



Interactive Gambling Amendment (Credit and Other Measures) Bill 2023 (focus on lotteries carveout and vouchers)

Environment and Communications Legislation Committee

28th September 2023

Financial Counselling Australia (FCA) is the peak body for financial counsellors in Australia.

About Financial Counselling Australia

FCA is the national peak body for financial counsellors in Australia. We are a not-for-profit organisation that:

- Provides resources and support for financial counsellors;
- Advocates for a fairer marketplace;
- Works to raise the profile of financial counsellors;
- Advocates to increase access to financial counselling; and
- Works to improve hardship processes for people in financial difficulty.

What Financial Counsellors Do

Financial counsellors assist people in financial difficulty, providing information, support, advice and advocacy to help their clients deal with their immediate financial situation and minimise the risk of future financial problems. Most financial counsellors work in community organisations, predominantly funded by State and Federal Governments. Financial counselling services are free, confidential and independent.

Financial counsellors are required to hold, or to obtain, a Diploma in Financial Counselling. They need knowledge of a wide range of areas of law and policy, including consumer credit law, debt enforcement practices, the bankruptcy regime, industry hardship policies and government concession frameworks.

There are approximately 100 specialist gambling financial counselling positions in Australia. These specialists typically work in a team with other gambling, addictions, and mental health specialists.

Generalist financial counsellors are increasingly also seeing clients with gambling issues.

Financial counsellors regularly see suicidal clients, both family members and the person gambling.

About the case studies

Names of people in the case studies have been changed. Sometimes their work descriptions and ages have been modified slightly to protect the person's privacy, while maintaining the essence of the story.

Further information

For questions about this submission: contact Lauren Levin,

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1 Why we have written this submission

The purpose of this submission is to correct our previous omission in responding to the assertions of the industry that the lottery sector is low harm, comprises ‘mum and dad newsagents’ and should therefore receive special carveouts in the law.

Instead, we set out a counter view that the lottery sector and its products cause serious gambling harm and should also be subject to the same consumer protection legislation as other online forms of gambling.

Lottery sector businesses now operate through digital platforms using omni-channel marketing. It is a misrepresentation to describe lottery sectors as small businesses, when their platforms and strategic direction are controlled by the large franchise operators: multi-billion dollar companies such as The Lottery Corporation with its \$3.5 billion group revenue in 2023 and 4.2 million active registered customers.

Carveouts are a mistake and lead to market distortions. Put simply, money flows to whatever segment receives a carveout.

We participated in the recent Federal parliamentary gambling hearings and have since read and reflected on the submissions from the lottery related industry lobbyists.

This submission is informed by:

- Our knowledge of gambling consumer harm in Australia as an organization immersed in gambling policy
- National sector survey results: In 2021, we surveyed financial counsellors nationally about gambling seen in their case work. Respondents were specialist gambling financial counsellors as well as generalist financial counsellors. The survey also asked a question about the level of concern with a variety of products, including lottery products.
- Financial counsellor case studies
- Annual reports, published research and other reports
- Insights gained from FCA’s Director of Policy, Lauren Levin from a Churchill Fellowship on gambling regulation in Europe (2022). She met with the CEO of Ireland’s lottery who had advice for Australia and gambling regulators in seven jurisdictions.
- Victorian Responsible Gambling Foundation 19 Sept 2023, *Response to query by Financial Counselling Australia about knowledge regarding harm and risk of harm from online Keno*, Tony Phillips, Strategic advisor Knowledge and Policy (see Appendix 1).

2 Arin's case study

Arin, divorced. The lottery is now online, and the online shop doesn't close.

As told by Arin (edited for clarity)

I started with the pokies when I got divorced. I used to go to the casino. Then it was lottery for 5 years. I saw this person win \$5 million. I thought it would be easy. I didn't have enough funding to buy a syndicate so started buying a ticket or two every Saturday. I stood in the newsagency and saw that people were winning and I wanted to join in and win big money one day.

