

## CONSULTATION ON LANDMARK REFORMS TO REDUCE GAMBLING RELATED HARM AND MONEY LAUNDERING

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## About

**Turning Point** is a national addiction treatment centre, dedicated to providing high quality, evidence-based treatment to people adversely affected by alcohol, drugs, and gambling, integrated with world-leading research and education. Turning Point is auspiced by Eastern Health and is formally affiliated with Monash University. Turning Point reduces the harms caused by alcohol, drugs and gambling and promotes recovery through integrated activity that: increases access to support and evidence-based practice using innovative technologies; delivers high quality evidence-based practice and supports health care professionals nationally and internationally to do the same; educates and trains the workforce to deliver programs to a broad range of populations; and underpins policy and practice relevant research and the provision of key national population level data that informs expert comment and policy advice to state and federal governments.

The **Monash Addiction Research Centre (MARC)** brings together world-leading expertise from across Monash University and the sector to provide solutions to the challenges of addiction. MARC draws on the multidisciplinary strengths and capabilities of researchers across the University to develop and test novel, scalable prevention and treatment approaches. MARC’s mission is to provide national solutions to addiction, leveraging expertise in basic and social science, clinical, and epidemiological research to develop new knowledge to shape government policy and evidence-based approaches.

## Summary of recommendations

Turning Point and the Monash Addiction Research Centre welcome the opportunity to contribute to the Department of Justice and Community Safety's consultation on landmark reforms to reduce gambling related harm and money laundering. We address several questions from the consultation paper below and make the following recommendations:

1. Mandatory carded play must:
  - a. be linked with mandatory pre-commitment and self-exclusion;
  - b. not be linked to venue loyalty rewards;
  - c. be linked to identity, proven by 100 points of ID;
  - d. provide real time spend and loss tracking as well as monthly activity statements;
  - e. be linked to a mobile app and website that allows people to easily view their activity, set their pre-commitment limit and self-exclude if they wish; and
  - f. ensure data is not used by gambling operators for marketing purposes.
2. To be successful, Victoria's pre-commitment system must:
  - a. require people to set monetary loss limits;
  - b. enable people to also set time limits;
  - c. make loss and time limits binding;
  - d. set default loss and time limits of \$0 and 0 minutes;
  - e. set daily and weekly maximum time limits of 12 and 24 hours respectively;
  - f. set standard maximum daily, monthly, and yearly loss limits of not more than \$100, \$500, and \$5000 respectively, consistent with Tasmania;
  - g. require anyone who applies to exceed these standard maximum loss limits to provide financial evidence proving they can afford their increased loss limit:
    - i. This should require proof of cash savings that increase progressively according to the loss limit chosen, with an absolute maximum loss limit (or hard cap) of \$500 a day, \$5000 a month, or \$50,000 a year requiring at least \$1 million in cash savings.
    - ii. Financial evidence must be re-submitted every 12 months and requests for further limit increases cannot occur prior to expiry of the relevant limit period.
    - iii. Any request to exceed the standard maximum loss limits must only take effect after a cooling off period of one week.
3. Victoria's self-exclusion system must:
  - a. enable anyone to self-exclude;
  - b. have binding self-exclusion periods;
  - c. set no minimum or maximum limit on self-exclusion periods; and
  - d. be linked to carded play so that exclusion applies to all poker machines across Victoria, regardless of venue.
4. Update gambling time restrictions to:
  - a. extend gambling time limits beyond Melbourne Casino where they apply to all forms of gambling, to include all poker machines across the state.
  - b. reduce the maximum weekly gambling time from 36 hours to 24 hours.
  - c. limit gambling time on poker machines by cumulative use not continuous use.

## Mandatory carded play and pre-commitment: design of system

### Question 6. What are the key issues to consider for other programs, such as membership or loyalty schemes, that might use the same player card?

