures of the casino operator, as identified by RCCOL, were primarily as follows:

- failure to mitigate harm from gambling;
- failure to appropriately address money laundering risks; and
- failures of governance, which allowed the failures to mitigate gambling harm and appropriately address money laundering risks to go unaddressed.

The Melbourne casino is a large venue located centrally in Southbank that attracts visitors from Melbourne, Victoria, interstate and overseas.

Gambling harm is the term used to refer to any negative consequences from gambling that occur for the individual, their family and friends, or the community more broadly. Almost one in five (around 550,000) Victorians who gamble may be experiencing harm from gambling.

Harm from gambling is not limited to people who experience problem gambling. In fact, many people experiencing low and moderate risk gambling experience harm from their gambling.

Casinos have attributes that are associated with increased risk of gambling harm. These include continuous forms of gambling, complex products, frequency of betting and illusions of control (VRGF 2021). Research also shows that the broad range of products available at casinos is a particular risk for people at higher risk of harm from gambling (VRGF 2021).

RCCOL found that the casino operator has failed to mitigate harm from gambling.

RCCOL found that the harm experienced by gamblers at the Melbourne casino was exacerbated by failures of the casino operator in its delivery of responsible service of gambling, in particular failure to identify players displaying problem gambling behaviours, failing to act in accordance with its Responsible Gambling Code of Conduct (the RG Code) and the ineffectiveness of its self-exclusion program.

Problem and objectives

Gambling harm results in significant costs to the community. A study released by the VRGF in 2017 (based on 2014-2015 data) estimated the total cost to the community of gambling in Victoria to be approximately \$7 billion (Browne et al 2017). This research estimated the costs to the community from all gambling, not just people experiencing problem gambling. It is estimated that the total cost of gambling harm in Victoria is over \$8.6 billion in 2023 dollars.



Money laundering, the act of disguising money used in or derived from crime as funds obtained from legitimate sources, was identified by RCCOL as another significant concern regarding the operation of the Melbourne casino.

Gaming venues, especially of the scale of the Melbourne casino, are ideal locations in which to launder money. This is because of the prevalence and anonymous nature of cash, the variety, frequency, and volume of financial transactions that casinos undertake, and the 24-hour accessibility of casinos (RCCOL 2021).

Confidential evidence heard by RCCOL from Victoria Police was that there would be money laundering at the casino on a daily basis (RCCOL Transcript 18 June 2021, p.2079).

The Australian Institute of Criminology estimates that in 2020-21, serious and organised crime cost the Australian community up to \$60.1 billion (AIC 2022).

There are no available estimates of the cost of money laundering to the Australian community. Nonetheless, the ability to launder money is necessary to the functioning of organised crime, so reducing the ability of criminals to launder money directly harms their operations and deters organised criminal behaviour.

Through the *Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022* (the CLARC Act), the Victorian Government has implemented a range of reforms to address the problems identified by RCCOL.

Regulations are required to facilitate implementation of the new requirements under the CLARC Act and complete implementation of the remaining RCCOL recommendations in the following areas:

- player identity verification
- implementation of carded play for gambling
- pre-commitment for gaming machine play
- requirements for activity statements for players
- cashless gaming harm minimisation measures
- improvements to the operation of exclusion at the casino
- corporate governance requirements.

The proposed Regulations have two objectives – to prevent money laundering at the Melbourne casino and to minimise gambling harm at the Melbourne casino.

The proposed Regulations achieve these objectives by facilitating the effective implementation of the reform measures contained in the CLARC Act and the remaining RCCOL recommendations.

Options identification and analysis

In a RIS, options to address the problem are identified and analysed against a 'base case'. Ordinarily, the base case against which the options would be assessed would be the situation if no regulations were made. In this case, the requirements introduced through the CLARC Act require that regulations be made to enable certain provisions in the CCA to have effect.

The base case would result in making gambling illegal in the casino. Because of this, a reference case, which has the minimum regulations needed to give effect to the CLARC Act reforms and allow regulated gaming in the casino, will serve as a point of comparison for analysis.

The reference case is constructed for analytical purposes only as it does not implement the RCCOL recommendations and is not being considered by Government as a viable option for making regulations.



The options have been grouped into two broad options based on the level of regulatory intervention involved. Both will result in the full implementation of the outstanding RCCOL recommendations. The options are:

- Option 1 regulates identification, carded play, pre-commitment, activity statements, cashless gaming, exclusion, corporate government and information requirements
- Option 2 includes additional regulation or alternative approaches to regulation for identification, carded play, activity statements and cashless gaming.

Implementation of these measures will impact the casino operator and players. In most cases, the impacts arise from the legislative obligation established by the amendments in the CLARC Act rather than the options considered in this RIS.

Each option involves a range of measures that have different data limitations. Further, it is not possible with available evidence to quantitatively estimate the effect of the measures included in the options on gambling harm and money laundering.

For this reason, a multi-criteria analysis is used to compare the options against weighted criteria. Options are compared using the following criteria:

- Criterion 1 (weighted 25 per cent) – prevention of money laundering
- Criterion 2 (weighted 25 per cent) – reduction in gambling harm
- Criterion 3 (weighted 40 per cent) – costs imposed on the casino operator, players or government
- Criterion 4 (weighted 10 per cent) – impact on player experience.

Both Option 1 and Option 2 provide benefits in preventing money laundering and reducing gambling harm.

Option 2 has some marginal additional benefits in terms of effectiveness, mostly due to more restrictive measures in relation to cashless gaming.

However, those additional benefits are outweighed by the increased regulatory burden and additional costs for the casino operator. Apart from carded play (where the costs are the same for both options), Option 2 involves higher implementation and ongoing costs.

Option 2 will also have more negative impacts in terms of the experience of players at the Melbourne casino. Largely arising from added administrative burdens on players and inconvenience and delays within the venue when gambling.

The additional costs and negative impacts on player experience of Option 2 are expected to outweigh the small additional effectiveness of Option 2 in preventing money laundering and reducing gambling harm.

Overall, Option 1 is the preferred option. This is because Option 1 has significant benefits in terms of preventing money laundering and reducing gambling harm but does not impose unnecessary regulatory burden and costs on the casino operator, and has less impact on players.

The proposed Regulations (Option 1) have significant benefits in terms of preventing money laundering and reducing gambling harm while imposing lower costs on the casino operator and less impact on players than Option 2.



Characteristics of the preferred option

The following table outlines the preferred option as identified through the multi-criteria analysis.

Category	Regulatory proposal
Identification	<p>Player's full name, date of birth and residential address to be collected</p> <p>Player's identity must be verified using photographic ID from an Australian Government Entity or a passport issued for international travel</p> <p>Casino operator must take 'all reasonable steps' to confirm the validity of identification documents</p> <p>Additional steps to verify a person's identity must be taken if the casino operator has reasonable doubts about a person's identity</p> <p>Casino operator must have an identity verification policy approved by the VGCCC</p>
Carded play	<p>Player cards must be registered (linked to a person's identity) and must include a photo that meets specified standards</p> <p>Casino operator must take 'reasonable steps' to ensure players use their own player card</p> <p>Cards must record specified data related to gambling activity and cashless gambling transactions.</p>
Pre-commitment	<p>Requirement for gaming machine players ordinarily resident in Australia to set both a time limit and net loss limit</p> <p>Limits to be binding preventing further play once a limit is reached</p> <p>Casino operator must treat a person as ordinarily resident in Australia unless it can confirm otherwise</p>
Activity statements	<p>Requirements for activity statements to be provided monthly in a format approved by the VGCCC</p> <p>Certain information required to be included in statements</p>
Cashless gaming	<p>Requirement for 15-minute delay after load-up of cashless gaming card before funds can be used to play games</p> <p>Requirement for cashless kiosks to be located two metres away from gaming machines</p>
Exclusion	<p>New offences where a casino operator discourage a person from taking up self-exclusion</p> <p>Improvements to the process for players to apply for voluntary exclusion by enabling players to apply via email or online as well as in person and to nominate the duration of the period of exclusion</p> <p>Changes to the requirements for revoking a voluntary exclusion order</p>
Corporate governance	<p>Select matters prescribed as non-delegable and must be performed by the Board, a sub-committee of the Board or an individual director</p> <p>Select positions prescribed as independent senior management positions</p>



Category	Regulatory proposal
Information requirements	Requirements for the casino operator to provide information regarding collection of personal information, availability of counselling services and exclusion
Information protection offences	Offences related to the access, use and disclosure of player information to ensure that the casino operator is prevented from using data and information for non-regulatory purposes

The proposed Regulations are intended to prevent money laundering and reduce gambling harm at the Melbourne casino. If the measures have the impact intended, gambling revenue at the casino would be expected to decline. This would reduce the casino operator's revenue and taxation revenue for the State.

As the reduction in gambling revenue is expected to be in revenue derived from money laundering of harmful gambling activity, it would result in net benefits for the community in a reduction in harm.

The proposed Regulations are not expected to have small business or competition impacts.

Implementation, evaluation and consultation

The Department of Justice and Community Safety has engaged with Crown Resorts, the Victorian Gambling and Casino Control Commission (VGCCC), Intralot Gaming Services Pty Ltd (the monitoring licensee) and other impacted stakeholders throughout the development the proposed Regulations to ensure they can be implemented by December 2023.

The reforms implemented following RCCOL are significant and, in some cases, have not been delivered at this scale anywhere else in the world. Delivering them to the highest standard will be important to reduce gambling related harm and large-scale money laundering.

A comprehensive evaluation strategy is being developed for an external evaluation of the casino reforms to be commissioned by the department. Evaluation of the proposed Regulations will be undertaken as part of this overarching evaluation.

Part of the evaluation project will be to develop specific key performance indicators to define effectiveness and monitoring variables which will indicate that the reforms are having their desired effect.

The proposed methodological approach to the evaluation will likely include the following data points:

- analysis of the Victorian gambling prevalence survey, undertaken by the VRGF
- surveys of patrons at Crown
- police and crime statistics data
- interviews with gambling harm counsellors
- observations at Crown
- analysis of data collected by systems at the casino including loyalty, pre-commitment and/or carded play datasets
- key stakeholder interviews
- interviews with casino gamblers.

An interim report will be available in 2024 with a final report in 2026.



1. Introduction

This regulatory impact statement (RIS) considers regulations to complete implementation of the recommendations of the Royal Commission into the Casino Operator and Licence (RCCOL).

Crown Melbourne Limited (the casino operator) holds a licence granted under Part 2 of the *Casino Control Act 1991* (CCA) to operate a casino in Victoria. The Melbourne casino is the only casino operating in Victoria.

1.1 Current Regulatory Framework

1.1.1 Casino legislation and regulations

The casino operator is currently subject to a range of legislative, regulatory and contractual requirements contained in:

- *Casino Control Act 1991* (CCA) – which establishes a system for the licensing, supervision and control of casinos with the aims of ensuring that the management and operation of casinos remains free from criminal influence or exploitation, ensuring that gaming in casinos is conducted honestly, and promoting tourism, employment, and economic development generally in the State.
- *Casino (Management Agreement) Act 1993* (CMA) – which ratifies the management agreement for the Melbourne casino.
- *Gambling Regulation Act 2003* (GRA) – which consolidates the law relating to various forms of gambling. Part of its coverage is licencing of gaming at the casino and fostering responsible gambling to minimise harm caused by problem gambling, such as through pre-commitment. It also aims to ensure that gambling is conducted honestly and is free from criminal influence and exploitation. It also confers functions and powers and imposes duties on the VGCCC to oversee gambling in Victoria.
- *Liquor Control Reform Act 1998* – which regulates the supply and consumption of liquor.
- Gambling Regulations 2015 – which provide for matters regarding gaming machines and prescribe fees, offences and penalties related to gambling.
- Gambling Regulation (Pre-commitment and Loyalty Scheme) Regulations 2014 – which prescribe matters in relation to pre-commitment, player cards, player account equipment, the conduct of loyalty schemes and the provision of information relating to pre-commitment and loyalty schemes.
- Casino Control (Fees) Regulations 2015 – which prescribe fees to accompany applications made under the CCA in relation to special employee licences, fees for the issue of replacement special employee licences, fees to accompany applications under the CCA for the redefinition of the boundaries of a casino.
- The commercial agreements concerning the operation of the Melbourne Casino Complex.
- Directions issued by the Victorian Gambling and Casino Control Commission (VGCCC) under Division 1 of Part 3 of the CCA to a casino operator that relate to the conduct, supervision or control of operations in the casino.

1.2 Inquiries into the conduct of the casino operator

Crown Melbourne Limited is a wholly owned subsidiary of Crown Resorts Limited (Crown). Crown also owns and operates casinos in Perth and Sydney.



In July and August 2019, *The Sydney Morning Herald* and *The Age* published a series of reports alleging that Crown, its agents, affiliates, or subsidiaries, had:

- facilitated money laundering;
- breached gambling laws in China; and
- partnered with junket operators who had links to drug traffickers, money launderers, human traffickers and organised crime groups.

The allegations triggered inquiries in New South Wales (NSW), Victoria and Western Australia (WA) into the suitability of Crown to hold casino licences.

1.2.1 Bergin inquiry

On 14 August 2019, the NSW Independent Liquor and Gaming Authority (ILGA) established an inquiry to be conducted by the Hon Patricia Bergin AO, SC (Bergin Inquiry) to establish whether Crown was suitable to hold a casino licence. The Bergin Inquiry focussed on Crown's conduct at the Melbourne and Perth casinos, as Crown was not operating in NSW at the time.

The Bergin Inquiry found that Crown was unsuitable to hold the licence citing, among other things, that Crown:

- between 2014 and 2019, enabled or facilitated millions of dollars to be laundered through a bank account of its subsidiary and that this situation went unchecked and unchanged despite warnings from its bankers;
- between 2014 and 2016, disregarded the welfare of its China-based staff – putting them at risk of detention and failing to escalate risks through the appropriate corporate risk management structure; and
- between 2012 and 2020, entered into or allowed commercial relationships with junket operators with links to organised crime to arrange for junket players to gamble at the casino and maintained those relationships despite being aware of those links.

1.2.2 Royal Commission into Casino Operator and Licence

On 22 February 2021, the Victorian Government announced the establishment of the Royal Commission into the Casino Operator and Licence (RCCOL).

RCCOL's focus was to discover whether the misconduct by the casino operator identified in the Bergin Report was more widespread and, if established, determine the parties involved and what should be done to remedy the situation. RCCOL's terms of reference required it to, among other things, determine whether the casino operator was suitable to hold the casino licence and if it was in the public interest for the casino operator to continue to operate the licence.

RCCOL findings

RCCOL delivered its report to the Victorian Government on 15 October 2021. It found that the casino operator was unsuitable to hold the casino licence on the basis that it had engaged in conduct that was "illegal, dishonest, unethical and exploitative".

The failures of the casino operator, as identified by RCCOL, were primarily as follows:

- failure to mitigate harm from gambling;
- failure to appropriately address money laundering risks; and
- failures of governance.

RCCOL made 33 recommendations to reform the regulation of casinos in Victoria.



Nine priority recommendations were supported in full by the Victorian Government and immediately implemented through the *Casino and Gambling Legislation Amendment Act 2021*, which came into effect on 1 January 2022.

RCCOL recommended that the casino operator be permitted to continue operating while it undertook a significant reform agenda over a two-year period under the stringent oversight of a Special Manager.

Stephen O'Bryan KC was appointed as the Special Manager for the casino operator, pursuant to section 36B of the CCA in January 2022.

Of the remaining 24 recommendations, the Victorian Government accepted 20 recommendations in full and four in-principle and responded by saying "[t]he Government accepts all the Royal Commission's findings".

1.3 Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022

The *Casino Legislation Amendment (Royal Commission Implementation and Other Matters) Act 2022* (the CLARC Act) amended the *Casino Control Act 1991* (CCA), the *Casino (Management Agreement) Act 1993* (CMAA), the *Gambling Regulation Act 2003* (GRA) and the *Tobacco Act 1987* to implement 12 of the remaining RCCOL recommendations. The CLARC Act received Royal Assent on 28 June 2022.

The CLARC Act was the third tranche of legislation to be brought to Parliament since the Victorian Government tabled its response to RCCOL.

The CLARC Act amended the CCA, the GRA and the CMAA across four key reform areas:

- prevention of money laundering and other financial crime via improvements to patron identification and the mandating of carded play and cashless gaming;
- minimising and preventing gambling harm through the introduction of mandatory pre-commitment on gaming machines at the casino;
- facilitating the continued operation of the casino where the operator loses their licence with provisions to clarify the role of the statutory manager, the property rights of third parties and the area of the casino for the purposes of the sub-lease; and
- strengthening corporate governance arrangements by limiting shareholding as well as protecting the independence of the board and senior management of a casino operator.