When I was struggling financially, I started coming with my credit card. I bought scratchy tickets because I could purchase them on my credit card. I could use the instant win money to go to the pokies, where I couldn't use a credit card.

One day, I was very lucky and won \$22,000 on Thursday Powerball. It was a \$30 syndicate and 10 people. I went to the newsagent. The lady working there was very excited. She said 'you won a good prize, division 2. My heart was beating. I used the money and paid my credit card and some debts.

I started getting more obsessive. You feel like it is easy. I didn't have money left to buy more tickets so used my credit card for \$10 and \$20 scratchy tickets. They have the big prizes. They can't put winnings back to the credit card. When you win \$50, they must give you cash.

I see all the advertising and the commercials saying, 'you can win the division 1 next time'. The more tickets you buy the more you think you'll have more chance. But now I know that isn't right. It is just being lucky once. But my thinking was more tickets, means more money.

The Lott is now online. The online shop doesn't close You don't need to be registered, just provide your email. For me the Lott online is more dangerous, and the temptation is getting very hard because very quick, very easy. Done in less than 2 mins.

There are lottery draws every single day. The Lott's 'Set for Life' includes a draw every day. Seven days a week. Even on Sunday you can have a pray and then see the 'Set for life' draw.

Some weeks when I was working, I could reach \$800-\$900 spend a week ... I win a bit back and go to the pokies. I could sometimes get up to 50% back with scratchies and the lotto, and then take the cash to the pokies.

When I went through my credit card statements with the financial counsellor, I was shocked. \$84,000. I thought my calculator was broken. The credit limit is \$22,000. I spent at least \$10,000 in the last year.

What was the impact for me? I have big debts, nearly \$70,000 and may need to declare bankruptcy. When I lose money, I feel very bad, stress, depression, sometimes very angry. I had to quit my job because of my mental health. Now on Centrelink money, I can't feed my gambling habit, and I am now desperate and thinking of doing bad and naughty things. Sometimes my friends say let's go and have fun, but I decide to withdraw and am alone. I am shamed.

It is bullshit that newsagents know and care about its customers. They get a commission with every lottery ticket. No newsagent has ever said 'we're worried about your spending' but if I was honest no one would want to listen.

There is no spend limit unless you have the app. Unfortunately, with addiction who wants to control himself.

They should have a limit per day on spending. Don't trust the wolf with the sheep.

More case studies: see [Harm from lottery products \(financial counsellor case studies\)](#), page 27

3 Introduction

We missed lotteries in round one. We were wrong.

The harm prevention advocates, including Financial Counselling Australia, missed lotteries in round one of the credit ban hearings. Online gambling was front of mind with its unrelenting bombardment of marketing on the nation. And with the spotlight on online gambling, the lotteries and newsagent' lobby managed to plant the seed that lotteries were benign and small newsagents were deserving of sympathy, simply for being small businesses; that they didn't need the same consumer protections and claimed a special status. They were unchallenged as we were time poor and distracted. Asleep at the wheel. Too busy. Stretched. Whatever. But we were wrong.

To inform this submission, we have researched the lottery market, and now understand how wrong the proposed credit card ban carveout for lotteries is. We are convinced that the lottery sector has pulled the wool over our collective eyes. The industry is dynamic. Its players are large corporations, typically operating internationally. Lotteries are high margin products, and the house 'win rate' for instant win products is a whopping 80 percent, compared to about 11 percent for EGMs (pokies). It is a license to print money.

The decision before us is simply about credit card funded betting.

The decision before us as a community is simply about whether credit card funded betting is acceptable.

It is a small decision because most people use existing funds to pay for their gambling. A major bank told us that only 20 percent of gambling was credit card funded. A significant chunk of that group would then transfer funds to pay off the credit card in full, and just switch to their debit cards. The credit card ban will help some of the 20 percent who get into a credit card debt spiral. It won't change the world, but it is an important protective mechanism for the target cohort.