Loyalty schemes that allow people to earn points when they spend money on gambling undermine the central goals of gambling harm minimisation and prevention, especially pre-commitment. Should loyalty schemes for gambling be permitted to continue, then they should not be linked to pre-commitment cards. If loyalty schemes and mandatory pre-commitment operate via the same card then people will likely set higher limits to earn more loyalty rewards, offsetting much of the benefit of mandatory pre-commitment.

While pre-commitment requires people to set a limit on how much they are willing to lose, loyalty schemes incentivise *more* spending (and more time spent) on gambling in return for desirable rewards such as exclusive offers, more sophisticated amenities, and superior food and drink services.<sup>1</sup> Some loyalty programs also offer tiered levels, which can encourage people to gamble for longer than intended if they are close to reaching the next tier's benefits.<sup>2</sup>

It's no surprise, then, that gambling harm<sup>3</sup> is concentrated among people who use loyalty cards:

- Loyalty card use is associated with an almost 3-fold increased likelihood of experiencing serious gambling harm.<sup>4</sup>
- On average, 46% of people experiencing serious gambling harm use loyalty cards, compared with only 10% of people who are at no risk of gambling-related harm.<sup>5</sup>
- In Victoria, 61% of people experiencing serious gambling harm arising from poker machine use reported having a loyalty card for the Melbourne casino in 2014.<sup>6</sup>

Loyalty schemes for gambling products should be prohibited for these reasons. Gambling products are harmful, and their use should not be incentivised. We do not allow people to earn loyalty rewards for tobacco products and nor should we for gambling products,<sup>7</sup> which result in an average of 23 Victorians tragically dying by suicide each year.<sup>8</sup>

Loyalty programs also raise concerns around accessibility and use of data. The Royal Commission into the Casino Operator and Licence heard that the Melbourne Casino uses

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<sup>1</sup> Paul Delfabbro and Daniel King, 'The Prevalence of Loyalty Program Use and Its Association With Higher Risk Gambling in Australia' (2020) 9(4) *Journal of Behavioral Addictions* 1093, 1093.

<sup>2</sup> Ibid.

<sup>3</sup> 'Serious gambling harm' in this section is defined as scoring 8 or more on the Problem Gambling (sic) Severity Index.

<sup>4</sup> Delfabbro and King (n 1) 1095.

<sup>5</sup> Ibid.

<sup>6</sup> Sarah Hare, *Study of Gambling and Health in Victoria: Findings from the Victorian Prevalence Study 2014* (Report, November 2015) 9 <<https://responsiblegambling.vic.gov.au/resources/publications/study-of-gambling-and-health-in-victoria-findings-from-the-victorian-prevalence-study-2014-72/>>.

<sup>7</sup> *Tobacco Act 1987* (Vic) s 7.

<sup>8</sup> Angela Rintoul et al, 'Gambling-Related Suicide in Victoria, Australia: A Population-Based Cross-Sectional Study' (2023) *The Lancet Regional Health* (in press).

data from YourPlay, which is linked to its loyalty program, for marketing purposes.<sup>9</sup> This unfortunately remains consistent with YourPlay’s privacy policy, which notes that the use of personal information – including time spent playing and the amount of money lost or won – can be used or disclosed for marketing purposes or to develop and improve “customer service”.<sup>10</sup>

It is unethical to target people who gamble large amounts or at a high frequency with the goal of encouraging them to lose even more. Venues should not be able to use information about people’s gambling spend and losses (and likewise their pre-commitment) for targeted marketing purposes, e.g., to entice high spending at the venue by offering them discounted meals or drinks.

**Question 7. What information should patrons receive from a carded play system and how? For example, monthly activity statements, recent transactions available online or at a kiosk?**

People who gamble should be able to receive timely information about their playing activity in a format that is easy to understand and access. Real-time updates displayed on poker machine screens during use effectively influence people's gambling behaviours.<sup>11</sup> On-screen warnings when people have reached 70 percent and 90 percent of their pre-commitment limit, and the ability to set a personalised message that appears as they approach their limit, currently occurs through the YourPlay system and should remain part of the new carded play and pre-commitment system.