The CLARC Act:

- made amendments to provisions relating to associates, corporate ownership and governance
- made amendments providing for the appointment of a manager if the casino licence is cancelled, suspended or surrendered
- introduced provisions for the casino operator or the VGCCC to issue temporary exclusion orders applying for a period of 15 minutes up to 24 hours to prohibit a person from entering or remaining in a casino
- introduced a requirement for mandatory pre-commitment use on gaming machines by persons who are ordinarily a resident in Australia (mandatory pre-commitment requirements)
- introduced a requirement that the casino operator must not accept more than \$1000 in cash from a person in any 24-hour period for the purpose of gaming in the casino (cashless gaming requirements)



- the casino operator must not issue a player card or payout winnings exceeding \$1000 unless the casino operator has first verified the person's identity.
- introduced requirements that players not be permitted to play a game in the casino other than by the use of a player card and that the casino operator must not issue a player card to a person unless that person's identify has been verified (carded play requirements)
- introduced requirements for players to receive written statements detailing their gambling activity at the casino (activity statement requirements).

The CLARC Act also established regulation-making heads of power with respect to:

- mandatory pre-commitment requirements
- cashless gaming requirements
- carded play requirements, including identity verification
- other harm minimisation measures in relation to gaming in a casino
- exclusion of persons from a casino.

1.4 Regulatory proposal

The proposed Regulations facilitate the implementation of measures contained in the CLARC Act. The proposed Regulations to be made under the CCA relate to:

- identification
- carded play
- pre-commitment
- activity statements
- cashless gaming
- exclusion
- corporate governance
- information requirements
- data and information privacy and protection.

In addition to the proposed Regulations, related regulations will be made under the GRA to amend the Gambling Regulation (Pre-commitment and Loyalty Scheme) Regulations 2014 and the Gambling Regulations 2015.

The proposed GRA Regulations will:

- provide for venue operators to have more than one pre-commitment kiosk in a venue;
- remove the requirement for the casino operator to provide casual player cards for pre-commitment as it will now be mandatory under new section 71C of the CCA for players to use registered player cards at the casino; and
- prescribe certain offences under the Gambling Regulation (Pre-commitment and Loyalty Scheme) Regulations 2014 and the Gambling Regulations 2015 to be infringeable offences.

The proposed GRA Regulations are not expected to impose a significant economic or social burden on a sector of the public.



1.5 Regulatory Impact Statement process

This RIS formally assesses the proposed Regulations against the requirements in the *Subordinate Legislation Act 1994* and the Victorian Guide to Regulation incorporating: Guidelines made under the Subordinate Legislation Act 1994.

To support good decision-making and assist parties with review and comment on the proposed Regulations, the Subordinate Legislation Act requires the preparation of a RIS for any regulations that impose a significant economic or social burden on a sector of the public, to be made available with the proposed Regulations.

The assessment framework for this RIS:

- examines the nature and extent of the problem to be addressed
- outlines the objectives of the proposed Regulations
- explains the effects of the proposed Regulations on stakeholders
- assesses the costs and benefits of the proposed Regulations.

The Commissioner for Better Regulation provides an independent assessment of RISs against the Victorian Guide to Regulation.

A primary function of the RIS process is to allow members of the public to comment on the proposed Regulations before they are finalised. Public input provides valuable information and perspectives and improves the overall quality of regulations. Accordingly, the Department of Justice and Community Safety is making this RIS available on the Engage Victoria website and welcomes and encourages feedback.

Following consideration of all submissions received in response to the proposed Regulations, a notice of decision and statement of reasons will be published.

1.6 RIS structure

The RIS focuses on the proposed Regulations that are likely to have the most significant impact on the casino operator and gamblers. These are the proposed Regulations relating to:

- corporate governance
- mandatory pre-commitment
- identity verification
- carded play
- activity statements
- cashless gaming
- exclusion orders.

The RIS is structured as follows:

- Chapter 2 – Nature and extent of the problem
- Chapter 3 – Objectives
- Chapter 4 – Options to address the problem
- Chapter 5 – Assessment criteria
- Chapter 6 – Assessment of the options
- Chapter 7 – Preferred option



- Chapter 8 – Implementation and evaluation
- Chapter 9 – Consultation
- Chapter 10 – Other amendments.

1.7 Submissions

Public comments and submissions are invited on the proposed regulations and in response to information provided in this RIS. All submissions will be treated as public documents.

Written comments and submissions should be received by the Department of Justice and Community Safety no later than 5.00pm on 29 September 2023.

The Engage Victoria website is the preferred method for receiving submissions. Submissions can also be sent by email at gamingandliquor@justice.vic.gov.au.

Copies of the RIS and proposed Regulations can be obtained from the Engage Victoria website at <https://engage.vic.gov.au/casino-control-regulations-RIS>.



2. Nature and extent of the problem

This chapter sets out the nature and extent of the problem to be addressed by the proposed Regulations.

2.1 Problems identified by RCCOL

The failures of the casino operator, as identified by RCCOL, were primarily as follows:

- failure to mitigate harm from gambling;
- failure to appropriately address money laundering risks; and
- failures of governance, which allowed the failures to mitigate gambling harm and appropriately address money laundering risks to go unaddressed.

2.2 Gambling at the Melbourne casino

The Melbourne casino is a large venue located centrally in Southbank that attracts visitors from Melbourne, Victoria, interstate and overseas.

The Melbourne casino is permitted to operate up to 440 table games (including fully automated table games and semi-automated table games) plus an additional 100 poker tables. It operates 2,628 gaming machines.

In 2022-23, gambling expenditure (player loss) on table games and gaming machines totalled \$983.2 million, equating to 17.5 per cent of all gambling expenditure in Victoria (unpublished data provided by VGCCC).

According to Crown, it attracted 22 million visitors in the 2019 financial year. Evidence tended to RCCOL estimated that approximately 12,000 to 14,000 people gamble at the casino per day (Exhibit RC0143).

The casino complex includes the main gaming floor and areas for high rollers. High rollers are gamblers from Australia and overseas, including but not limited to commission-based players, who gamble large amounts of money in casinos.

'Local players' are believed to comprise a significant proportion of the casino operator's customer base. It was estimated in 2018 that local players accounted for over 60 per cent of revenue coming from the main gaming floor in the Melbourne casino (VCGLR 2018). It is likely that the casino operator's reliance on local players has increased in recent years due to the impact of international and interstate travel restrictions during the COVID-19 pandemic.

The most recent Victorian population study, Victorian Population Gambling and Health Study 2018-2019 (Rockloff 2020) collected data on people who gamble at the Melbourne casino on table games, gaming machines, bingo and Keno. An analysis of the survey data by the Victorian Responsible Gambling Foundation (VRGF) indicates that:

- just over seven per cent of the Victorian adult population (7.4 per cent), or 364,000 Victorians, gambled at the Melbourne casino at least once in the 12 months preceding the survey (2017-18). This equates to 11 per cent of the Victorian adult population who gamble each year
- approximately 18 per cent of Victorians aged 18 to 24 years and about 9 per cent of Victorians aged 25 to 44 years had gambled at the Melbourne casino in the year preceding the survey
- more broadly, almost one third (29.9 per cent) of Victorian gamblers (people who participated in some form of gambling in the past twelve months at the time of the survey) aged 18 to 24 years and 16.4 per cent of Victorian gamblers aged 25-34 years had gambled on casino table



games within the past year at the time of the survey. Most of the casino table game gamblers did so at the Melbourne casino (87 per cent)

- around 27 per cent of Victorian gaming machine gamblers had gambled at the Melbourne casino in the year preceding the survey (RCCOL Exhibit RC0181, pp. 51-52).

2.3 Gambling-related harm

Gambling harm is the term used to refer to any negative consequences from gambling that occur for the individual, their family and friends, or the community more broadly. Almost one in five (around 550,000) Victorians who gamble may be experiencing harm from gambling.

Research has identified a wide variety of harms from gambling that could affect a person's wellbeing, to varying degrees, including:

- financial harm
- relationship disruption, conflict or breakdown
- emotional or psychological distress
- health impacts
- cultural harm
- reduced performance at work or study
- criminal activity (Langham et al. 2016).

Harms can be classified into three categories:

- general harms – low level and immediate harm such as a reduction in available spending money or reduced quality time with family due to gambling
- crisis harms - harms of significance that occur at a point in time, such as losing capacity to buy essential goods, loss of major assets or extreme psychological or emotional distress
- legacy harms - harms that continue to occur, or emerge, even if engagement with gambling ceases such as bankruptcy, ongoing reliance on welfare or ongoing mental health problems.

2.3.1 Problem gambling and harm

Research on gambling has often examined problem gambling, rather than harm. Problem gambling refers to a behaviour which leads to harm, although the definition of problem gambling is more restrictive than the definition of harm. A definition of problem gambling that is used by all Australian jurisdictions is as follows:

Problem gambling is characterised by difficulties in limiting time and or money spent on gambling which leads to adverse consequences for the gambler, others or for the community (Neal, Delfabbro and O'Neil 2005).

The Problem Gambling Severity Index (PGSI) measures the likelihood that a person will experience clinically diagnosable symptoms of problem gambling. The PGSI classifies people who gamble into four categories:

- non-problem gambling
- at low risk of problem gambling
- at moderate risk of problem gambling
- problem gambling.



Harm from gambling is not limited to people who experience problem gambling. In fact, many people experiencing low and moderate risk gambling experience harm from their gambling.

At a population level, low and moderate risk gambling constitutes a majority of the harm in the population. (Browne et al. 2016 showed some people in the non-problem gambling PGSI category experience harm and found that gambling harm in Victoria comprises:

- 50.2 per cent harm from low-risk gambling
- 34.5 per cent harm from moderate-risk gambling
- 15.2 per cent harm from problem gambling (Browne et al. 2016, p.133).

This research indicates that harm from low-risk and moderate-risk gambling has a greater impact on the community because the number of people affected is much greater, even though harm from problem gambling is more severe at an individual level.

2.3.2 Harm to others

Gambling harm affects the people around the gambler. Harms to significant others generally fall within the same domains as harms to the self. It is estimated that someone experiencing problem gambling affects six other people, someone at moderate risk affects three other people and someone at low risk affects one other person (Goodwin 2017).

2.4 Gambling harm at the Melbourne casino

Casinos have attributes that are associated with increased risk of gambling harm. These include continuous forms of gambling, complex products, frequency of betting and illusions of control (VRGF 2021). Research also shows that the broad range of products available at casinos is a particular risk for people at higher risk of harm from gambling (VRGF 2021).

RCCOL found that the casino operator has failed to mitigate harm from gambling.

RCCOL highlighted that, as the casino is an extremely busy venue, with approximately 12,000 – 14,000 gamblers per day, it is statistically likely that there would be a large number of gamblers at the casino who have problems with their gambling (RCCOL 2021, Chapter 8, p.10).

An analysis of data from the 2018-19 Prevalence Study by the VRGF shows that:

- Twenty-five per cent of people who had gambled at the Melbourne casino in the previous 12 months at the time of the survey experienced some harm from gambling.
- Just over a third of Victorians experiencing problem gambling and nearly a third of all Victorians at moderate risk of experiencing problem gambling had gambled at the Melbourne casino in the previous 12 months.
- Compared to the broader population of Victorians who gamble on table games, gaming machines, bingo and Keno, those gambling at the Melbourne casino are more likely to report having experienced at least one form of gambling harm.
- Sixty-one per cent of people gambling on gaming machines at the Melbourne casino experiencing 'problem gambling' had used gaming machines operating in unrestricted mode (where spin rate, bet limit, autoplay and note acceptors are unrestricted) in the previous 12 months (RCCOL Exhibit RC0181, pp. 9-10).

From this data, it was estimated that the prevalence of people experiencing problem gambling at the Melbourne casino (the proportion of gamblers at the Melbourne casino classified in the problem gambling PGSI category) may be three times higher than the general prevalence of problem gamblers among all Victorian adults who gamble (RCCOL Exhibit RC0181).



Gaming machines are the product most associated with gambling harm. Research commissioned by the VRGF estimates that gaming machines account for 38 per cent of gambling harm in Victoria (VRGF website page: Gambling products and harm).

Of note in comparing harm at casinos with other gaming venues in Victoria, is that the restrictions imposed on gaming machines at the Melbourne casino are less stringent in many instances than those imposed on gaming machines at other gaming venues in Victoria.

The casino operator is permitted to operate up to 1000 gaming machines in 'unrestricted mode' at any time (equating to 38 per cent of the casino's gaming machines). These are gaming machines with less restrictions than gaming machines operating in hotels and clubs, and the rest of the casino. The table below provides a comparison of gaming machines operating in restricted versus unrestricted mode. All gaming machines in clubs and hotels must operate in restricted mode.

Table 1 – Comparison of gaming machine modes of operation at the Melbourne casino

	Restricted mode [#]	Unrestricted mode
Spin rate*	Cannot be shorter than 2.14 seconds	No restriction
Bank note acceptor	Cannot accept bank notes greater than \$50	No restriction
Load-up limit	Limit of \$9949	No restriction
Pay-out limit	Winnings over \$2000 must be paid by cheque	No restriction
AutoPlay	Prohibited	Allowed
Maximum bet per spin	\$10	No restriction

[#] Restricted mode gaming machines at the Melbourne casino operate with the same restrictions as all gaming machines in clubs and hotels

* The time required between games on a gaming machine. A higher spin rate slows down a user's rate of play.

It was acknowledged by Mr Mark Mackay, Executive General Manager of Gaming Machines, Crown Melbourne (RCCOL Transcript 7 June 2022, p.1685) that because of the less stringent restrictions imposed on gaming machines at the casino, the risk of harm from gambling at the Melbourne casino is greater than the risk of harm from gambling on any other gaming machines in Victoria.

RCCOL found that the harm experienced by gamblers at the Melbourne casino was exacerbated by failures of the casino operator in its delivery of responsible service of gambling, in particular failure to identify players displaying problem gambling behaviours, failing to act in accordance with its Responsible Gambling Code of Conduct (the RG Code) and the ineffectiveness of its self-exclusion program.

2.4.1 Cost of gambling harm

A study released by the VRGF in 2017 (based on 2014-2015 data) estimated the total cost to the community of gambling in Victoria to be approximately \$7 billion (Browne et al 2017). This research estimated the costs to the community from all gambling, not just people experiencing problem gambling. Table 2 estimates the costs of gambling problems to Victoria by converting Browne et al's estimates to current dollar values.



Table 2 – Estimated costs of gambling problems to Victoria (2022–23)

	Low-risk gamblers (PGSI 1–2)	Moderate-risk gamblers (PGSI 3–7)	Problem gamblers (PGSI 8+)	Estimated total cost to Victoria (2022-23)
Financial	\$391,727,570	\$418,940,078	\$595,037,296	\$1,673,367,824
Emotional and psychological	\$1,011,810,663	\$592,327,532	\$373,171,011	\$1,977,309,204
Relationships and family	\$732,139,565	\$727,155,616	\$1,257,743,889	\$2,717,039,071
Crime – Victorian justice system	\$33,475,778	\$38,764,379	\$52,115,254	\$124,355,411
Productivity loss and work impacts	\$80,068,208	\$242,286,519	\$419,772,011	\$742,126,738
Cost to the Victorian Government	\$787,280,706	\$341,658,066	\$228,133,086	\$1,421,861,217
Total cost	\$3,036,502,492	\$2,361,132,190	\$2,925,972,547	\$8,656,659,466

Source: VRGF 2021

It is not possible to estimate the proportion of the cost of gambling harm linked to gamblers at the Melbourne casino as the estimated costs of harm are linked to the gambler risk level and not the type of gambling activity or location.

Whilst data is available on expenditure at different locations, expenditure does not necessarily equate to gambling harm. Essentially, it is difficult to know how much these specific expenditures contributed to harm compared to other venues or gambling activity.

2.5 Money laundering at the Melbourne casino

Money laundering, the act of disguising money used in or derived from crime as funds obtained from legitimate sources, was identified by RCCOL as another significant concern regarding the operation of the Melbourne casino.

Money laundering enables criminals to avoid detection and prosecution and prevents the confiscation of the illicit funds under proceeds of crime legislation.

Casinos are particularly vulnerable to money laundering as they are one of the few remaining institutions where cash is commonplace. Common avenues by which money laundering may occur at a casino include:

- cash derived from a criminal enterprise being used to purchase casino chips for the ostensible purpose of gambling and those chips being redeemed (as purported 'winnings') in cash, cheque or money transfer; or
- criminal organisations depositing funds into a casino operator's bank account for use by a casino patron. The patron then purchases chips with the credit in their account before later redeeming those chips (RCCOL 2021, Volume 1, p.163).

RCCOL noted that money laundering has devastating effects:

It enables almost all serious and organised crime, facilitates tax evasion and undermines the integrity of the legitimate economy. Money laundering allows criminals to hide and accumulate wealth, avoid prosecution, evade taxes, increase profits through reinvestment and fund further criminal activity (RCCOL 2021, Volume 1, p.162).

In 2011, it was estimated that at least \$10 billion is laundered through the Australian economy annually (ACC 2011a). In current dollars, this would amount to approximately \$13.4 billion.