The online wagering sector has moved on and is supporting a credit card prohibition. The lottery sector needs to admit that it has grown up, and adopt this simple, sensible consumer protection measure.

Lotteries used to be state owned and charitable. Now they are commercial businesses.

Lotteries 'in the old days' used to be state owned and gave hefty percentages to charities. Those days are long gone. The current businesses are commercial, private or ASX listed corporations, operating for profit. Even Sportsbet operates a lottery business. Some of these lottery businesses throw a few crumbs to their selected good causes, preferably ones with children and illness mentioned in the same sentence, or animal welfare, or other indisputable good causes. But even for The Lottery Company, which owns the Lott and Keno, the donated amounts total less than half of a single CEO's salary, are discretionary, and don't appear to be audited by the gambling regulators.

While some of us remember the days where the Tattsлото card was on a magnet on the fridge and we circled our numbers in front of the TV on a Saturday night, this is not close to the experience today. The lottery sector has morphed into a fast-paced, online digital lottery market. Not only can you now enter a lottery every single day of the week, but the newly licensed KenoGO has a draw every three minutes. You can pre-pay 50 games, and play multiple cards simultaneously, and multiple different games simultaneously. You can easily spend \$2,000 or even \$10,000 in a single spend, or \$50,000 if you load your cart.

But won't a ban on lotteries accepting credit cards hurt the newsagents?

The Lottery Corporation owns the Lott and Keno products. It franchises newsagents to use its products and incentivises the newsagents to register its in-store customers on the digital platforms. So even the in-store customers are having their footprint monitored online. The newsagents earn extra bonus commission when their customers move online and from subsequent online sales. If they don't keep up sales, they can lose their franchise rights. It's a tough contract. Their world has changed.

Wherever there is a carveout that is where the money flows

What we've learned in observing failures of gambling policy reform, is that wherever there is a carveout, then money flows to that loophole. We can already see that with the lottery businesses. They seem to be advertising more in anticipation of both a credit card carveout and a carveout from the next tranche of IGA reforms. Their annual reports are not publicly available, as if they are untouchable.

Sportsbet already has a lottery betting service for betting on international lottery draws². The market supports Gibraltar owned Lottoland which offers online bets on the results of more than 30 lottery draws, as well as the Lottery Office which differentiates itself with 'we buy a real matching ticket in an overseas lottery draw'. Its parent company has an internet gambling license in the NT.

KenoGO is the business model of the future

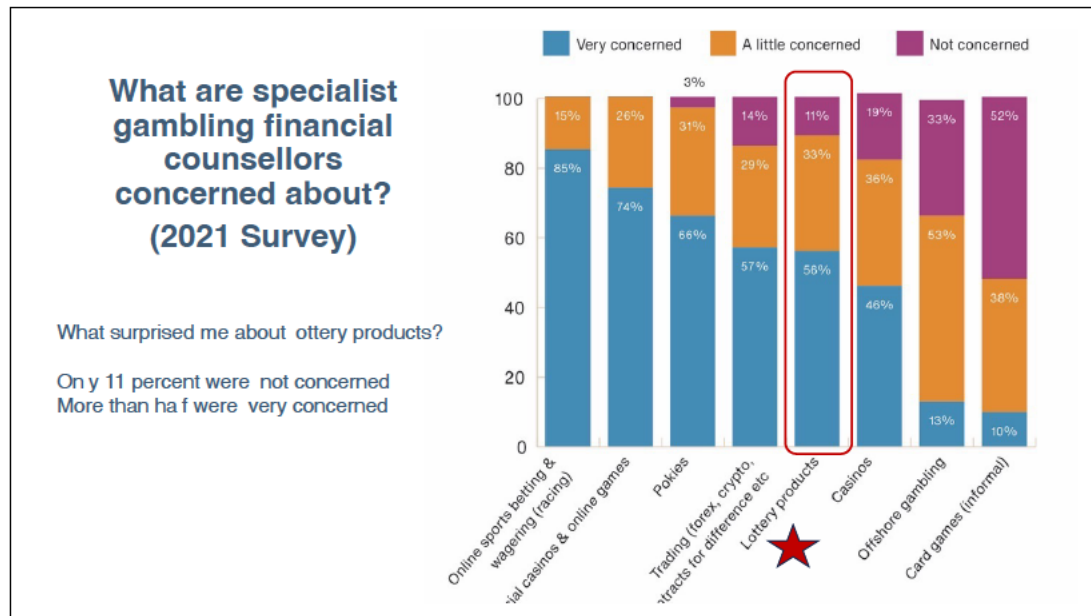
Just last year Lottoland and Tabcorp both received 20-year licenses in Victoria to offer *online* Keno, i.e. KenoGo, the new business model of the future. This is the moment where lottery becomes more like a slot machine: press, press, press or better still let the computer do it for you on auto mode, 50 cards at a time, any time of the day or night.