The Australian Government's Behavioural Economics Team designed prototypes for online wagering activity statements, which could be adapted for poker machine use.<sup>12</sup> These statements should include:

- the amount spent, won, and lost;
- net result (the difference between wins and losses within a given gambling period);
- an account summary detailing opening balance, deposits, withdrawals, net result, and closing balance;
- spending and net results over a six-month period, presented as a graph;<sup>13</sup> and
- time spent playing (days, hours, and minutes).

While monthly activity statements are useful, people should not have to wait up to a month before being able to see how much time and money they have spent and lost gambling. YourPlay allows people to access dynamic statements showing how customers have tracked

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<sup>9</sup> Charles Livingstone, Submission No 75 to Royal Commission into the Casino Operator and Licence (9 July 2021) 7.

<sup>10</sup> 'Privacy Policy and Collection Notice', *YourPlay* (Privacy Policy, 24 September 2015) 6 <<https://www.yourplay.com.au/web/victoria/full-privacy-policy>>.

<sup>11</sup> Benjamin Bjørseth et al, 'The Effects of Responsible Gambling Pop-Up Messages on Gambling Behaviors and Cognitions: A Systematic Review and Meta-Analysis' (2021) 11 (January) *Frontiers in Psychiatry* 1, 14.

<sup>12</sup> Department of Social Services, *National Consumer Protection Framework For Online Wagering Activity Statements Implementation* (Communication and FAQs, 10 November 2021) 2 <<https://www.dss.gov.au/communities-and-vulnerable-people-programs-services-gambling-information-for-online-wagering-providers/activity-statements>>.

<sup>13</sup> Katrina Anderson et al, *Better Choices: Enhancing Informed Decision-Making for Online Wagering Consumers* (Research Report, December 2020) 40 <<https://behaviouraleconomics.pmc.gov.au/projects/applying-behavioural-insights-online-wagering>>.

over a day, week, month, or year, with a customisable timeframe. This capability should transfer to the new mandatory carded play and pre-commitment system, with people able to access instant updates anytime through a single mobile app and website, and during opening hours at venue kiosks.<sup>14</sup> A mobile app is convenient and allows for privacy, while kiosks ensure people who are less digitally literate or who do not own a mobile phone can still view their gambling activity or make changes to their pre-commitment limit with the help of venue staff.

**Question 9. What pre-commitment functionality and features should be considered under a mandatory scheme? For example:**

**a. Should a patron be required to set both time and loss limits?**

Monetary limits are essential and must be part of the mandatory pre-commitment system. The consultation paper describes mandatory pre-commitment as requiring a person to set limits on the “time *and/or* money” (emphasis added) they are willing to spend. While requiring people to set time limits on poker machine use is worthwhile, the effectiveness of mandatory pre-commitment would be significantly reduced if the system only required people to set a limit on time *or* money. Mandatory pre-commitment should enforce maximum daily, monthly, and yearly loss limits (see answer to Question 9.e. below) and make it easy for people to reduce those limits further if desired. People should also be able to make daily and weekly time pre-commitments (see answer to Question 9.e.).

**b. To what extent should limits be binding? Should a patron be able to choose to play beyond a limit?**

Pre-commitment limits should be binding so that once someone has reached their limit, they cannot continue gambling. A study comparing binding and non-binding pre-commitment limits found that per visit, people whose limit was binding spent around 50% less, lost up to 38% less, and gambled for up to 40 minutes less than those in the non-binding pre-commitment group (who only spent 10% less, lost up to 14% less, and gambled up to 12 minutes less per visit).<sup>15</sup>

YourPlay pre-commitment limits are currently non-binding, and the effects of this are clear: a 2019 evaluation of YourPlay found more than half of people who set time limits exceeded them, and around 47% of people who set money limits spent more than they had pre-committed.<sup>16</sup>

People must be able to decrease their pre-commitment limits at any time, effective immediately. But once people have set their pre-commitment limits, they should only be able to *increase* them (up to the maximum limits – see answer to Question 9.e. below) once the relevant period (calendar day, month, year) has expired (e.g., if someone has reached their yearly spend limit in 6 months, they cannot increase their limit until next year), and increases should only take effect after a cooling off period of one week.