Money laundering can harm the Australian community in the following ways:

- 'crowding out' legitimate businesses in the marketplace when businesses that are fronts for money laundering subsidise products and services so that they can sell them at levels well below market rates
- affecting the reputation and integrity of financial institutions when, usually without knowing, they become involved with the proceeds of illegal activity
- distorting investment patterns
- assisting in the financing of international and domestic terrorism
- financing and providing motivation for further criminal activities (ACC 2011b).

Gaming venues, especially of the scale of the Melbourne casino, are ideal locations in which to launder money. This is because of the prevalence and anonymous nature of cash, the variety, frequency, and volume of financial transactions that casinos undertake, and the 24-hour accessibility of casinos (RCCOL 2021).

Confidential evidence heard by RCCOL from Victoria Police was that there would be money laundering at the casino on a daily basis (RCCOL Transcript 18 June 2021, p.2079).

In assessing the casino operator's policies around mitigating money laundering, evidence was presented to RCCOL that showed:

- a litany of failings on the part of Crown Melbourne and Crown Resorts to appropriately identify, mitigate and manage the risk that the casino operator's provision of gambling services might involve or facilitate money laundering – including failures to report as required to AUSTRAC;
- that the casino operator did not act with rigour, candour, or haste in addressing allegations and revelations of money laundering made in 2019 and 2020;
- that despite the casino operator having operated the Melbourne casino since 1994 and being subject to anti-money laundering obligations for the entirety of that time, its ability to manage money laundering risks was only at an 'early stage of maturity'; and
- that the casino operator did not have in place robust and sustainable systems to detect and deter money laundering – rather it had significant vulnerabilities to financial crime and only a basic or preliminary state of preparedness to counter money laundering and financial crime more generally (RCCOL 2021, Volume 1 pp.172).

In March 2023, AUSTRAC commenced civil penalty proceedings in the Federal Court against Crown Melbourne and Crown Perth for alleged serious and systemic non-compliance with Australia's anti-money laundering and counter-terrorism financing (AML/CTF) laws.

On 30 May 2023, AUSTRAC and Crown announced an in-principle agreement to a \$450 million penalty for breaches of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act).

Under the agreement, Crown has admitted that it operated in contravention of the AML/CTF Act, including that Crown Melbourne and Crown Perth:

- failed to appropriately assess the money laundering and terrorism financing risks they faced, and to identify and respond to changes in risk over time
- did not have appropriate risk-based systems and controls in their AML/CTF programs to mitigate and manage the money laundering and terrorism financing risks they faced
- failed to establish an appropriate framework for Board and senior management oversight of their AML/CTF programs



- did not have a transaction monitoring program that was appropriate to the nature, size and complexity of their business
- had an enhanced customer due diligence program that lacked appropriate procedures to ensure higher risk customers were subjected to extra scrutiny
- did not conduct appropriate ongoing customer due diligence on a range of specific customers who presented higher money laundering risks.

Evidence heard before the Bergin Inquiry and RCCOL documented examples of financial transactions presenting money laundering risks, in some cases with amounts totalling in the millions (RCCOL 2021, Chapter 6).

2.5.1 Cost of money laundering

The Australian Institute of Criminology estimates that in 2020-21, serious and organised crime cost the Australian community up to \$60.1 billion (AIC 2022). This includes the direct and consequential costs of serious and organised crime in Australia, as well as the costs to government entities, businesses and individuals associated with preventing and responding to serious and organised crime.

There are no available estimates of the cost of money laundering to the Australian community. These costs are generally considered in estimates of the cost of crimes involved, rather than specific to the crime of money laundering.

Nonetheless, the ability to launder money is necessary to the functioning of organised crime, so reducing the ability of criminals to launder money directly harms their operations and deters organised criminal behaviour.

2.6 Corporate governance failures

Corporate governance is the system by which a corporation is directed and controlled. RCCOL noted that corporate governance is different from managing a corporation. Governance is concerned with making sure a corporation is running in the right direction and running well (RCCOL 2021).

In terms of best practice corporate governance and culture for a casino, RCCOL concluded that a casino operator should:

- obey the law
- act honestly
- deter illegal and immoral behaviour that might take place in a casino
- not exploit people who come to the casino to gamble
- take active measures to minimise the harm caused by gambling; and
- cooperate fully and candidly with the regulator and with government (RCCOL 2021, Volume 1 p.125).

The Bergin Inquiry identified significant failures of risk management by the casino operator, including the failure of the board in its fundamental responsibility to set, monitor and communicate the organisation's risk appetite.

RCCOL also uncovered significant failures of governance by the casino operator, particularly with its risk management framework and culture. These included more recent examples of inappropriate and illegal conduct by Crown Melbourne than those uncovered in the Bergin Inquiry.



RCCOL found that Crown's board failed to carry out its responsibilities to ensure that the organisation satisfied its legal and regulatory obligations. It also found that many senior executives involved in the misconduct were indifferent to their ethical, moral and sometimes legal obligations (RCCOL 2021, p.3).

The RCCOL also found that the functions and decisions needed to operate the casino were not being made by the senior managers of Crown Melbourne or the Crown Melbourne Board who had the required knowledge and understanding. Instead, they were being made by the executives of Crown Resorts.

Failure of corporate governance can lead to corruption, negligence, fraud, poor culture, and a lack of accountability. As an example, a poor culture can lead to unacceptable or unethical behaviour that violates social norms, such as an indifferent attitude toward the implementation of responsible gambling practices by employees.

2.7 Measures to address problems identified by RCCOL

Through the CLARC Act, the Victorian Government has implemented a range of reforms to address the problems identified by RCCOL.

The key reforms in the CLARC Act are:

- measures to prevent money laundering at the casino:
 - Carded play – the casino operator must not allow a game to be played in the casino other than by the use of a player card that meets the prescribed requirements and specifications.
 - Identity verification – the casino operator must not issue a player card to a person unless the casino operator has verified the person's identity in accordance with the regulations
 - Payment of winnings – the casino operator must not pay winnings or accumulated credits exceeding \$1000 in any 24-hour period to a person unless it first verifies the person's identity in accordance with the regulations and the winnings are paid by cheque or electronic funds transfer
 - Cashless gaming – the casino operator must not accept more than \$1000 in cash from a person in any 24-hour period for the purpose of gaming in the casino, including in exchange for the issue of non-cash gaming tokens or chips.
- measures to reduce gambling harm in the casino:
 - Mandatory pre-commitment – the casino operator must not allow an Australian resident to play a gaming machine unless that person has a pre-commitment account and has set a limit or limits in accordance with the regulations.
 - Activity statements – the casino operator must not allow a person to play a game in the casino unless the person has agreed to receive player activity statements detailing their gambling activity relating to the playing of games in the casino.
 - Exclusion – introduced a new temporary exclusion order and made it an offence for the casino operator if a person who is the subject of an exclusion order (including voluntary exclusion orders) plays a gaming in the casino.
- measures to improve corporate governance:
 - Prescribed matters for the board – the casino operator must not delegate a prescribed functions to persons other than the board, a sub-committee of the board or one or more individual directors.



- Prescribed senior management – the casino operator must have persons employed or appointed on a full-time basis as senior executives in the prescribed categories and those senior executives must not report to, or take instruction from, any person other than the directors or an office holder of the casino operator.

2.8 Outstanding issues for consideration

Regulations are required to facilitate implementation of the new requirements under the CLARC Act and complete implementation of the remaining RCCOL recommendations. The table below outlines the matters to be dealt with by regulations.

Table 3 – Matters for regulation

Legislative reform	Core problem	Matters for regulation
Identification	To prevent and detect money laundering the casino operator needs to know the identity of its players	<p>The CLARC Act made amendments to the CCA to specify situations where the casino operator is required to verify a person's identity.</p> <p>Regulations setting out how the casino operator must verify a person's identity when:</p> <ul style="list-style-type: none"> • issuing a player card to give effect to new section 71B of the CCA; and • paying winnings in cash under the amended section 81AAB(1AA) of the CCA.
Carded play	To prevent and detect money laundering the casino operator needs to be able to monitor and track financial transactions and game play throughout the casino	<p>New section 71C of the CCA makes it mandatory for players to use a player card in order to play games in a casino.</p> <p>Regulations setting the requirements and specifications for player cards are required to give effect to section 71C of the CCA</p>
Mandatory pre-commitment	Players are not aware of the extent of their gambling activity and spending and this can lead to harm from gambling	<p>New section 62C of the CCA will make it mandatory for players that are ordinarily Australian residents to use pre-commitment in order to play gaming machines at the casino.</p> <p>Regulations regarding setting pre-commitment limits are required to give effect to section 62C of the CCA</p>
Activity statements	Players are not aware of the extent of their gambling activity and spending and this can lead to harm from gambling	<p>New section 71E of the CCA requires the casino operator to provide players with activity statements relating to their gambling activity.</p>



Legislative reform	Core problem	Matters for regulation
		Regulations setting out the requirements for activity statements are required to give effect to section 71E of the CCA
Cashless gaming	Cash transactions pose an increased risk of money laundering Cashless gaming systems address this by reducing the use of cash in the casino.	Cashless gaming systems may reduce the effectiveness of existing gambling harm minimisation measures regarding access to cash by reducing breaks in play and making it quicker and easier for players to access funds for gambling.
Exclusion	The casino operator's self-exclusion program has not been adequately functioning as a harm minimisation measure	Evidence suggests casino staff may discourage people from taking up self-exclusion by highlighting barriers to take up.
Corporate governance	RCCOL identified significant failures of governance by the casino operator, in particular with its risk management framework and culture	Regulations prescribing which functions cannot be delegated by the board and which senior executive positions must be full time are required to implement RCCOL recommendations for improved corporate governance

These problems are discussed further below.

2.8.1 Identification

RCCOL recommended improved requirements to verify the identity of players as a measure to prevent money laundering at the Melbourne casino.

The CLARC Act reforms reduce the risks of financial crime by removing the anonymity with which people can access the casino.

Under the new section 71B of the CCA, the casino operator must not issue a player card to a person unless the casino operator has verified the person's identity in accordance with the regulations.

Other reforms also require that the casino operator know the identity of its customers to ensure that it does not:

- accept more than \$1000 in cash from a person in any 24-hour period for the purpose of gaming in the casino, including in exchange for the issue of non-cash gaming tokens or chips (new section 64A of the CCA);
- pay out winnings or accumulated credits exceeding \$1000 in a 24-hour period to a person from playing games in the casino unless the casino operator first verifies the person's identity in accordance with the regulations (new section 81AAB(1AA) of the CCA);
- allow a person to play a game in the casino unless the person has agreed to receive player activity statements relating to the playing of games in the casino; or



- allow an Australian resident to play a gaming machine unless that person has a pre-commitment account and has set a limit or limits in accordance with the regulations.

To give effect to the CLARC Act reforms, regulations are required to prescribe what the casino operator must do to verify a person's identity in certain circumstances and ensure privacy requirements are met.

2.8.2 Carded play

Under the new section 71C of the CCA, the casino operator must not allow a game to be played in the casino other than by the use of a player card that meets the prescribed requirements and specifications.

This requirement seeks to address the risk of money laundering at the casino by ensuring that the casino operator tracks all gambling activity by players to monitor for indicators of money laundering. It will also address gambling harm by ensuring that players are informed about their gambling activity through regular activity statements detailing their wins and losses.

Regulations are needed to give effect to this provision by prescribing the requirements and specifications of the player card. The wording of section 71C of the CCA is such that the regulations **must** prescribe the requirements and specifications of a player card. If no requirements and specifications are prescribed, the casino operator would be unable to comply with section 71C of the CCA.

The types of requirements and specifications for player cards include matters such as:

- the technical specifications for cards
- what identifying information must be included on a card
- requirements for issuing cards; and
- data and information to be recorded by a player card.

2.8.3 Pre-commitment

Pre-commitment seeks to minimise harm from gambling by enabling players to track their gambling activity and set time and/or loss limits.

Time limits relate to the time spent gambling in a day, a week or a month. Money or net loss limits relate to the amount of money that the player is prepared to lose and is calculated by the amount spent gambling minus the amount won.

This mandatory process would require players to manually limit their gaming to both a time and financial loss that is within their means before they commence play.

Limits can take several forms such as:

- open limits, which allow the player to set limits at any level
- whether the limit is binding (play is stopped for a period of time when a limit is reached) or non-binding (the user may make a decision to continue gaming once a limit is reached)
- multiple limits such as daily and weekly limits which must both be met to ensure harm does not aggregate over time.

These various limits all serve the same purpose: minimising player harm whilst still ensuring player satisfaction.



Under the new section 62C of the CCA, the casino operator must not allow a person ordinarily resident in Australia to play a game on a gaming machine in the casino unless:

- an account has been established for the person for the purposes of the pre-commitment system; and
- the pre-commitment system sets a limit or limits or requires the person to set a limit or limits, in accordance with the regulations.

To give effect to this requirement, regulations are required regarding the setting of limits within the pre-commitment system. Without regulations, the casino operator will be unable to comply with section 62C of the CCA and therefore unable to permit a person ordinarily a resident in Australia to play gaming machines at the Melbourne casino.

2.8.4 Activity statements

Activity statements (and access to gambling activity information) are an important consumer protection tool as they can provide accurate and clear information on a person's gambling expenditure.

There is considerable data and evidence showing that gamblers, including those who exhibit harmful gambling behaviours, are far more likely to remember wins and forget losses. Evidence indicates that people significantly underestimate their gambling spending, and face difficulties remembering losses.

A 2022 study to determine whether online gambling customers could accurately recall their recent gambling outcomes and betting frequency (Heirene, Wang and Gainsbury, 2022) found that “very few participants were able to accurately recall their net outcome or betting frequency”, most commonly by underestimating their losses or overestimating their winnings (pp.339-341).

The NCPF Decision Regulatory Impact Statement (2017) noted that data from the Household, Income and Labour Dynamics in Australia expenditure survey “shows that people significantly underestimate their gambling spending, and face difficulties remembering losses”.

Activity statements are a useful tool in giving players the ability to monitor and manage their gambling and allow individuals to identify risky gambling patterns or behaviours before any significant problems develop. Detailed gambling transaction data can also assist with people who are experiencing gambling problems and seeking support for this, including for counsellors to be able to assist people with reviewing and analysing any patterns.

Gambling activity statements are established requirements for many types of gambling. Currently, loyalty scheme operators must provide participants with an annual activity statement under section 3.5.37 of the GRA for gambling on gaming machines. Wagering service providers are required to provide monthly activity statements to players under the National Consumer Protection Framework for Online Wagering (NCPF).

New section 71E of the CCA provides that the casino operator must not allow a person to play a game in the casino unless:

- the casino operator has given the person a written statement that complies with the prescribed requirements; and
- the person has agreed to receive player activity statements relating to the playing of games in the casino.

To give effect to section 71E of the CCA, regulations are needed to prescribe the requirements for activity statements. The wording of section 71E of the CCA is such that the regulations **must** prescribe the requirements for activity statements. If no requirements are prescribed, the casino operator would be unable to comply with section 71E of the CCA.



The requirements for activity statements may include:

- the format for how information is presented;
- the information to be included in the statement; and
- the frequency and availability of statements.

The information contained in activity statements and how it is presented needs to be clear and concise for customers to ensure that they can accurately understand their gambling expenditure.

Activity statements can be made available to players online, through a mobile application, sent out via email or other methods of correspondence. Activity statements typically provide a list of all gambling transactions over a specific period.

2.8.5 Cashless gaming

Cashless gaming systems refer to systems that allow credits to be loaded onto or paid out from a gaming machine via a player card or ticket.

The casino operator currently operates a cashless gaming system called EZpay. This system allows for gamblers to transfer money from a deposit account onto a gaming machine via a player card. It also has a ticket in-ticket out system in operation.

Cashless gaming systems that operate via a registered player card will facilitate anti-money laundering measures by reducing the use of cash to play games at the casino and enabling financial transactions by players to be tracked by the casino operator.

Whilst cashless gaming systems will assist to prevent money laundering, there is a risk that they may reduce the effectiveness of existing harm minimisation policies, particularly those related to restricting access to cash.

Limiting access to cash in gaming venues can be an effective tool for helping gamblers limit their gambling expenditure while also providing a 'break in play'. By leaving a gaming venue to access cash, a person is given a chance to reflect and consider whether they wish to continue gambling.

Existing harm minimisation measures in place for the casino include limiting the amount of cash a patron can withdraw from EFTPOS at any time, requiring ATMs and cash access points to be a certain distance from gaming machines, and upper limits on note denominations which can be inserted into gaming machines.

The rationale for these policies is they have the following effects on gamblers:

- cause them to have regular breaks in play
- increase gamblers' awareness of gambling losses by requiring them to physically withdraw the money in cash – this is a physical reminder of how much money they are losing on gaming machines
- increase the time it takes to load money into a gaming machine – this makes people more aware of how much money they are inserting as well as increasing the effort required to insert large sums of money, which may discourage large load ups if people are impatient to gamble.