Read our case studies and remember that the purpose of regulation is to protect real people

Financial counsellors see a lot of gambling harm. In a recent survey, only 11 percent of gambling financial counsellors were 'not concerned' about the lottery product harm in their client case work.

² <https://onlinelotto.com.au/sportsbet/>

We were taken aback to discover that 56 percent were ‘very concerned’, with this result ranking above casinos, and way above offshore gambling in terms of concern. This data is shown in the graph below.



We invite you to read the lottery case studies shared by financial counsellors: Arin’s story above, and Jim, Rina, and Mary’s stories later in this submission. Their names are pseudonyms, but their lives are certainly real. Ultimately, the purpose of harm prevention regulation is to serve to protect the real people and their families who are being harmed. Please keep Arin, Jim, Rina, Mary and their families in mind.

The big end of town will adapt in a heartbeat. But Jim’s family fracture may never be healed.

A lottery carveout is a mistake.

4 Principles of gambling consumer protection

Key Points Overall

1. Consumers are entitled to protection from all forms of gambling, regardless of whether that form of gambling is designated as causing higher or lower levels of harm. Gambling is gambling.
2. Operators giving a little money to a 'good cause' is not a reason to allow harm to other users.
3. Digital or online gambling is relatively more harmful than land-based gambling, because customers essentially have a 'gambling operator' with them 24-7 in the latter. However point (1) above still applies.
4. In-person gambling is still harmful, even if the person behind the till is friendly and knows their customer's name and is a small business operator. Profits to a business do not override the right to consumer protection.

4.1 Support for online wagering credit card prohibition

Key Points re the legislation

- We strongly support the legislation to prohibit online gambling funded by credit cards, including e-wallets.
- We strongly support the inclusion of digital currencies.
- We do not support a carveout for lotteries.
- Need to clarify whether vouchers and pre-paid cards are included (they need to be).
- Trade promotion prize draws need to be treated consistently. No carveouts.

We strongly support the legislation to prohibit online gambling funded by credit cards, including e-wallets.

According to our bank and industry sources, credit card funding for gambling is now only around 20 percent of total gambling expenditure.

This legislation has taken a long time to be introduced and the forthcoming prohibition has largely been factored into industry and individual decision making. Some financial institutions have already stopped credit cards being used for gambling.

4.2 Support for digital currency funding prohibition

We strongly support the ban extending to digital currencies, including cryptocurrencies funding gambling. This will prevent a host of additional problems. We can elaborate if required.

4.3 Other elements supported: ministerial discretion to add new payment methods

We support the built-in discretion to add additional funding methods into the prohibition net. There will be new methods in this dynamic payments sector.

5 What is not supported?

5.1 Vouchers loophole must be closed.

The gambling sector has adapted its business model in anticipation of the ban on credit card usage and now offers additional payment options (see further below). Some of the payment options could be workarounds as has happened in the UK where there is also a ban on the use of credit cards for gambling. These workarounds include vouchers or pre-paid cards that can be bought using credit cards as the payment method. Some consumers have also voluntarily moved to alternative methods of funding their gambling, of which there are many. For example, in addition to credit, Ladbrokes' deposit options page offers: debit cards, PayPal, Poli, Ladbrokes Card, Cash In (at retail stores including newsagents), BPay, EFT or bank deposit, and PayID. 38).