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<sup>14</sup> Kiosks are a current requirement of the YourPlay program.

<sup>15</sup> Michael Wohl, Christopher Davis and Nassim Tabri, ‘Setting a Hard (Versus Soft) Monetary Limit Decreases Expenditure: An Assessment Using Player Account Data’ (2023) *International Gambling Studies* 1, 10.

<sup>16</sup> Steve Whetton et al, *Evaluation of YourPlay* (Final Report, March 2019) 34 <<https://www.justice.vic.gov.au/safer-communities/gambling/evaluation-of-yourplay-final-report>>.

**c. What features could be shared between a carded play system and YourPlay? For example, player information statements, account information?**

YourPlay is currently linked to venue loyalty cards and this needs to change. Pre-commitment and self-exclusion should form part of the same online platform and card system so people only need to register once and can pre-commit or self-exclude using the same mobile app / website. There should be one single card for these, separate from loyalty cards and with no data linkage between gambling spend and loyalty rewards. To be clear, there should be no loyalty rewards of any kind related to gambling spend (see answer to Question 6).

Casual / guest cards should also be prohibited. Any person seeking to use poker machines must register for a card and verify their identity with 100 points of personal identification before a card is issued. This will not only facilitate self-exclusion through carded play, but also reduce opportunities for money laundering.

The app and website should contain prominent links to Gambler's Help and Gambling Help Online telephone and online support services. Data should also be used to identify people at risk of gambling harms, such as those who gamble at high frequency or regularly hit their loss limit, and prompt them with push notifications that promote access to support.

**d. Should there be default limits?**

There should be a default loss limit of \$0 and a default time limit of 0 minutes. While there should also be maximum daily, monthly, and yearly loss limits, people should not be defaulted to the maximum limits as they may end up pre-committing more than they otherwise would have.

Evidence shows people are less likely to defer from a default option for three main reasons: making an independent decision requires effort but accepting a default option is effortless, the default is often seen as a recommended action, and defaults may be perceived as societal norms which people can be reluctant to stray from.<sup>17</sup>

To ensure they make a considered decision, users should be prompted to set their limit from a default starting point of \$0 using sliders with maximum daily, monthly, and yearly loss limits no greater than Tasmania's limits (see answer to Question 9.e.). The same should occur for time limits, starting at a default of 0 minutes with the ability to increase up to the maximum daily or weekly time limit (see answer to Question 9.e.).

**e. Should there be maximum limits?**

There should be maximum loss limits. Tasmania announced in September 2022 that it would implement default maximum loss limits for poker machines, linked to carded play. The limits will ensure people cannot lose more than \$100 per day, \$500 per month, and \$5000 per year, but people can set lower loss limits if they want to.<sup>18</sup> People will also be able to set higher loss limits of up to \$500 a day and \$5000 a month (importantly, while maintaining

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<sup>17</sup> Eric Johnson and Daniel Goldstein, 'Do Defaults Save Lives?' (2003) 302(5649) *Science* 1338, 1338.

<sup>18</sup> Michael Ferguson, 'Nation-Leading Card-Based Gaming With Pre-Commitment a First in Tasmania' (Media Release, Department of Premier and Cabinet Tasmania, 15 September 2022) <[https://www.premier.tas.gov.au/site\\_resources\\_2015/additional\\_releases/nation-leading-card-based-gaming-with-pre-commitment-a-first-in-tasmania](https://www.premier.tas.gov.au/site_resources_2015/additional_releases/nation-leading-card-based-gaming-with-pre-commitment-a-first-in-tasmania)>.