A 2013 evaluation by Swinburne University of the removal of ATMs from gaming venues in 2012 found that reducing access to cash led to increased control over gaming machine spending, a reduction in impulsive over-spending and was effective in reducing the amount of money spent by problem gamblers (Thomas et al 2013).

The expansion of cashless gaming systems at the Melbourne casino may undermine these measures where cashless gaming terminals are located in the gaming area, it



would take less time to go to a cashless gaming terminal and load up a cashless gaming card electronically than it currently does to leave the gaming area to access an ATM.

Regulations are required to mitigate the impact of cashless gaming systems on existing harm minimisation measures regarding access to cash.

2.8.6 Exclusion

The casino operator, VGCCC, or the Chief Commissioner of Police may issue an exclusion order that prohibits a person from entering or remaining in the casino. The casino operator is also required to permit people to voluntarily apply to be prohibited from entering or remaining in the casino (self-exclusion).

Evidence heard by RCCOL revealed that exclusion at the Melbourne casino had not been adequately functioning as a harm minimisation measure, due to problems including:

- those subject to exclusion orders were repeatedly able to enter the casino without hindrance
- staff did not suggest self-exclusion to gamblers, even when they were exhibiting behavioural indicators of gambling harm
- staff would sometimes discourage people from taking up exclusion, including by highlighting how difficult it was to revoke self-exclusion
- staff were allegedly told by management to steer customers away from formal self-exclusion, even when a player raised self-exclusion (RCCOL 2021, Chapter 8 pp. 41-43).

In response to failures related to Crown's voluntary exclusion program, the CLARC Act makes it an offence where an excluded person is allowed to enter or remain on the casino premises.

The CLARC Act also inserted a regulation making power which allows regulations to be made for or with respect to the exclusion of persons from a casino.

It is proposed to make regulations to improve the operation of voluntary exclusion at the Melbourne casino.

Specific issues to be addressed in the regulations include:

- actions by the casino operator and its staff to discourage, hinder or obstruct a person from applying for self-exclusion
- allow for applications for self-exclusion to be submitted by email
- clarify the revocation process, including that the casino operator must be satisfied that a person is not experiencing gambling harm before revoking an order.

2.8.7 Corporate governance

To address the failures of corporate governance identified by RCCOL (discussed in section 2.6), the CLARC Act provides that the following may be prescribed in regulations:

- the functions of the Board of a casino operator that can only be delegated to a subcommittee of the Board or an individual director (the non-delegable functions); and
- the full-time senior executive positions that a casino operator must appoint.

The regulatory gap is the need for regulations to prescribe which functions of the Board cannot be delegated by the board and which senior executive positions must be full time to fully implement the RCCOL recommendations. Without regulations, there is a risk that the casino operator's failures of corporate government will exacerbate money laundering and gambling harm at the Melbourne casino.



The aim of these provisions is to ensure that:

- critical functions and decisions are made by the Board and directors of a casino operator and, therefore, are in the best interest of the operation of a casino in Victoria
- there is a clear delineation between the matters that must be considered for the Board of a casino operator and the administrative matters that can be performed by the management and employees of a casino operator
- senior executive positions reflect the business priorities and governance requirements under the umbrella of harm minimisation and eliminating money laundering
- management decisions are taken by the board and senior managers of the casino operator and not by a parent or related company.

2.8.8 Information requirements

The CLARC Act reforms implement a range of new measures that will affect players. The reforms will also require players to provide personal information to the casino operator and will result in the casino operator holding significant amounts of player data on their gambling activity.

To ensure players are informed about these matters, the proposed Regulations include requirements for the casino operator to display and make information available to players. In most cases, these requirements build on existing regulatory information standards applying to the casino operator.

These requirements will impose a burden on the casino operator. The costs associated with these requirements is considered in this RIS.

2.8.9 Data and information privacy and protection

There are data and information privacy and protection matters that arise because of the requirements under the CLARC Act and the proposed Regulations addressing the residual problems.

The reforms contained in the CLARC Act will provide the casino operator with a significant amount of sensitive data on players' identity and gambling activity. It is important that appropriate protections are in place to ensure that the casino operator cannot utilise that data in a way that exacerbates harm or breaches a player's privacy.

The proposed Regulations will include relevant offences and restrictions on the way in which the casino operator can utilise player data and information. These matters are discussed further in Chapter 9 as they do not impose a material burden on a sector of the public.



3. Objectives

This chapter outlines the Victorian Government's objectives for addressing the outstanding matters identified in Chapter 2.

3.1 Objectives of the proposed Regulations

The proposed regulations are a key step towards the Victorian Government's commitment to deliver reforms that address RCCOL's findings, reduce money laundering and reduce gambling harm.

As discussed in section 2.8, some of the CLARC Act reforms require supporting regulations to give the primary legislative provision effect. Essentially, the proposed Regulations are required to enable full implementation of the reforms introduced by the CLARC Act.

The proposed Regulations will also complete implementation of the RCCOL recommendations and seek to address matters identified through evidence heard by RCCOL but not yet responded to otherwise.

As noted in section 2.1, RCCOL identified three key problems, one of which (poor governance) exacerbated the other two (insufficiently controlled money laundering and a high level of gambling harm). As such, the proposed Regulations have two objectives:

1. to prevent money laundering at the Melbourne casino; and
2. minimise gambling harm at the Melbourne casino.

The proposed Regulations achieve these objectives by facilitating the effective implementation of the reform measures contained in the CLARC Act and the remaining RCCOL recommendations.



4. Options

4.1 Options considered

The Victorian Government accepted all 33 RCCOL recommendations (29 in full and four in principle). As such, the options considered in this RIS will result in the full implementation of the outstanding RCCOL recommendations.

For the purposes of the assessment of options, regulatory reforms have been grouped into two broad options based on the level of regulatory intervention involved.

In most cases, there is a core option that imposes the simplest requirements for implementation of the CLARC Act reforms and the RCCOL recommendations. This is presented as Option 1.

Option 2 identifies viable alternatives to some aspects of Option 1 that would still be consistent with the RCCOL recommendations. Option 2 therefore mostly replicates Option 1 with some key differences that either substitute for measures in Option 1 or would be implemented in addition to the measures in Option 1.

4.2 Alternative options not considered

A low-level intervention or non-regulatory option is not considered feasible and has not been considered. This is because it would be inconsistent with the RCCOL recommendations and the Government's commitment to implementing them.

RCCOL uncovered grave, systemic breaches of the law by the casino operator and of its obligations as the state's casino licensee for over a decade. In many cases these breaches were undertaken with the knowledge of senior executives.

It also found an ongoing pattern of noncooperation with the regulator that included bullying behaviour, providing it with false or misleading information, delaying investigations and taking whatever steps it could to frustrate the regulator's investigations.

As a result, a non-regulatory option would not be effective at preventing money laundering or reducing gambling harm at the casino.

A high-intensity intervention or hyper-regulatory option is also not considered feasible and has not been considered. This is because Government accepted RCCOL's recommendation that the casino operator be granted the opportunity to undertake a comprehensive reform and remediation program.

The onus should be on the casino operator to take ownership of the actions needed to prevent money laundering and reduce gambling harm and to ensure that these matters are given the appropriate weight and responsibility within the organisation.

4.3 Reference case

Ordinarily, the base case against which the options would be assessed would be the situation if no regulations were made. In this case, the requirements introduced through the CLARC Act require that regulations be made to enable certain provisions in the CCA to have effect.

Regulations are required to prescribe the following:

- the requirements for the casino operator to verify a person's identity to enable it to issue a player card to a person under new section 71B(1) of the CCA;
- the requirements for the casino operator to verify a person's identity to be able to pay out winnings or accumulated credits exceeding \$1000 in a 24-hour period to a person from playing games in the casino in accordance with new section 81AAB(1AA) of the CCA;



- the requirements and specifications that a player card must meet to enable the casino operator to issue a player card to a person under new section 71C(1) of the CCA so that a player can play games at the casino (new section 71C(2) of the CCA prohibits a person from playing a game in the casino without using a player card);
- the requirements for setting pre-commitment limits so that players ordinarily a resident in Australia can meet the requirements to have set a limit or limits in accordance with the regulations in order to be permitted by the casino operator to play gaming machines at the casino under new section 62C(2) of the CCA;
- the requirements for activity statements to enable the casino operator to provide such statements to players in compliance with new section 71E(1) of the CCA.

If regulations are not prescribed as detailed above, the casino operator would be prevented from allowing a person to play games at the casino.

Essentially, a hypothetical base case of not having regulations in place would result in there being no gambling allowed in the casino as the casino operator would be unable to comply with legislation without the enabling regulations.

This would in effect make gambling illegal within the casino.

The base case resulting in making gambling illegal in the casino is an unhelpful starting point for the analysis. This is because the large difference between gambling being illegal in the casino and the options for regulated gambling in the casino being considered make the comparison difficult and unhelpful for decision-makers and stakeholders.

Because of this, a reference case, which has the simplest regulations needed to give effect to the CLARC Act reforms and allow regulated gaming in the casino, will serve as a point of comparison for analysis.

The reference case is constructed for analytical purposes only as it does not implement the RCCOL recommendations and is not being considered by Government as an option for the regulations.

4.4 Summary of Options

The reference case is detailed in the table below along with the proposed options.

Table 4 – Options

Category	Reference case	Option 1	Option 2
Identification	<p>Player’s full name, date of birth and residential address to be collected</p> <p>Player’s identity must be verified by sighting a photo ID from an Australian Government Entity or a passport issued for international travel</p>	<p>Reference case plus:</p> <ul style="list-style-type: none"> • casino operator must take ‘all reasonable steps’ to confirm the validity of the identification documents presented by a person • additional steps to verify a person’s identity must be taken if the casino operator has 	<p>Player’s identity must be verified by a 100-point ID check (rather than relying on a single document from an Australian Government Entity or a passport issued for international travel as required under the Reference case and Option 1)</p> <p>The casino operator must record details of</p>



Category	Reference case	Option 1	Option 2
		reasonable doubts about a person's identity <ul style="list-style-type: none"> casino operator would need to undertake a modified identity verification process when re-issuing players cards casino operator must have an identity verification policy approved by the VGCCC. 	one identification document that must be used when collecting winnings above \$1000. Plus additional Option 1 requirements.
Carded play	Player cards must be a registered player card (linked to the person's identity) within the meaning of the Gambling Regulation (Pre-commitment and Loyalty Scheme) Regulations 2014 Player cards must record specified minimum data related to gambling activity Player cards must be provided free of charge	Reference case plus: <ul style="list-style-type: none"> player card must include a photo that meets specified standards casino operator must take 'reasonable steps' to ensure players use their own player card cards must record additional specified data related to player turnover and gambling activity to implement RCCOL recommendation 9. 	Option 1 plus: <ul style="list-style-type: none"> requirement to use PIN/Password before gambling/cash transactions to re-verify ID for card
Pre-commitment	Requirement to set a time and/or money limit The casino operator must treat a person as ordinarily resident in Australia unless it can confirm that the person is not ordinarily resident in Australia	Reference case plus: <ul style="list-style-type: none"> requirement to set both time and money limit limits to be binding preventing further play once limit is reached 	<ul style="list-style-type: none"> Same as Option 1



Category	Reference case	Option 1	Option 2
Activity statements	<p>Annual activity statement with same requirements as existing requirements for activity statements related to loyalty schemes, including:</p> <ul style="list-style-type: none"> total time playing gaming machines during the statement period total number of days on which gaming machines were played net amount won or lost during the statement period the above information provided by calendar month in addition to the annual total. 	<p>Monthly activity statements that must be in a format approved by the VGCCC Information to be included in the statement similar to standard for NCPF activity statements, including:</p> <ul style="list-style-type: none"> the amount spent and the amount won or lost during the statement period the amount of loyalty credits or any other inducement redeemed during the period total time spent by the player at gaming machines and table games during the period total number of spins/bets overall net win or loss for the period the overall win or loss for the 6 months prior to the statement period column graphs showing amount spent and net result a daily summary of gambling activity for each day of the statement the period from 1 December 2025, additional data regarding the player's cashless gaming account transactions during 	<p>Option 1 plus:</p> <ul style="list-style-type: none"> player must view activity statement within 7 days of issue to be able to continue to gamble at the casino



Category	Reference case	Option 1	Option 2
		the statement period.	
Cashless gaming	No additional cashless gaming requirements	Requirement for 15-minute delay after load-up of cashless gaming card before funds can be used to play games Requirement for cashless gaming terminals to be located two metres away from gaming machines	Requirement for 1 hour delay after load-up of cashless gaming card before funds can be used to play games Cashless gaming terminal must be located in a zone determined by the VGCCC and supervised at all times
Exclusion	No requirements relating to exclusion	New offences if a casino operator discourages a person from taking up voluntary exclusion Improve the process for players to apply for voluntary exclusion by enabling players to apply via email or online as well as in person and to nominate the duration of the period of exclusion (being no less than six months) Changes to the requirements for revoking a voluntary exclusion order.	Same as Option 1
Corporate governance	No functions prescribed for board consideration and no positions prescribed as independent senior management positions.	Select functions prescribed for board consideration Select positions prescribed as independent senior management positions	Same as Option 1
Information requirements	No information requirements	Information required to be provided to players and displayed at certain locations in casino complex. Notice for collection of personal information	Same as Option 1



Category	Reference case	Option 1	Option 2
		required to be provided in a range of languages and in an Easy Read format.	

4.5 Detailed options

4.5.1 Identification

Reference case

Under the reference case, where the CLARC Act reforms require the casino operator to verify a person’s identity before issuing a player card or paying out winnings or accumulated credits, the casino operator will be required to:

- collect the person’s full name, date of birth and residential address sight a photographic identity document issued by an Australian Government Entity or passport issued for the purposes of international travel; and
- be reasonably satisfied that the information and photograph on the identification belongs to the person and matches the information on the person’s player card.

Option 1

Under Option 1, in addition to the reference case, the casino operator would be required to:

- take all reasonable steps to confirm the validity of the identification documents presented by a person
- undertake additional steps to verify a person’s identity where it is unable to verify a person’s identity or forms any reasonable doubts about the person’s identity
- undertake a modified process to verify a person’s identity when reissuing a player card; and
- have an identity verification policy process approved by the VGCCC.

The identity verification policy would be required to outline:

- what forms of identification the casino operator will accept
- what ‘reasonable steps’ it will take to verify a person’s identity
- what ‘reasonable steps’ it would take to confirm the validity of identification documents
- what ‘reasonable steps’ it will take to determine whether a person is ordinarily resident in Australia
- risk-based guidance to inform when and how further checks are to be conducted where there are doubts about a person’s identity or resident status
- what ‘reasonable steps’ it will take to protect information collected for the purpose of identity verification.



Option 2

Under Option 2, the casino operator would be required to do everything as required under the Option 1, however the documentation requirements for players to prove their identity would be different.

For Option 2, the casino operator would be required to conduct a 100-point check to verify a person's identity. The 100-point check is a more robust because it relies on different sources of identity.

The 100-point check requires that a person provides a mix of documents, as either originals or certified copies to establish that they are who they claim to be. To meet the 100-points, a person would need to provide two primary documents or one primary document and a mix of secondary documents.

Option 2 would also require that Crown record details of one identification document that must be used when collecting winnings above \$1000. This would require the casino operator to record the specific details of the identification presented upon sign up, which would need to be updated if that document expired.

4.5.2 Carded play

Reference case

The minimum requirements to give effect to the CLARC Act reforms for player cards are that the player card must be:

- a registered player card (as defined by the Gambling Regulation (Pre-commitment and Loyalty Scheme) Regulations 2014) linked to the person's identity
- player cards must be provided free of charge to the player (including provision of replacement player cards)
- must collect the following information for each session of play on gaming machines at the casino:
 - the date, start time and end time of the play session
 - the player's turnover during the session
 - the player's losses and wins.

Option 1

Under Option 1, in addition to requirements for the reference case, player cards will be required to include a photograph of the person to whom the card was issued and will be required to collect additional information.

Photograph requirements

To enable casino staff to be able to verify that the person presenting the player card is the person to whom the card was issued and whose identity was verified, a copy of the photograph on the player card must be stored in an electronic format. The electronic photograph must be able to be viewed by casino employees at key transaction points, including when paying winnings, reprinting the player card or to determine whether the person gambling is using a player card that was issued to them.

Photographs on players cards will be required to meet the following standards:

- must include the person's full head



- must be in focus and with the person facing square and looking at the camera
- must be taken without red-eye
- must be at least 20mm wide by 20mm high
- may be in colour or black and white
- may include a hat, head covering, eye patch, prosthetics or similar, if worn for religious or medical reasons.

Additional information

In addition to the information required under the reference case, under Option 1, player cards will be required to collect additional types of information to enable implementation of the RCCOL recommendations. The additional data to be collected by the player card under Option 1 is detailed in Table 6 below.