Vouchers funded by credit cards and digital currencies need to be expressly included in the prohibition. If not, then the legislation has a major loophole. We were told however that 'vouchers' are not included in the prohibition.

We use the term vouchers to cover both a voucher and a pre-paid card that is activated with a code: the code is typically a number or it could be a QR code. These are purchased online or in retail outlets.

What is the problem?

In the UK when their credit card ban was introduced, the first workaround was that businesses sprung up where people could buy say a \$500 or \$1,000 voucher using their credit card. They are given a code to insert in the wagering operator's payment page and funds are transferred. The payment gateways used by the wagering operators already list these voucher payment options in their suite of payment methods. The takeaway point is that this is an easy, quick loophole. It is already widely adopted in Australia. The screenshots below show that Flexicard and PaySafe are listed on Bet365's deposit options page.

Pre-paid or loadable cards are already widely available in supermarkets and other retail stores. See the Neosurf example below, marketed in First Nations community stores in remote communities.

Figure 1: Vouchers paid for by credit cards are a loophole

The screenshot shows the Bet365 deposit interface. At the top, there's a navigation bar with the Bet365 logo and a 'Deposit' button. Below this, a row of payment method logos is displayed, including Flexepin, PaysafeCard, POLi, PayPal, Visa, and Apple Pay. The main form area is titled 'Flexepin' and contains a 'Betting currency' dropdown set to 'Australian Dollars (AUD)', a 'Store locator' link, and a 'Flexepin voucher number' input field. A green 'Deposit' button is at the bottom of the form. Below the button, there's a 'Deposit Limits' section with a link to 'Set additional deposit limits.' At the very bottom, a disclaimer states: 'bet365 offers pre-commitment and is governed by NT & SA Codes of Practice. Think of the people who need your support. Gamble responsibly. Think! About your choices. Call Gambling Help on 1800 858 858 or visit www.gamblinghelp.nsw.gov.au or www.gamblinghelponline.org.au.'

Figure 2: Paysafe and Flexepin are vouchers accepted by Bet365 (see arrows in the screen shot)

The workaround: vouchers can be purchased with credit cards

Country					
Australia	AUD				
Payment Method	Fee	Process Time	Min	Max	Details
	Free	Instant	\$10.00	\$40,000.00	Debit Card
	Free	Instant	\$10.00	\$40,000.00	Credit Card
	Free	Instant	\$20.00	\$12,500.00	eWallet
	Free	Instant	\$10.00	\$10,000.00	Credit/Debit Card
	Free	Instant	\$5.00	\$20,000.00	Instant Bank Transfer
	Free	Instant	\$5.00	\$5,000.00	bet365 Mastercard
	Free	Instant	\$5.00	\$5,000.00	bet365 Visa Card
	Free	Instant	\$10.00	\$200.00	Prepaid Voucher/eWallet
	Free	Instant	\$10.00	\$10,000.00	Credit/Debit Card
	Free	Instant	\$1.00	\$500.00	Prepaid Voucher

Flexepin is a fast and secure method of funding your bet365 account via a prepaid voucher. Vouchers can be purchased at 1,000s of sales outlets across Australia. To locate your nearest outlet or for further information, please visit www.flexepin.com.

Once you have obtained your Flexepin voucher detailing a unique 16-digit code, you can deposit funds into your bet365 account. To do this, click on Deposit and select Flexepin from the list of available payment methods. Enter the 16 digit Flexepin number and select Deposit. Once complete, the full voucher amount will be instantly credited to your bet365 account.