the yearly limit of \$5000) by completing a simple request at the venue. Anyone wanting to further increase their daily limit above \$500 or monthly and yearly limits above \$5000 must provide certification proving their capacity to sustain the proposed level of loss, which once verified will only commence after a cooling off period. This certification must be renewed every 12 months and any request to increase the limit further cannot occur prior to expiry of the relevant limit period.<sup>19</sup>

Victoria should likewise adopt maximum loss limits under the new mandatory pre-commitment system. However, maximum limits should not be set as default limits (as noted above in answer to Question 9.d.). There should be standard maximum daily, monthly, and yearly loss limits of not more than \$100, \$500, and \$5000 respectively, consistent with Tasmania.

Anyone who applies to exceed these standard maximum loss limits should be required to provide financial evidence proving they can afford their increased loss limit. This should require proof of cash savings that increase progressively according to the loss limit chosen, with an absolute maximum limit (or hard cap which no one can be permitted to exceed) of \$500 a day, \$5000 a month, or \$50,000 a year requiring at least \$1 million in cash savings. And as with Tasmania, there should be a requirement for financial evidence to be re-submitted every 12 months and requests for further limit increases should be unable to occur prior to expiry of the relevant limit period. Any request to exceed the standard maximum loss limits must only take effect after a cooling off period of one week.

There are maximum time limits of 12 hours per day and 36 hours per week being implemented at the Melbourne Casino. These limits are excessive, as anyone gambling 1872 hours, or 246 working days a year, is likely to be experiencing serious gambling harms and should be offered support and treatment rather than further opportunities to gamble. Maximum gambling time should be reduced to no more than 24 hours a week at the Melbourne Casino, with the same time limit to apply to all poker machines across Victoria. At 24 hours a week, the ability to gamble for 1248 hours, or 164 working days every year, would be more than sufficient and is still indicative of gambling harms.

## Self-exclusion

### Question 14. How well does the current self-exclusion system work?

There are four key flaws with Victoria's current self-exclusion system:

- **Individual venue exclusions:** As outlined in Appendix B of the consultation paper, the system requires people to nominate the specific venues they want to be excluded from. But there are 488 venues with gaming floors across Victoria,<sup>20</sup> so it is not possible for people to identify every venue they might be near at any given time

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<sup>19</sup> Tasmanian Government, *Tasmanian Government Response to the Tasmanian Liquor and Gaming Commission's Report to the Treasurer on its Investigation of Harm Minimisation Technologies: Facial Recognition and Player Card Gaming* (Government Response) 3 <<https://www.treasury.tas.gov.au/Documents/Tasmanian%20Government%20Response%20-%20TLGC%20Report%20on%20Investigation%20of%20Harm%20Minimisation%20Technologies.pdf>>.

<sup>20</sup> 'Pokies Across Victoria', *Victorian Responsible Gambling Foundation* (Web Page, 31 August 2023) <<https://responsiblegambling.vic.gov.au/resources/gambling-victoria/pokies-across-victoria/#number-of-venues>>.



(near their home, workplace, while travelling, etc.) to effectively self-exclude. The new self-exclusion system should apply to all venues Victoria-wide. This would be easy to achieve by linking carded play to a self-exclusion register, so that any card associated with the identity of a self-excluded person would render the machine unusable.