Table 5 – Additional player data to be recorded via player card under Option 1

Data	Reason data needed
<p>Any other information that the VGCCC reasonably requires for the purposes of:</p> <ul style="list-style-type: none"> • preventing gambling harm • preventing or reporting on money laundering • carrying out investigations of the casino operations • ensuring that the casino operator is complying with its obligations in relation to responsible service of gambling or monitoring or preventing criminal activity. 	<p>Implements RCCOL recommendation 9</p>
Additional requirements to apply from 1 December 2025	
<p>For play on gaming machines, for each session of play the following additional information:</p> <ul style="list-style-type: none"> • the player’s credit in and credit out time and amounts • the amount of loyalty credits, or any other inducement, redeemed during each period of play 	<p>Required to provide complete information on a player’s activity statement on all their gambling activity within a period so that the player can track their gambling activity including their use of loyalty credits and inducements.</p>
<p>Transactional data from a person’s playing of table games at the casino as follows:</p> <ul style="list-style-type: none"> • the player’s credit in and credit out time and amounts 	<p>Implements RCCOL recommendation 9</p> <p>Required to allow tracking of gambling activity to prevent money laundering including on which products they gambled on and the outcomes of their bets.</p>



Data	Reason data needed
<ul style="list-style-type: none"> for each bet placed by the player, the amount of the bet, the time of the bet and the product the bet was placed on the player’s loss or win for each bet the amount of loyalty credits redeemed the amount of any inducement or other credit redeemed 	Required to provide complete information on a player’s activity statement on all their gambling activity within a period so that the player can track their gambling activity including their use of loyalty credits and inducements.
Data on use of cash as follows: <ul style="list-style-type: none"> the amount of cash that a player inserts into a gaming machine the amount of cash that a player provides to a casino staff member or inserts by a cashless gaming terminal or other method for the purposes of gambling the amount of cash paid out as winnings to the player 	Required to enable the casino operator to track use of cash by a player at the casino to comply with: <ul style="list-style-type: none"> section 81AAB(1AA) of the CCA which requires the casino operator verify a person’s identity before paying out winnings exceeding \$1000 in cash; and anti-money laundering requirements.

Option 2

The minimum requirements for player cards proposed under Option 1 would also apply under Option 2.

In addition, a player card would be required to include a personal identification number (PIN) or password so that a player must enter the PIN or password each time a player uses a player card to play games to:

- enable play on a gaming machine
- be paid out any winnings
- deposit funds into a cashless gaming account
- withdraw funds from a cashless gaming account.

This would be a new requirement for cashless gaming accounts and paying out winnings. Currently players have the option of setting a PIN or password for pre-commitment when playing gaming machines.

4.5.3 Pre-commitment

Reference case

To give effect to new section 62C of the CCA, regulations are required to specify the limit setting options for pre-commitment.

Under the reference case, players will be required to set a time and/or money (net loss) limit before playing a gaming machine at the casino, with no restrictions on the limit to be set (see section 2.8.3 for more information). It will be up to the player to decide whether to set only a time limit or money limit or to set both types of limits.



Option 1

Under Option 1, players will be required to set both a time and money (net loss) limit before playing gaming machines at the casino and the limits will be binding. There will be no restrictions on the limits that can be set.

RCCOL recommended (recommendation 10) that a full, mandatory, binding pre-commitment system be implemented for Australian residents playing gaming machines at the Melbourne casino.

Option 1 will require players to set a time and a net loss limit before playing a gaming machine at the casino, with no restrictions on the limit to be set.

To give effect to the 'binding' nature of pre-commitment recommended by RCCOL, Option 1 will require that a casino operator must not permit a player to continue to play a gaming machine if a pre-commitment limit has been reached.

This means that the player would be prevented from playing gaming machines until a new limit period commences. For example, if a person has set a net loss (money) limit of \$50 per day, once that limit is reached, they would not be able to play a gaming machine again until the next day.

Given the limited nature of pre-commitment limit options, Option 2 is the same as Option 1.

4.5.4 Activity statements

Reference case

New section 71E of the CCA requires the casino operator to provide players with an activity statement detailing their gambling activity. Regulations are needed to give effect to section 71E to specify the requirements for these activity statements.

The basic requirements needed to enable the casino operator to comply with section 71E are the frequency and information to be included in the statement.

Under the reference case, the requirements for activity statements would provide that activity statements must:

- be provided annually to each active player
- include the following information:
 - the number of hours and minutes the person spent playing games at the casino in respect of each calendar month during the statement period
 - the total number of days on which the player played games at the casino
 - the total amount spent during the statement period and the amount spent in respect of each calendar month during the statement period
 - the net amount won or loss during the statement period and the net amount won or loss in respect of each calendar month during the statement period.

Option 1

Option 1, would require that activity statements must:

- be in a form approved by the VGCCC
- be provided monthly to each active player within 7 days of the end of each calendar month
- be provided to players at other times within 7 days of a player requesting a statement.



The frequency for activity statements and information to be included in an activity statement under the reference case is consistent with requirements for activity statements for wagering service providers under the NCPF.

Activity statements will be required to include the following information:

- information on gaming activity and cashless gaming account transactions during the statement period as follows:
 - amount spent in dollars and cents
 - amount won and lost in dollars and cents
 - amount of loyalty credits or other inducements redeemed playing games at the casino
 - total time spent playing gaming machines and table games
 - total number of spins or bets
 - overall net win/loss for the period
 - overall net win/loss for the preceding six months prior to the statement period
- a column graph illustrating betting activity comparing amount spend against net result over time for the previous six months
- links or information on how to access a daily summary of gambling activity for each day of the statement period.

The requirements for activity statements under Option 1 are considered the regulatory standard for gambling activity statements across all Australian jurisdictions.

In addition, from 1 December 2025, activity statements must also include the following information for the statement period:

- the opening and closing balance of the person's cashless gaming account
- any deposits and withdrawals into the cashless gaming account; and
- the cashless gaming account balance at the end of the statement period.

Option 2

Option 2 includes the same requirements as under Option 1 with an additional requirement to specify that a player cannot be permitted to play a game in the casino unless the player has accessed/viewed their activity statement via their player card account within seven days of it being available. Technology would be used to verify that the player has viewed their statement.

In effect, the proposed additional requirement under Option 2 is intended to ensure that players view their activity statement each month.

4.5.5 Cashless gaming

Reference case

Both cash and cashless gaming is currently permitted at the casino. The casino offers two forms of cashless gaming – ticket-in ticket-out (TITO) and card-based cashless. These are known as non-cash gaming tokens. See section 2.6.5 for further information about cashless gaming systems operated at the Melbourne casino.



Under the CLARC Act reforms, from 1 August 2023, the casino operator is prohibited from allowing a person to use a credit account to obtain or increase the value of a non-cash gaming token.

The reference case would make no changes to the existing regulatory framework for cashless gaming.

Option 1

Under Option 1, the regulations would require that:

- there must be a 15-minute period from the time that a person deposits money into their cashless gaming account by electronic funds transfer or other non-cash method until the money is credited to the account and is available for gambling; and
- cashless gaming terminals must not be located within 2 metres walking distance of a gaming machine.

The delay period when money is credited to a cashless gaming account would replicate the current time it takes for gamblers to obtain money from cash facilities located outside the casino and return to gambling. That is, the delay aims to replicate the physical break in play required to get cash to continue playing, which is known to reduce gambling harm, where there is no longer a physical need to do so with cashless gaming cards. This delay would not apply to cash transfers to a cashless gaming account as concerns about the frictionless nature of cashless gaming would not apply to such transfers.

The requirement that cashless gaming terminals not be located within 2 metre of a gaming machine is consistent with existing requirements for cashless gaming terminals applying to hotels and clubs.

This provision would require players to physically move from a gaming machine to load their player card, which would provide a break in play for gamblers to reset and consider their gambling activity.

Option 2

Under Option 2, the regulations would require that:

- there must be a one-hour period from the time that a person deposits money into their cashless gaming account (other than by cash) until the money is credited to the account and is available for gambling;
- cashless gaming terminals must not be located within specified zones approved by the VGCCC and must be supervised at all times.

The requirements under Option 2 are more stringent and would result in a longer break in play for players than Option 1.

4.5.6 Exclusion

Reference case

The CCA provides for several forms of exclusion from the casino:

- Exclusion by the VGCCC or casino operator under section 74 of the CCA (which includes exclusions requested by the gambler, known as self-exclusions)
- Chief Commissioner's exclusions under section 74 of the CCA



- Recognition of interstate exclusion orders (exclusion orders issued by an interstate Chief Commissioner of Police)

The existing regulatory framework for exclusion sets up a process for making and revoking orders, including appeals to the VGCCC.

Recent amendments under the CLARC Act make it an offence for the casino operator to allow an excluded person on the premises. The CLARC Act also amended the CCA to provide that a person who has voluntarily excluded themselves from the casino does not commit an offence by entering the casino. This offence has been removed as it often exacerbated the gambling harm experienced by the person.

Option 1

To address the concerns identified by RCCOL regarding the operation of self-exclusion at the Melbourne casino, it is proposed to make regulations that:

- establishes new offences, with a penalty of 20 penalty units, where a casino operator:
 - discourages, hinders or obstructs a person from taking up voluntary exclusion
 - encourages or induces a person to shorten the period for which the person wants the exclusion order to apply
- encourages or induces a person to apply for or accept a temporary exclusion order instead of applying for a voluntary exclusion order makes applying for voluntary exclusion easier by providing for people to apply via email or online as well as in person and require the person to nominate the duration of the exclusion, being no less than six months.
- prescribes the process for revoking voluntary exclusion within the nominated excluded period.

Option 1 would provide that a voluntary exclusion order must not be revoked unless the person has requested its revocation in writing. The casino operator must not revoke a voluntary exclusion order prior to the date of expiry of the order unless:

- the person has engaged with gambling counselling services; and
- the casino operator is satisfied that the person is not at significant risk of gambling harm.

This is similar to the voluntary framework currently implemented by the casino operator. Under the casino operator's existing self-exclusion program, a player wanting to revoke their exclusion must:

- submit a request in writing
- engage in individual revocation counselling
- attend a meeting with the Responsible Gaming Team; and
- satisfy the casino operator that the person seeking revocation has appropriately addressed the issues that led to exclusion (Crown 2023).

Except for the additional offences, Option 1 seeks to clarify the administrative operation of voluntary exclusion at the Melbourne casino.

Given the limited nature of the proposals for exclusion, Option 2 is the same as Option 1.



4.5.7 Corporate governance

Reference case

If no action is taken, no Board functions would be prescribed as non-delegable. This would mean the casino would continue to be able to delegate any function of the board, consistent with its existing practices.

In the reference case, there would also be no executive positions prescribed. This means the casino's current management structure would continue.

Option 1

Under Option 1, only the core director-level functions of the Board of a casino operator would be prescribed as non-delegable functions. This means that the restriction on the non-delegable functions (functions that can only be undertaken by the Board, a sub-committee of the Board of an individual director, so called 'director-level functions') would apply to a narrow range of functions.

These functions are:

- accounting and financial management
- internal and external audit and risk management
- legal and regulatory compliance and reporting
- security and surveillance
- responsible service of gambling
- harm minimisation and prevention
- anti-money laundering
- international, VIP and premium player business
- gambling product, strategy, innovation and loyalty programs
- staff training and development
- information technology (IT), and
- people, culture, integrity and senior executive appointment and remuneration.

The director-level functions are the functions and decisions of the Board of a casino operator relating to the independent and effective oversight of the governance, policies, systems, management and strategic direction of a casino operator with respect to the specified functions.

The senior management positions to be prescribed for the purposes of new section 36ZC(a) of the CCA would be the seven senior executive positions identified by RCCOL in Recommendation 30 with the addition of two further positions – head of harm minimisation and prevention and head of risk management. Security and surveillance, which were a single role in the RCCOL recommendation, have been separated based on advice from Crown that these are currently two distinct roles.

Given the existing regulatory controls imposed on the casino operator by the VGCCC, Option 2 is the same as Option 1.



4.5.8 Information requirements

Reference case

Existing information requirements for the casino are set out in the Player Information Standards and involve requirements for talkers and posters relating to the YourPlay pre-commitment system. There are minimal information requirements for activity statements under the current settings.

Proposed regulations

It is important that players are provided with information and informed about how their data and personal information will be handled.

To address this, Option 1 includes requirements for the casino operator to provide information to players as follows:

- Notice for collection of personal information – the casino operator will be required to provide a notice when collecting personal information that will include the disclosure requirements under the *Privacy Act 1998* (Cth), how long the information will be kept for and the person's rights regarding the destruction of their information. This notice will be required to be available in a range of languages and in an Easy Read format.
- Gambling counselling services – the casino operator will be required to provide contact details and information about gambling counselling services to a person who inquires about, or applies for, a voluntary exclusion order.
- Exclusion notices – the casino operator will be required to display notices at certain points within the casino complex about the availability of voluntary exclusion orders.

These requirements will impose costs on the casino operator to prepare, print and display or provide information.

In addition, the casino operator will be required under the proposed GRA Regulations to make changes to the information it provides to people before issuing loyalty scheme cards. The changes to the information reflect the new mandatory pre-commitment requirements in the casino.

Currently, the casino operator must inform players that they can link their loyalty card to a registered pre-commitment account, or it may be used as a casual pre-commitment player card (which is anonymous).

Following the commencement of the CLARC Act reforms, anonymous casual players cards will no longer be permitted at the casino.

The information requirements in Option 1 are designed to be consistent with the existing information requirements and standards applying to the casino operator, so Option 2 is the same as Option 1.



5. Assessment criteria

The options deal with various matters related to the measures implemented in the CLARC Act and the RCCOL recommendations. Combined, the CLARC Act and the options would complete implementation of key RCCOL recommendations to mitigate harm from gambling and prevent money laundering at the Melbourne casino.

Implementation of these measures will impact the casino operator and players. In most cases, the impacts arise from the legislative obligation established by the amendments in the CLARC Act rather than the options considered in this RIS.

The options are grouped into a package of reforms based on their level of regulatory intervention. Each option involves a range of measures that have different data limitations.

Further, it is not possible with available evidence to quantitatively estimate the effect of the measures included in the options on gambling harm and money laundering.

For this reason, a multi-criteria analysis is used to compare the options against weighted criteria.

Where impacts arise from the legislative requirement rather than the options for the regulations, the impacts are identified, but since they form part of the reference case, these options are not included in the impact analysis.

Costs and benefits are weighted equally, and different types of costs and benefits are assigned a weight to reflect their relative importance. Overall, criteria reflecting a benefit (effectiveness preventing money laundering and reducing gambling harm) account for 50 per cent of the weighting and criteria reflecting costs (costs and impact on player experience) account for 50 per cent of the weighting.

5.1 Effectiveness – Prevent money laundering

One of the objectives of the options is to prevent money laundering at the Melbourne casino.

The options will be assessed to determine the extent to which the combined measures within the option will prevent money laundering by reducing the opportunity for money laundering within the Melbourne casino.

To reflect the importance of this objective, this criterion is given a weighting of 25 per cent.

5.2 Effectiveness – Reduce gambling harm

One of the objectives of the options is to mitigate gambling harm at the Melbourne casino.

The options will be assessed to determine the extent to which the combined measures within the option will reduce the risk or extent of gambling harm at the Melbourne casino.

To reflect the importance of this objective, this criterion is given a weighting of 25 per cent.

5.3 Costs

The options will impose costs on the casino operator, including implementation costs (to implement systems and changes required to comply with the options) and ongoing operational costs.

Costs for players are also considered where players would incur direct costs other than those related to player satisfaction, which are considered separately.



There would also be associated government costs related to compliance and enforcement, primarily incurred by the VGCCC. In most cases though, the compliance and enforcement costs arise because of the legislative requirement, rather than the options considered in this RIS. As such, compliance and enforcement costs are only considered where the option presented would change the overall compliance and enforcement costs associated with the new measures, compared to the reference case described in Chapter 4.

The bulk of the cost arising from each option will be incurred by the casino operator. The actual costs to the casino operator associated with options will depend on the casino operator's specific operating environment, technology and implementation approach. The casino operator's costs are a commercial in confidence matter, so the RIS is unable to identify the casino operator's specific costs and instead uses a theoretical or benchmarking approach where possible.

To address this, rather than quantifying the estimated costs for each option, the RIS presents a comparison of the costs incurred for each option. Where possible, costs are quantified and an estimated range of costs is presented.

This criterion is given a weighting of 40 per cent.

5.4 Impact on player experience

The options will also affect the experience of players at the Melbourne casino.

The options will be assessed to determine the effect (cost) on players in terms of their convenience and satisfaction when visiting the Melbourne casino.

This criterion is given a weighting of 10 per cent.

The benefits to players from reduced gambling harm is accounted for separately as a benefit under the reducing gambling harm criterion.



6. Assessment of options

Each proposal has been individually scored against the assessment criteria using a scale of -10 to +10 compared to the reference case, which is scored zero. Benefits are assigned positive scores and costs are assigned negative scores relative to the reference case.

Scores are assigned as follows:

- 1 to 3 – low impact
- 4 to 6 – moderate impact
- 7 to 10 – high impact.

These scores are multiplied by the weight of the criterion to provide an overall score which results in a ranking of Option 1 and Option 2 in section 6.10.2 below, to arrive at the preferred option.

6.1 Reference case

The reference case will provide the minimum level of regulation to operationalise the key CLARC Act reforms, specifically:

- players will be required to use a player card linked to their verified identity to play games at the casino
- players who are ordinarily Australian residents will be required to set pre-commitment limits and use pre-commitment when playing gaming machines
- players' gambling activity and use of cash will be tracked through the use of the player card
- players' identities will be verified before paying out winnings of more than \$1000 in a 24-hour period.

The reference case would generate costs and benefits as detailed below.

For the purposes of the multi-criteria analysis, the reference case is scored zero and is the baseline against which each of the options is assessed. The reasons for using this reference case are described in section 4.3. The costs and benefits of the reference case for each category of regulations are outlined below in the relevant section.

6.2 Identification

6.2.1 Reference case – Identification

In the reference case for identification, minimal additional controls will be implemented to ensure the legislative amendments are operational (see section 4.5.1).

The reference case is scored as zero for all categories, as it is minimum level required to operationalise the CLARC Act reforms.

6.2.2 Option 1 – Identification

Comparison to reference case

Option 1 increases the requirements on the casino operator to have a robust identity verification process (refer to section 4.5.1).



Effectiveness – Prevent money laundering

Option 1 will be substantially more effective at preventing money laundering than the reference case because it requires the casino operator to take all reasonable steps to confirm the validity of the person's identification documents (rather than just sighting documents) which will increase the likelihood of identifying and deterring money laundering behaviour.

Option 1 is scored +6 as it is expected to be moderately more effective at preventing money laundering than the reference case.

Effectiveness – Reduce gambling harm

Identification requirements are needed to operationalise carded play, pre-commitment and activity statements. In that context, Option 1 would have benefits in reducing gambling harm. These benefits are considered in relation to those requirements rather than this option.

As such, the identify verification requirements will not impact directly on gambling harm at the casino and is scored zero.

Costs

There will be additional costs incurred by the casino operator under Option 1 compared to the reference case.

Requirement to confirm validity of identity documents

The casino operator will be required to take reasonable steps to confirm the validity of the documents used by players to confirm their identity. This option does not restrict how the casino operator can go about meeting this requirement.

This may involve the casino operator using a third-party document verification service. These services check whether the biographic information provided on the player's identity documents match the original records.

The costs of this will depend on the third-party provider selected by the casino operator and the contractual arrangements covering the service.

It is not possible to estimate these costs with available information.

Identity verification policy

There are some additional costs that arise under Option 1 compared to the reference case.

Under the reference case, the casino operator would still need to develop a policy and guidelines for staff on how to confirm a person's identity and what steps to take to ensure compliance with the legislative requirements introduced by the CLARC Act. It would also need to ensure that relevant staff are trained in what to do.

For this reason, the costs of the casino operator to develop a policy and train staff are expected to be the same under the reference case and Option 1.

However, Option 1 would require the identity verification policy to be approved by the VGCCC. This will impose costs on the casino operator as follows:

- costs associated with preparing a submission to the VGCCC seeking approval of its policy; and
- costs to respond to requests for additional information (if any) from the VGCCC and provide revised policies prior to that approval.



The VGCCC would incur costs to review, consider and decide whether to approve the policy. These costs would be recovered from the casino operator through the supervision charge under section 112B of the CCA.

Additional checks

Under Option 1, where the casino operator has reasonable doubts about the veracity of a person's identity or residential status or is unable to verify a person's identity, it must perform additional checks.

These additional checks would involve seeking additional information and evidence of identity from the person or from third-party sources, verifying or re-verifying documentation and information or requesting an English language translation of a passport prepared by an accredited translator.

These additional checks would result in costs for both the casino operator and the player associated with gathering and reviewing the additional information.

These additional checks are like the existing requirement for the casino operator to conduct enhanced customer due diligence under AML/CTF requirements. Staff training may require changes to reflect the addition check requirements, however, the need for and cost of staff training would not change compared to the reference case.

It's not possible to estimate how many customers may require additional checks to verify their identity or residential status. However, it is likely that a proportion of the players requiring additional checks would be subject to a similar requirement under the AML/CTF requirements and this would not impose an additional cost in those circumstances.

Option 1 is scored -3 because it will impose moderately higher operational costs on the casino operator, due primarily to the need to validate identity documents.

Impact on player experience

The impact on players would be essentially the same under Option 1 as for the reference case. Players would be required to show an identification document issued by an Australian Government Entity (such as a driver's licence) or a passport.

For players subject to additional checks, there would be a higher impact to provide additional documentation. This is expected to affect a small proportion of players only.

Option 1 is scored -1 because of the impact on a small proportion of players compared to the reference case.

6.2.3 Option 2 – Identification

Comparison to Option 1

Option 2 differs from Option 1 by requiring players to complete a 100-point check to verify their identity, and requiring the casino operator to record the identification details of one identification document which must be presented for payment of winnings over \$1000.

Effectiveness – Prevent money laundering

There isn't any material difference in effectiveness between Option 1 and Option 2. Both result in a player's identity being verified and will assist reduce the incidence of money laundering at the casino.

The 100-point check under Option 2 is more robust and in theory may be more effective at deterring customers from trying to conceal their true identity for criminal purpose. However, under



Option 1, additional checks would be required if the casino operator has doubts about a person's identity. The additional check should enable the casino operator to identify those customers trying to conceal their identity. There would be reduced need for these additional checks under Option 2 as all players would be required to provide more comprehensive identity documentation.

Requiring the casino operator to record the identification details of one identification document which must be presented for payment of winnings over \$1000 would limit the possibility of fake documents being used, but would have minimal impact above Option 1 at preventing money laundering. Further, for most players, the measures would not reflect the level of risk.

Option 2 is scored +6 as it is likely to be just as effective as Option 1 in preventing money laundering.

Effectiveness – Reduce gambling harm

The identify verification requirements will not impact on gambling harm at the casino and is scored zero.

Costs

There will be additional costs incurred by the casino operator under Option 2 arising from the broader range of documents to be provided by players.

The operational costs for staff to check identification documents will be incrementally higher under Option 2 than Option 1. Option 2 would require a 100-point check for every player, which would require players to provide more than one type of documentation. In comparison, additional checks undertaken when there is reasonable doubt about a person's identity under Option 1 would occur infrequently. The casino operator would also have to record details of one document. This would marginally increase the time it would take for the casino employee to view and record the details of the information.

The costs to the casino operator associated with confirming the validity of documents would be the same as for Option 1 as a person's identity could be verified using one primary document.

Players will incur costs associated with the time required to gather the necessary documentation to prove their identity under Option 2. These costs would be higher under Option 2 as they would need to gather more than one form of identification. The difference is likely to be marginal though because of the range of documents that players can use to verify their identity in a 100-point check. Most players would have easy access to these documents, but the 100-point check may be significantly harder for some people to meet, if they do not have easy access to additional documents.

All other costs would be the same as for Option 1.

Option 2 is score -6 as operational costs for staff time checking identification documents will be somewhat higher than Option 1.

Impact on player experience

Option 2 would have a more material impact on players as they would be required to collect and provide a broader range of documents. However, the overall inconvenience to players would be low as this would be a one-off process.

The requirement to verify a player's identity before paying out winnings in cash may be an inconvenience to players on a day-to-day basis. That obligation is established under the legislation. However, the burden on players would be the same as under Option 1 as they would only be required to show their driver's licence for example.



Players may not always have the same identification document with them at the casino. If they were unable to have winnings paid due to not having the correct identification, the player experience would be negatively impacted.

On balance, Option 2 is scored -2 as it will have a more material impact on players than the reference case or Option 1.

6.2.4 Overall assessment

Multi-criteria analysis – Identification

Criterion	Weighting	Reference case	Option 1		Option 2	
			Assigned score	Weighted score	Assigned score	Weighted score
Effectiveness – Prevent money laundering	25%	0	+6	+1.5	+6	+1.5
Effectiveness – Reduce gambling harm	25%	0	0	0	0	0
Costs	40%	0	-3	-1.2	-6	-2.4
Impact on player experience	10%	0	-1	-0.1	-2	-0.2
Total score		0		+0.2		-1.1

6.3 Carded play

6.3.1 Reference case – Carded play

In the reference case for carded play, minimal additional controls will be implemented to ensure the legislative amendments are operational (see section 4.5.2).

The reference case is scored as zero for all categories, as it is the minimum level of regulation required to operationalise the CLARC Act provisions.

6.3.2 Option 1 – Carded play

Comparison to reference case

Option 1 expands on the reference case by imposing more robust requirements for player cards and expanding on the data and information to be collected via the player card (see section 4.5.2).

Effectiveness – Prevent money laundering

Option 1 will be more effective at preventing money laundering than the reference case because it imposes a requirement to ensure that players use their own player card. This will increase the likelihood of identifying and deterring money laundering behaviour.

The additional data to be collected via the player card will also enhance the ability of the casino operator to detect suspicious behaviour and identify potential money laundering earlier than under the reference case.

Option 1 is scored +5 as it would be more effective at preventing and detecting money laundering than the reference case.



Effectiveness – Reduce gambling harm

Option 1 is likely to be marginally better at reducing gambling harm through the additional information required to be recorded by the player card. The additional data to be collected under Option 1 will enable activity statements to provide more detailed and relevant information for players on the true cost of their gambling activity.

Option 1 is scored zero as the benefits of carded play are considered in respect of activity statement options.

Costs

There will be additional costs incurred by the casino operator under Option 1 compared to the reference case.

Requirement for player card to include photograph

The key difference between the technical standards for player cards under Option 1 compared to the base case is the requirement for the player card to include a photograph of the person to whom the card is issued and for the casino operator to maintain a digital copy of that photograph.

The department understands that the casino operator currently has capacity to print photos on player cards. However, system software changes may be required to meet the size requirements (20mm x 20mm).

As such, there may be some one-off implementation costs for the casino operator arising from the standards for photographs. It is not possible to estimate these costs as they are dependent on the casino operator's existing system.

Option 1 will also require the casino operator to provide equipment for staff to view digital copies of a player's photograph to confirm that the person to whom a card is issued (and whose identity has been verified) is the person in question.

This will require screens at relevant customer service points in the casino, such as where replacement player cards are issued and where winnings are paid out.

Option 1 is scored -2 as there is expected to be a small operational cost arising from the photograph requirements.

Impact on player experience

Some players might object to having their photograph taken and printed on the player card. This may marginally impact the impact on player experience at the casino compared to the reference case.

For this reason, Option 1 is score -1.

6.3.3 Option 2 – Carded play

Comparison to Option 1

Option 2 differs from Option 1 by requiring players to use a PIN or password when using their player card.

Effectiveness – Money laundering

Option 2 seeks to ensure that the person using the player card is the person to whom the card was issued to by requiring players to use a PIN or password. This may increase its effectiveness compared to Option 1 by reducing the risk of money launderers using stolen cards.



However, in practice, there is likely to be little material difference in the effectiveness of Option 1 and Option 2. Under Option 2, players could simply give their card and PIN/password to another person to use, which could then be used to facilitate money laundering. In addition, the requirement under both options to for the player card to include a photograph of the player would provide little to no marginal benefit associated with Option 2.

Option 2 is scored +5 as there is very little material difference to the outcomes for Option 1.

Effectiveness – Gambling harm

Option 2 has the same outcomes for gambling harm as Option 1 and is scored zero.

Costs

The costs under Option 2 are the same as under Option 1.

Whilst the requirement to use a PIN or password is additional, the casino operator's existing player card technology enable use of a PIN or password. As such, implementation of this measure would not incur additional costs.

Option 2 is scored -2.

Impact on player experience

Under Option 2, player experience may be impacted by having to enter a PIN or password prior to using the player card.

The impact on the player's experience is likely to be minimal though as it would only delay play for a few seconds longer compared to Option 1.

Option 2 is scored -2 for the marginally higher impact on players compared to Option 1.

6.3.4 Overall assessment

Multi-criteria analysis – Carded play

Criterion	Weighting	Reference case	Option 1		Option 2	
			Assigned score	Weighted score	Assigned score	Weighted score
Effectiveness – Prevent money laundering	25%	0	+5	+1.25	+5	+1.25
Effectiveness – Reduce gambling harm	25%	0	0	0	0	0
Costs	40%	0	-2	-0.8	-2	-0.8
Impact on player experience	10%	0	-1	-0.1	-2	-0.2
Total score		0		+0.35		+0.25

6.4 Pre-commitment

6.4.1 Reference case – Pre-commitment

In the reference case for pre-commitment, minimal additional controls will be implemented to ensure the legislative amendments are operational (see section 4.5.3).



The reference case is scored as zero for all categories, as it is minimum level of regulation required to operationalise the CLARC Act provisions.

Option 1 and Option 2 – Pre-commitment

Comparison to reference case

Option 1 and Option 2 expands on the reference case by requiring that players set both a time and a net loss limit and requiring the casino operator to prevent a person from playing a gaming machine if their limit is reached.

Effectiveness – Prevent money laundering

Pre-commitment does not impact on money laundering at the casino and is scored zero.

Effectiveness – Reduce gambling harm

Option 1 and Option 2 are likely to be more effective at preventing gambling harm than under the reference case. This is because the limits set by players would be binding and they would not be able to continue to play gaming machines after those limits are reached. This will enforce breaks in play until the pre-commitment limit resets.

Under Options 1 and 2, players would be required to set both a time and a net loss limit.

The YourPlay evaluation showed that a significant proportion of players using YourPlay choose a daily loss limit rather than other types of limits (SACES 2019, p. xv). However, players reported that tracking of ‘time and money’ and ‘setting limits’ as some of the most useful features of YourPlay (SACES 2019, p.115).

There is limited evidence to indicate whether setting both types of limits is more beneficial than a single type of limit. Despite no specific evidence on the efficacy of setting both types of limits, it is likely to benefit players by encouraging them to think about both the time they want to spend gambling as well as the amount they are prepared to lose.

Option 1 and Option 2 are scored +6 as it will have moderately high impact on reducing gambling harm due to the binding nature of the pre-commitment limits compared to the reference case.

Costs

Most costs for pre-commitment will be the same under the reference case and Options 1 and 2.

Gambling revenue

As Option 1 and Option 2 are expected to be more effective than the reference case at reducing gambling harm, it is expected that there may be a more significant reduction in gambling revenue at the casino where players do not exceed their pre-commitment limits.

Technology costs – binding limits

To implement the requirement for players to be prevented from playing gaming machines once a limit is reached, the casino operator will need to:

- make system changes to its electronic monitoring system; and
- install software updates for its gaming machines and replace some older gaming machines with newer models.

Whilst the functionality would be different under Option 1 compared to the reference case, the associated technology costs would be the same.



Option 1 and Option 2 are scored -3 because of the reduction in gambling revenue due to the increased effectiveness of reducing gambling harm.

Impact on player experience

The impact on player experience would be the same under Option 1 and under the reference case. Players would be required to register for pre-commitment and set limits.

The binding nature of those limits may inconvenience some players who do not understand how the system works initially and cause frustration to players when limits are reached. However, as players can choose at what level to set the limit, this is unlikely to adversely affect the player's experience when playing gaming machines at the casino.

Option 1 and Option 2 are scored -1 due to the potential for some inconvenience on a small proportion of players.

6.4.2 Overall assessment

Multi-criteria analysis – Pre-commitment

Criterion	Weighting	Reference case	Option 1 and Option 2	
			Assigned score	Weighted score
Effectiveness – Prevent money laundering	25%	0	0	0
Effectiveness – Reduce gambling harm	25%	0	+6	+1.5
Costs	40%	0	-3	-1.2
Impact on player experience	10%	0	-1	-0.1
Total score		0		+0.2

6.5 Activity statements

6.5.1 Reference case – Activity statements

In the reference case for activity statements, minimal additional controls will be implemented to ensure the legislative amendments are operational (see section 4.5.4).

The reference case is scored as zero for all categories, as it is minimum level of regulation required to operationalise the CLARC Act provisions.

6.5.2 Option 1 – Activity statements

Comparison to reference case

Option 1 expands on the reference case as outlined in section 4.5.4.

Effectiveness – Prevent money laundering

The activity statement requirements do not impact on money laundering at the casino and are scored zero.



Effectiveness – Reduce gambling harm

Option 1 is likely to be more effective at reducing gambling harm than the reference case because of the frequency and detail to be included in the activity statements.

Under Option 1, players will receive activity statements monthly. This is the same as the requirements for activity statements for online wagering under the National Consumer Protection Framework for Online Wagering (NCPF).

Recent research for the NCPF implementation found that the most popular frequency for receiving activity statements was monthly (44 per cent of experiment participants selected this option) (BETA 202, p. 26).

The activity statements will also include more detailed information about gambling activity. The information to be included is like the information on activity statements under the NCPF.