- **Burden on venue staff:** Self-exclusion relies on staff memorising the faces of everyone who has self-excluded so that they can prevent them from entering the gaming floor if they present to the venue. This is too much to ask of venue staff who already face significant pressure on the job, including dealing with frustrated and angry customers, as well as emotional distress and discomfort when required to respond to people experiencing gambling harm.<sup>21</sup> Carded play would remove the onus of responsibility from venue staff by automating self-exclusion so that any card linked to a self-excluded person, inserted into a poker machine, would stop the machine from working.
- **Minimum and maximum exclusion periods:** People are currently required to exclude themselves for a minimum of six months and a maximum of two years. Minimum time limits may discourage people from self-excluding if they do not believe they can do so for a period as long as 6 months, meaning they may never sign up for the program at all. There should be no minimum or maximum time limits for self-exclusion. For people experiencing gambling harm and addiction, committing to even a day of no gambling is a step in the right direction. And maximum limits force people who wish to be excluded for a longer period to constantly renew their self-exclusion, which can also trigger relapse among people experiencing gambling addiction.
- **Industry conflict of interest:** The Australian Hotels Association Victoria and Community Clubs Victoria currently facilitate self-exclusion by requiring people to provide photo identification, a passport photo, and a completed form or 'deed' agreeing to be self-excluded from venues they list on the form.<sup>22</sup> These bodies should not be charged with administering self-exclusion, because there is a clear conflict of interest that exists between organisations that profit from gambling overseeing a measure that aims to reduce people's gambling spend. Self-exclusion should be facilitated through mandatory carded play (see answer to Question 15) as people will establish their identity when they sign up for their individual card through a single, independent third-party app or website. Importantly, this single digital portal would be used for mandatory carded play, self-exclusion, pre-commitment, and tracking gambling activity.

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<sup>21</sup> Nerilee Hing and Elaine Nuske, 'Responding to Problem Gamblers in the Venue: Role Conflict, Role Ambiguity, and Challenges for Hospitality Staff' (2012) 11(2) *Journal of Human Resources in Hospitality & Tourism* 146, 153-157.

<sup>22</sup> 'Self Exclusion', *Australian Hotels Association Victoria* (Web Page) <<https://www.ahavic.com.au/self-exclusion/>>; 'Self Exclude with EASE', *Community Clubs Victoria* (Web Page) <<https://www.ccv.net.au/i-want-to-self-exclude/>>.

**Question 15. How can carded play enhance self-exclusion programs? Please include technical limitations where known.**

All poker machines in Victoria are already required to support YourPlay, meaning every machine has the capability to support carded play. Self-exclusion should be linked to carded play, so that any card inserted into a poker machine that is linked to the identity of a self-excluded person would stop the machine from working. A single card linked to an individual should be used to support self-exclusion and money and time pre-commitments, and track gambling activity (including gambling time to ensure compliance with required gambling breaks).

**Question 16. What should be the minimum requirements for self-exclusion programs?**

We recommend the following minimum requirements for Victoria's self-exclusion program:

- Anyone should be able to self-exclude;
- Self-exclusion periods should be binding;
- There should be no minimum or maximum limit on self-exclusion periods; and
- Self-exclusion must be linked to carded play so that exclusion applies to all poker machines across Victoria, regardless of venue.

## Gambling time

**Question 19. What are the key considerations in determining whether play periods should be introduced in clubs and hotels?**

Under recent changes, people who gamble at Melbourne Casino will be required to take a 15-minute break after every three hours of continuous gambling, a 24-hour break after gambling for 12 hours in a day, and to gamble no more than a maximum 36 hours in a week.<sup>23</sup>

Gambling time limits should be extended beyond Melbourne Casino, where they apply to all forms of gambling, to include all poker machines across the state. However, the maximum weekly gambling time of 36 hours should be dramatically reduced. It is safe to say that anyone who gambles as much as a full-time worker is likely experiencing gambling harms.

For poker machines, limits should not be placed on continuous gambling but on cumulative gambling time, and breaks should be extended to a minimum of 1-hour after 3 hours of cumulative gambling. For example, someone should not be able to gamble for 2 hours and 59 minutes and avoid a mandatory break period by removing their card before they hit 3 hours, only to insert it again and continue gambling with the gambling time restarting. People should also have more than a toilet break after 3 hours of gambling. A minimum 1-hour break after every 3 cumulative hours of gambling would ensure people have time for a meal and a mental break from using this highly addictive technology.

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<sup>23</sup> Melissa Horne, 'New Reforms to Crack Down on Gambling Harm' (Media Release, Victorian Government, 3 April 2023).