Option 1 is considered moderately effective at reducing gambling harm and is scored +5.

Costs

Monthly activity statement costs

The casino operator has an existing customer management system via its loyalty program, Crown Rewards.

System changes will be required to enable monthly activity statements to be generated and sent to players under Option 1. The cost of these system changes would depend on the casino operator's existing system.

It is not possible to estimate the cost to implement the activity statement requirements based on available information.

However, the regulatory impact statement for the implementation of the NCPF provides an indicative cost.

In 2017, the NCPF estimated the one-off implementation costs for monthly activity statements across the online wagering sector at \$14.075 million. This is based on total costs over ten years (\$63.54 million) less monthly operational costs (\$48 million in total over 10 years) and the estimated implementation costs for smaller operators (\$15,000 multiplied by 95 small operators equating to \$1.425 million implementation costs) (DSS 2017).

This equates to an estimated \$287,000 per large operator (\$14.075 million spread across 49 licensed commercial operators) in 2017. In 2023 dollars, this would equate to \$342,309.

Using the NCPF estimated monthly operational costs of \$4.8 million per year, operational costs for a large operator equate to \$10,132 per month, or an annual figure of \$121,595 in 2023 dollars.

This provides an indicative estimate of costs to the casino operator of about \$350,000 in one-off implementation costs and annual operating costs of approximately \$125,000.

Option 1 will therefore impose low-level costs on the casino operator and is scored -1.

Impact on player experience

Option 1 will have the same impact on player experience as the reference case. Players will receive the statement via their nominated method (email, mail, fax or collected in person at the casino).

Option 1 is scored zero.



6.5.3 Option 2 – Activity statements

Comparison to Option 1

Option 2 differs from Option 1 by requiring players to view their activity statement within 7 days of receiving it. Players who have not viewed their latest activity statement would be required to view it before being permitted to play games at the casino.

Effectiveness – Prevent money laundering

The activity statement requirements do not impact on money laundering at the casino and is scored zero.

Effectiveness – Reduce gambling harm

Option 2 would be slightly more effective at reducing harm from gambling than Option 1 because it will ensure that players view their statement each month. However, the additional benefits of this option are likely to be limited as to be effective, players need to actively engage with the information provided on activity statements. Whether a player does this or not will depend on the circumstances of the player rather than whether they are forced to view the statement each month.

Option 2 is considered to be marginally more effective at reducing gambling harm than Option 1 and is scored +6.

Costs

Under Option 2, the system changes would need to include functionality to determine whether a player has viewed their activity statement within seven days of it being sent. It is understood that such systems are technically feasible.

The casino operator would also need a way to prevent the player from playing games in the casino after the seven-day period until such time as the player has accessed or viewed the activity statement via their player card account. This would likely be implemented by suspending the player's registered player card until such time as the player has viewed their statement via the player card account system.

The additional complexity of the system changes under Option 2 may increase the cost of the system changes.

It is not possible to estimate to what extent this complexity would affect the cost of the required system changes based on available information.

Option 2 is considered moderately more costly than Option 1 and is scored -2.

Impact on player experience

Under Option 2, the casino operator would be required to prevent a player from playing a game in the casino if that person has not viewed their activity statement within seven days of the statement being sent. This imposes a cost on players to require them to view the activity statement before gambling at the casino, either online or at a cashless gaming terminal in the casino.

As a result, Option 2 may inconvenience some players. This impact would be limited though. If a player arrived at the casino to play games but had not viewed their most recent activity statement, the player would need to go to a cashless gaming terminal in the venue and access their statement. This would likely only require a few minutes time on each occasion.

This cost is likely to be minimal and would take no more than 1-2 minutes of time for the player.



Option 2 may have a low impact on player experience compared to Option 1 and the reference case and is scored -2.

6.5.4 Overall assessment

Multi-criteria analysis – Activity statements

Criterion	Weighting	Reference case	Option 1		Option 2	
			Assigned score	Weighted score	Assigned score	Weighted score
Effectiveness – Prevent money laundering	25%	0	0	0	0	0
Effectiveness – Reduce gambling harm	25%	0	+5	+1.25	+6	+1.5
Costs	40%	0	-1	-0.4	-2	-0.8
Impact on player experience	10%	0	0	0	-2	-0.2
Total score		0		+0.85		+0.5

6.6 Cashless gaming

6.6.1 Reference case – Cashless gaming

In the reference case for cashless gaming, no additional controls beyond what is currently required under legislation will be implemented (see section 4.5.5).

The reference case is scored as zero for all categories, as no changes to the existing regulatory framework would be implemented.

6.6.2 Option 1 – Cashless gaming

Comparison to reference case

Option 1 imposes new requirements for cashless gaming systems as outlined in section 4.5.5.

Effectiveness – Prevent money laundering

Option 1 would not impact money laundering outcomes and is scored zero.

Effectiveness – Reduce gambling harm

Option 1 is designed to mitigate the risk of gambling harm arising from the transition to cashless gaming at the Melbourne casino.

Option 1 would reduce the risk of gambling harm by:

- slowing a gambler's rate of gambling and loss and reducing the likelihood of a gambler making impulsive deposits while gambling
- limiting rapid access to large amounts of money to moderate the speed and losses of gambling thus providing players with more opportunities to consider their gambling activity before continuing to gamble.



Evidence has shown that a break in play, even a small one such as going outside to get more money, leads to more time for conscious consideration outside the gambling environment, which can result in decisions not to continue gambling (Thomas 2013, p 187).

Previous research on the removal of ATMs from gaming venues also showed the positive harm minimisation impacts as gamblers would spend less time and money and could better control their spending (though also noting that they could also bring extra cash if needed so it was not necessarily a cure for gambling harm on its own) (Thomas 2013).

Option 1 would have a moderately high impact on reducing gambling harm and is scored +6.

Costs

Software costs – implementation of delay

The requirement for a 15-minute delay before being able to access funds transferred to a cashless gaming card via EFT may require changes to the casino operator's cashless gaming system.

The cost to implement this requirement will depend on the casino operator's existing cashless gaming system. It is understood that most existing off-the-shelf cashless systems incorporate the delay feature.

It is not possible to estimate the cost of implementing this measure based on available information, but it is expected to be low.

Costs associated with changes to cashless gaming terminal location

Under Option 1, the location of cashless gaming terminals for loading value onto cashless gaming cards would be restricted. This may require the casino operator to relocate existing cashless gaming terminals.

The costs incurred by the casino operator to remove cashless gaming terminals would include costs associated with relocating electrical outlets, building or installing terminal bases and technician time to install and connect cashless gaming terminals.

It is expected that the casino operator would have staff engaged to perform this work as part of its usual business operations. There may be opportunity costs for the casino operator from these staff being diverted from usual duties to perform this task.

Overall, the cost of Option 1 would be low and it is scored -2.

Impact on player experience

The delay in accessing funds may frustrate players and provide a negative impression of the cashless gaming and carded play system. This may affect the player's experience at the Melbourne casino or inconvenience players and result in players gambling at club and hotel venues instead of the casino.

Recently announced reforms for hotel and club gaming venues will result in similar cashless gaming requirements and carded play systems operating in those venues though, mitigating this situation.

In addition, as was the case with setting maximum ATM withdrawals and placing ATMs away from the gaming floor, the inconvenience associated with these measures is the purpose of the policy as it creates additional breaks in play for gamblers to reconsider their gambling and discourages gambling with large amounts.

Option 1 will have a moderately low impact on player experience and is scored -2.



6.6.3 Option 2 – Cashless gaming

Comparison to Option 1

Option 2 differs from Option 1 by increasing the delay to access funds and more restrictive limits on locates on cashless gaming terminals (see section 4.5.5).

Effectiveness – Prevent money laundering

Option 2 would not impact money laundering outcomes and is scored zero.

Effectiveness – Reduce gambling harm

Option 2 would likely be more effective than Option 1 at reducing gambling harm because of the extra delay, however, gamblers would still be able to find alternative payments methods to limit the impact of the delay such as bring extra cash.

In addition, there may be unintended consequences from Option 2 though if it resulted in players changing their behaviour and bring more cash with them to the casino to avoid the risk of a long delay to wait for EFT funds to be available.

The extent of these identified impacts on player behaviour relative to Option 1 is unknown. Due to this uncertainty, Option 2 has been scored +7 on the assumption that it would have a slightly greater impact on reducing gambling harm than Option 1.

Costs

Option 2 would impose additional costs on the casino operator compared to Option 1.

The technology implementation cost for this measure would be the same as Option 1 because the functionality is the same, only the length of delay differs.

The costs to relocate existing cashless gaming terminals would also be the same as under Option 1.

However, there would be additional costs incurred from the requirement that cashless gaming terminals be supervised. This may require the casino operator to engage additional staff to ensure it has sufficient coverage to supervise all cashless gaming terminals.

Under the Hospitality Industry (General) Award, a casual Casino Gaming Level 2 employee would be paid a maximum \$1341.57 per week (based on 38 hours working midnight to 7am Monday to Friday, Saturday and Sunday). With oncosts (at the rate of 75 per cent), the maximum cost to the casino operator per additional casual employee would be \$2347.75 per week.

The number of additional employees required would depend on the number and location of cashless gaming terminals within the casino. Assuming between 10 to 20 additional staff members, the cost to the casino could be between \$1.2 million and \$2.4 million per year, although is likely to be lower.

Option 2 would have moderately higher costs than Option 1 and is scored -4.

Impact on player experience

Option 2 is likely to have more negative impact on player experience as the delay period to access funds is longer, which may increase player inconvenience. A one-hour delay is substantial and likely to have a moderate impact on player experience.

For this reason, Option 2 is scored -5.



6.6.4 Overall assessment

Multi-criteria analysis – Cashless gaming

Criterion	Weighting	Reference case	Option 1		Option 2	
			Assigned score	Weighted score	Assigned score	Weighted score
Effectiveness – Prevent money laundering	25%	0	0	0	0	0
Effectiveness – Reduce gambling harm	25%	0	+6	+1.5	+7	+1.75
Costs	40%	0	-2	-0.8	-4	-1.6
Impact on player experience	10%	0	-2	-0.2	-5	-0.5
Total score		0		+0.5		-0.35

6.7 Exclusion

6.7.1 Reference case – Exclusion

In the reference case for exclusion, no additional controls beyond what is currently required under legislation will be implemented (see section 4.5.6).

The reference case is scored as zero for all categories, as there are no proposed changes to the existing level of regulation.

6.7.2 Option 1 and Option 2 – Exclusion

Comparison to reference case

Option 1 and Option 2 are the same for exclusion and impose new requirements for voluntary exclusion as outlined in section 4.5.6.

Effectiveness – Prevent money laundering

Option 1 and Option 2 would not impact on money laundering outcomes and are scored zero.

Effectiveness – Reduce gambling harm

Options 1 and 2 is expected to have benefits in reducing gambling harm by ensuring that players wanting to revoke a voluntary exclusion order have engaged with gambling harm support services prior to the revocation taking effect. This will ensure that a voluntary exclusion order is not revoked unless the casino operator is satisfied that the person is not at significant risk of gambling harm.

In addition, the new offences in Options 1 and 2 are designed to ensure players are not discouraged from taking up voluntary exclusion, which would reduce their gambling harm.

Options 1 and 2 will make it easier for people to voluntarily exclude from the casino by enabling people to register for exclusion via email or online.

Options 1 and 2 will ensure that people who voluntarily exclude do so for at least 6 months, allowing for a substantive break in gambling.



Options 1 and 2 are considered to have a moderate impact on reducing gambling harm and are scored +4.

Costs

Options 1 and 2 are not expected to impose costs on the casino operator.

For players wanting to exclude, they will incur costs in terms of their own time associated with engaging with gambling counselling services. Such services are provided free of charge and are available in person, on the phone or online.

Options 1 and 2 therefore do not impose costs and are scored zero.

Impact on player enjoyment

The changes to exclusion will affect players wanting to voluntarily exclude from the casino.

As the changes make the process for requesting exclusion easier, they are not expected to negatively affect the player's experience at the casino.

Options 1 and 2 are scored zero due to the minimal impact on players.

6.7.3 Overall assessment

Multi-criteria analysis – Exclusion

Criterion	Weighting	Reference case	Option 1 and Option 2	
			Assigned score	Weighted score
Effectiveness – Money laundering	25%	0	0	0
Effectiveness – Gambling harm	25%	0	+4	+1
Costs	40%	0	0	0
Impact on player experience	10%	0	0	0
Total score		0		+1

6.8 Corporate governance

6.8.1 Reference case – Corporate governance

In the reference case for corporate governance, no additional controls will be implemented other than what is currently required under legislation (see section 4.5.7).

The reference case is scored as zero for all categories as there is no change in regulatory requirements.

6.8.2 Option 1 and Option 2 – Corporate governance

Comparison to reference case

Option 1 and Option 2 are the same for corporate governance would implement the RCCOL recommendation to prescribe certain Board functions as non-delegable and prescribe relevant senior management positions as outlined in section 4.5.7.



Effectiveness – Prevent money laundering

Option 1 and Option 2 will improve the casino operator's response to money laundering by ensuring it is given due consideration by the Board.

Under Option 1 and Option 2, the key director-level functions related to money laundering will be prescribed functions. These are:

- Accounting and financial management
- Internal and external audit and risk management
- Legal and regulatory compliance and reporting
- Security and surveillance
- Anti-money laundering
- International, VIP and premium player business.

In addition, the prescribed senior management positions will improve outcomes to prevent money laundering by ensuring those making the decisions have a thorough understanding of the casino operations.

Option 1 and Option 2 will improve money laundering outcomes by ensuring that critical functions and decisions are made in the best interest of the operation of a casino in Victoria and management decisions are taken by the board and senior managers of the casino operator and not by a parent or related company.

Given the importance placed by RCCOL on the role of corporate governance in influencing money laundering outcomes Option 1 and Option 2 are scored +3.

Effectiveness – Reduce gambling harm

Option 1 and Option 2 will improve the casino operator's response to gambling harm by ensuring it is given due consideration by the board.

Under Option 1 and Option 2, the key board functions related to gambling harm will be prescribed functions. These are:

- Internal and external audit and risk management
- Security and surveillance
- Legal and regulatory compliance and reporting
- International, VIP and premium player business
- Harm minimisation and prevention
- Responsible service of gambling
- Gambling product, strategy, innovation and loyalty programs; and
- Staff training and development.

Option 1 and Option 2 will improve gambling harm outcomes by ensuring that critical functions and decisions are made in the best interest of the operation of a casino in Victoria and management decisions are taken by the board and senior managers of the casino operator and not by a parent or related company.

Given the importance placed by RCCOL on the role of corporate governance in influencing gambling harm outcomes Option 1 and Option 2 are scored +3.



Costs

Casino operator ongoing costs - Board meetings

Option 1 and Option 2 will result in incremental costs for the casino operator arising from additional board meetings or longer meetings additional to the current arrangements to enable the matters to be properly considered.

Costs associated with increasing the duration or number of board meetings will include:

- meeting costs in the form of:
 - board members' time to prepare for and attend meetings
 - meeting room costs and catering
 - casino operator staff costs to attend board meetings, taken minutes, etc
- administrative work to prepare for board meetings, including staff costs to prepare papers, agendas, minutes etc and have papers approved and circulated to board members
- opportunity costs of board members for additional time spent preparing for meetings and attending meetings.

These changes may require the casino operator to review its remuneration arrangements for board members. It is not possible to estimate these costs though as they would depend on the remuneration arrangements for each individual director.

Prescribed senior management position costs

There may be some costs arising from the duplication of positions where the prescribed positions are currently performed across multiple casinos within Crown Resorts.

Given the existing requirements under the agreement between Blackstone Group (the Crown Resorts major shareholder) and the VGCCC, this would only apply for the positions of head of harm minimisation and prevention and head of risk management. This is because all other positions to be prescribed are required under the requirements in the agreement between VGCCC and Blackstone.

If the casino operator was required to recruit and fill these as separate provisions, there would be costs associated with the recruitment process and the salary and on-costs.

However, in practice there are unlikely to be additional costs incurred to comply with these requirements. That is because the executive positions proposed are those that are currently specified in the agreement between the VGCCC and Blackstone.

Option 1 and Option 2 are expected to impose low ongoing costs for the casino operator and are scored -2.

Impact on player experience

Option 1 and Option 2 will not have any appreciable impact on the experience of players and are scored zero.



6.8.3 Overall assessment

Multi-criteria analysis – Corporate governance

Criterion	Weighting	Reference case	Option 1 and Option 2	
			Assigned score	Weighted score
Effectiveness – Money laundering	25%	0	+3	+0.75
Effectiveness – Gambling harm	25%	0	+3	+0.75
Costs	40%	0	-2	-0.8
Impact on player experience	10%	0	0	0
Total score		0		+0.7

6.9 Information requirements

6.9.1 Reference case – Information requirements

In the reference case for information requirements, no additional controls beyond the current regulatory requirements will be implemented (see section 4.5.8).

The reference case is scored as zero for all categories, as there are no proposed changes to the existing level of regulation.

6.9.2 Option 1 and Option 2 – Information requirements

Comparison to reference case

Option 1 and Option 2 are the same and impose new information requirements as outlined in section 4.5.8.

Effectiveness – Prevent money laundering

Option 1 and Option 2 would not impact money laundering outcomes and are scored zero.

Effectiveness – Reduce gambling harm

The requirement to display information regarding the availability of voluntary exclusion may increase awareness of the exclusion program and the number of people who take up voluntary exclusion. This would have benefits in terms of reducing gambling harm.

Options 1 and 2 would have a low impact on gambling harm and are scored +2.

Costs

Information in multiple languages and EasyRead version

The casino operator will be required to have the notice to be provided to players when collecting personal information translated into a range of languages and available in an English Easy Read format (a version that is accessible for people with low literacy).

The casino operator already makes some information available in different language groups.

Translation costs will depend on the number of pages and complexity of the information to be translated. Departmental estimates indicate that the translation costs for the information



disclosure notice would be between \$250 to \$500 per translation. This would be a total implementation cost of \$2500 to \$5000.

Voluntary exclusion posters and information

The casino operator will be required to develop, print and display posters advertising the availability of voluntary exclusion orders at each exit of the casino area and wherever patrons may seek payment of winnings.

The costs associated with the requirement are expected to be minimal.

Loyalty scheme information

The casino operator will be required to update information it is required to provide to people before issuing a loyalty scheme card to reflect the change to mandatory pre-commitment. This will involve making changes to the application form for its loyalty scheme and printing new forms.

Departmental estimates indicate that this will cost the casino operator between \$1000 and \$4000 to replace existing material with new material.

Option 1 and Option 2 would impose low costs on the casino operator and are scored -1.

Impact on player enjoyment

Option 1 and Option 2 will not impact the player’s experience at the casino and are scored zero.

6.9.3 Overall assessment

Multi-criteria analysis – Information requirements

Criterion	Weighting	Reference case	Option 1 and Option 2	
			Assigned score	Weighted score
Effectiveness – Money laundering	25%	0	0	0
Effectiveness – Gambling harm	25%	0	+2	+0.5
Costs	40%	0	-1	-0.4
Impact on player experience	10%	0	0	0
Total score		0		+0.1

6.10 Comparison of options as a whole

6.10.1 Summary

Both Option 1 and Option 2 provide benefits in preventing money laundering and reducing gambling harm.

Option 2 has some marginal additional benefits in terms of effectiveness, mostly due to more restrictive measures in relation to cashless gaming..

However, those additional benefits are offset by increased regulatory burden and costs for the casino operator. Apart from carded play (where the costs are the same for both options), Option 2 involves higher implementation and ongoing costs.



Option 2 will also have more negative impacts in terms the experience of players at the Melbourne casino. Largely arising from added administrative burdens on players and inconvenience and delays within the venue when gambling.

The additional costs and negative impacts on player experience of Option 2 are expected to outweigh the small additional effectiveness of Option 2 in preventing money laundering and reducing gambling harm

Overall, Option 1 is preferred as demonstrated by the MCA analysis below. This is because Option 1 has significant benefits in terms of preventing money laundering and reducing gambling harm but will impose lower costs on the casino operator and have less impact on players.

6.10.2 Multi-criteria analysis of options

The scores for each option using the multi-criteria analysis are shown in the table below.

The assigned scores below are the total score for each criterion as detailed above. This total is then weighted to give the total overall score for each option.

Overall multi-criteria analysis

CATEGORY	OPTION 1					OPTION 2				
	PREVENT MONEY LAUNDERING	REDUCE GAMBLING HARM	COSTS	IMPACT ON PLAYER EXPERIENCE	TOTAL	PREVENT MONEY LAUNDERING	REDUCE GAMBLING HARM	COSTS	IMPACT ON PLAYER EXPERIENCE	TOTAL
IDENTIFICATION	1.5	0	-1.2	-0.1	0.2	1.5	0	-2.4	-0.2	-1.1
CARDED PLAY	1.25	0	-0.8	-0.1	0.35	1.25	0	-0.8	-0.2	0.25
PRE-COMMITMENT	0	1.5	-1.2	-0.1	0.2	0	1.5	-1.2	-0.1	0.2
ACTIVITY STATEMENTS	0	1.25	-0.4	0	0.85	0	1.5	-0.8	-0.2	0.5
CASHLESS GAMING	0	1.5	-0.8	-0.2	0.5	0	1.75	-1.6	-0.5	-0.35
EXCLUSION	0	1	0	0	1	0	1	0	0	1
CORPORATE GOVERNANCE	0.75	0.75	-0.8	0	0.7	0.75	0.75	-0.8	0	0.7
INFORMATION REQUIREMENTS	0	0.5	-0.4	0	0.1	0	0.5	-0.4	0	0.1
TOTAL	3.5	6.5	-5.6	-0.5	3.9	3.5	7	-8	-1.2	1.3



7. Preferred option

This chapter outlines the preferred option.

7.1 Summary

The preferred option in this RIS is Option 1 (the proposed Regulations). The proposed Regulations have significant benefits in terms of preventing money laundering and reducing gambling harm while imposing lower costs on the casino operator and less impact on players than Option 2.

As detailed in Chapter 6, the proposed Regulations set requirements for identify verification and carded play requirements to reduce the incidence of money laundering at the casino.

The proposed Regulations require the player to set both time and loss pre-commitment limits and prevent the player from using a gaming machine for a period of time once their limit is reached. Activity statements will be sent monthly to players and include more detailed information on gambling activity. These changes are expected to reduce gambling harm.

Changes to cashless gaming under the proposed Regulations will reduce the risk of gambling harm by slowing the gambler's rate of gambling and limiting rapid access to large amounts of money, which supports evidence that shows even a small break in play can result in a person deciding not to continue gambling.

The proposed Regulations set requirements for exclusion provisions that will reduce gambling harm by making it easier to take up voluntary exclusion and by ensuring that players wanting to revoke a voluntary exclusion order have engaged with a gambling harm support service prior to revocation. The proposed Regulations also set offences to ensure players are not discouraged from taking up voluntary exclusion by casino staff. Information requirements under the proposed Regulations will ensure important information is provided to players regarding the new requirements under the CLARC Act and the proposed regulations, such as ensuring information is provided in multiple languages and voluntary exclusions posters and information is clearly displayed.

Corporate governance requirements under the proposed regulations will improve the casino operator's response to money laundering and gambling harm by prescribing board functions, ensuring it is given due consideration by the board.

7.2 Gambling revenue impacts

The proposed Regulations are intended to prevent money laundering and reduce gambling harm at the Melbourne casino.

The combined measures aim to increase detection of money laundering and deter people from engaging in money laundering in the casino by better enabling the casino operator to track cash transactions across the casino by individuals.

They also seek to reduce gambling harm by prompting players to think about and set gambling limits, enforcing limits to prevent players from spending more time of money gambling than intended and encouraging breaks in play and easier access to voluntary exclusion.

If the measures have the impact intended, gambling revenue at the casino would be expected to decline. This would reduce the casino operator's revenue and taxation revenue for the State.



It is not possible to estimate the likely reduction in gambling revenue that may occur as a result of the proposed Regulations. Victoria will be the first jurisdiction to implement the combined measures at the same time in a casino environment.

As the reduction in gambling revenue is expected to be a reduction in revenue derived from money laundering of harmful gambling activity, it would result in net benefits for the community in a reduction in harm.

Given the costs associated with gambling harm alone (see section 2.4), it is assumed that any reduction in gambling revenue at the casino would be more than offset by benefits.

7.3 Small business impacts

As the proposed Regulations apply to the Melbourne casino operator there are no expected impacts to small business.

7.4 Competition assessment

Any regulatory proposal needs to be scrutinised carefully to assess whether it may have an adverse impact on the ability of firms or individuals to enter and participate in the market. As a matter of good public policy, it is a fundamental principle in Victoria that any new legislation (both primary and subordinate) will not restrict competition unless it can be demonstrated that:

- the benefits of the restriction outweigh the costs, and
- the objectives of the legislation can only be achieved by restricting competition.

Restrictions on competition occur when there will be changes to the way a market functions due to the implementation of the proposed regulation. Restriction can occur when:

- the number or range of suppliers is limited
- the ability of suppliers to compete is limited
- the incentive of suppliers to compete vigorously is reduced.

If the answer is “yes” to any of the following questions, then the proposed Regulations are considered to restrict competition.

Table 6 – Competition assessment

Test question	Answer	Explanation
Is the proposed measure likely to limit the numbers of producers or suppliers to: only one producer? only one buyer? Less than four producers?	No.	The proposed Regulations will not impact on the number of casino operators in Victoria
Would the proposed measure discourage entry into the industry by new firms/individuals or encourage existing providers to exit the market?	No.	There is currently only one casino licence issued in Victoria.



<p>Would the proposed measure impose higher costs on a particular class of business or type of service (e.g. small business)?</p>	<p>No.</p>	<p>The proposed measures impose additional costs on the casino operator. However, similar requirements will also be introduced for hotels and clubs operating gaming machines (see below for further detail).</p>
<p>Would the proposed measure affect the ability of businesses to innovate, adopt new technology or respond to the changing demands of consumers?</p>	<p>No.</p>	<p>The proposed Regulations will require technology changes to implement but do not restrict the casino operator’s ability to innovate or adopt new technology. The proposed Regulations may encourage more technical innovation.</p>

The Competition Principles Agreement also states that if there is a restriction on competition it is necessary to explain the objective that is achieved through restricting competition and assess other reasonable means of achieving the objectives without restricting competition. As noted above, the proposed Regulations do not significantly restrict competition.

As compliance costs are expected to increase, this may impact the profitability of the casino operator. These costs may be passed on to the customer through higher fees or reduced payouts, making the casino less attractive compared to casinos in other jurisdictions with fewer regulations. However, these costs are expected to be negligible compared to historical gambling revenue at the Melbourne casino and the legislated return to player requirements limit the extent to which costs can be shifted to players.

While these measures aim to reduce the potential for money laundering to occur and minimise gambling related harm, they may potentially impact the casino operator’s revenue as they could deter some high-value players such as destination gamblers, who may prefer a more unrestricted gambling experience. Some players may preference a gambling experience which utilises cash, out of concern over player data and specifically having identity linked to gambling activity.

On 16 July 2023, the Victorian Government announced new reforms to be implemented for clubs and hotels operating gaming machines. These reforms include identification, carded play and mandatory pre-commitment requirements similar to those implemented for the casino operator under the CLARC Act reforms. As such, there is less possibility of players switching from gambling at the casino to a hotel or club as a result of the proposed Regulations.

Whilst there may be some limited competition restrictions, the benefits of the proposed Regulations outweigh the costs and are necessary to achieve the objectives of the CLARC Act reforms.



8. Implementation and evaluation

8.1 Implementation

On 1 August 2022, the Victorian Government announced that mandatory pre-commitment requirements must be in place at Crown Casino by December 2023. Following this announcement, the VGCCC issued a direction on 4 May 2023 requiring Crown implement mandatory carded play and mandatory pre-commitment on all of its gaming machines by December 2023.

The Minister for Casino, Gambling and Liquor Regulation (the Minister) will shortly declare the legislative provisions related to mandatory carded play and mandatory pre-commitment, including complimentary provisions related to activity statements and loyalty schemes, commence on 14 December 2023. The complimentary regulations related to these legislative provisions, including mandatory pre-commitment, aspects of carded play and identity verification will commence in-line with this direction.

Regulations related to corporate governance provisions will commence on 1 December 2023. Some elements related to the requirements and specifications for player cards will not commence until 1 November 2024 following advice from Crown regarding the technical difficulties and time constraints to re-issue player cards.

Other legislative provisions in the CCA related to cashless gaming do not commence until 1 December 2025, or a date declared by the Minister. The regulations related to these provisions, including cashless gaming, transactions and sessional data requirements, information on activity statements will commence in-line with these.

The Department of Justice and Community Safety has engaged with Crown Resorts, the VGCCC, Intralot Gaming Services Pty Ltd (the monitoring licensee) and other impacted stakeholders throughout the development these regulations to ensure the regulations are feasible and meet the desired policy objectives (see chapter 9 for further detail on consultation).

8.2 Evaluation

The casino reforms implemented following RCCOL are significant and, in some cases, have not been delivered at this scale anywhere else in the world. Delivering them to the highest standard will be important to reduce gambling related harm and large-scale money laundering.

A comprehensive evaluation strategy is being developed for an external evaluation of the casino reforms to be commissioned by the department. Evaluation of the proposed Regulations will be undertaken as part of this overarching evaluation.

The evaluation will assess the outcomes of the RCCOL reforms, including reduction in money laundering and gambling harm reduction outcomes.

Part of the evaluation project will be to develop specific key performance indicators to define effectiveness and monitoring variables which will indicate that the reforms are having their desired effect.

A key issue for the evaluation will be ensuring access to appropriate data for the ongoing monitoring of casino activities, and contributions to broader research to support better policy design.



The proposed methodological approach to the evaluation will likely include the following data points:

- analysis of the Victorian gambling prevalence survey, undertaken by the VRGF
- surveys of patrons at Crown
- police and crime statistics data
- interviews with gambling harm counsellors
- observations at Crown
- analysis of data collected by systems at the casino including loyalty, pre-commitment and/or carded play datasets
- key stakeholder interviews
- interviews with casino gamblers.

An interim report will be available in 2024 with a final report in 2026.



9. Consultation

The Department of Justice and Community Safety has undertaken extensive consultation with key stakeholders as part of its work to implement the Victorian Government's response to the RCCOL report.

The method and frequency of engagement with stakeholders varied depending on the specific issue and the stakeholder being engaged.

9.1.1 Inter-departmental consultation

An inter-governmental working group was established to provide input into the implementation of the RCCOL recommendations. This group consisted of representatives from:

- Department of Justice and Community Safety
- Department of Premier and Cabinet
- Department of Treasury and Finance
- Victorian Gambling and Casino Control Commission
- Victorian Responsible Gambling Foundation.

9.1.2 Technical reference group

A technical working group was established to engage with the VGCCC, Intralot Gaming Services Pty Ltd and Crown Melbourne Limited on the technical requirements necessary for implementing RCCOL's harm minimisation and anti-money laundering reforms.

This group met as required to examine and test technological solutions to implementing the reforms and explore and unpack the technical and operational aspects of the reforms.

9.1.3 Consultation with the casino operator

Regular engagement with senior executives within the casino operator was undertaken during the development of the proposed Regulations. The casino operator was invited to provide comments on the proposed Regulations prior to them being finalised for this RIS.

The casino operator was also consulted on the costs of the proposals as part of this process.

9.1.4 Other stakeholders

Targeted consultation with other stakeholders was undertaken as needed on specific issues. These stakeholders included:

- Office of the Special Manager overseeing the casino operator's return to suitability
- Office of the Victorian Information Commissioner
- Alliance for Gambling Reform
- Australian Human Rights Commission
- AUSTRAC
- Victoria Police
- Uniting Church in Australia, Synod of Victoria and Tasmania.



10. Other amendments

The CLARC Act reforms will provide the casino operator with a significant amount of sensitive data on players' identity and gambling activity.

It is important that there are protections in place to ensure that the casino operator cannot utilise that data in a way that exacerbates harm or breaches a player's privacy.

10.1 Proposed information protection offences

The proposed Regulations include a range of offences related to the access, use and disclosure of player information.

The offences seek to ensure that the casino operator is prevented from using data and information for non-regulatory purposes. Non-regulatory means any purpose which is not required for a casino operator to meet its legal and regulatory responsibilities, and includes advertising, direct marketing and the provision of a loyalty program.

The offences to be included in the proposed Regulations are detailed in the table below. All offences have a penalty of 20 penalty units.

Table 7 – Offences related to access, use and disclosure of information

Information	Proposed offence
Player card data	A casino operator may not access, use or disclose, or allow another person to access, use or disclose an information to be recorded by a player card for any non-regulatory purpose except for the purpose of carrying out a loyalty scheme if the casino operator first obtains the express consent of the person to whom the card is issued.
Identity information	A casino operator must not access, use or disclose, or allow the access, use or disclosure of any information collected for the purposes of identity verification, for any non-regulatory purposes.
Identity information	A casino employee must not access, use or disclose information collected for the purposes of verifying a person's identity unless: <ul style="list-style-type: none"> the employee is authorised to do so by the casino operator access to, or use or disclosure of, the information is necessary for the casino operator to comply with the operator's legal and regulatory obligations.

10.1.1 Burden on casino operator

The proposed offences do not impose a burden on the casino operator.

In the case of the identity information, this is information that the casino operator does currently collect unless for AML/CTF purposes. It therefore does not have an existing right to use for non-regulatory purposes.



10.2 Transitional provisions

The proposed Regulations include transitional provisions for the approval of the identity verification policy.

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