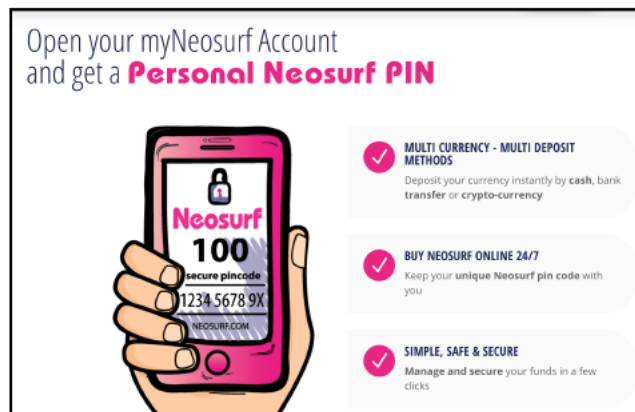
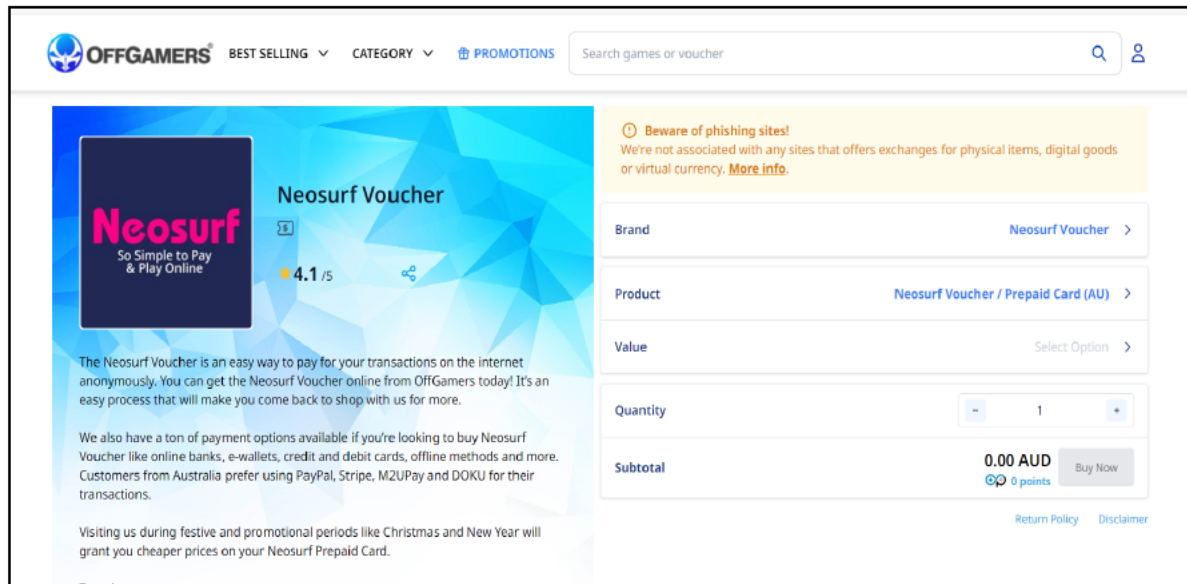
bet365 apply no charges for using this method.

Withdrawing

If you have deposited by Flexepin, all withdrawals will be processed by Bank Wire. Alternatively, you can also withdraw to your bet365 Visa Card or bet365 Mastercard where available.

5.1.1 Vouchers and pre-paid cards already sold in remote community's general stores

Financial counsellors tell us that local community stores in First Nations communities in the APY lands and Far North Queensland are selling Neosurf vouchers – see screen shots below. The vouchers are being used for online gambling and gaming. These vouchers or prepaid cards can be bought with a range of payment methods, including digital currencies. They are causing harm.



Lottery carveout: consistency is needed. Lotteries have gone online.

Key Points

- The lottery sector's strategy is to downplay harm from lotteries, but financial counsellors *are* seeing harm.
- The digitalisation of lottery products during the pandemic has changed the nature of lottery products, and they are offered seven days a week, 24 hours a day. Some products have draws every three minutes and bulk purchases are permitted.
- Newsagents are largely franchisees who are using the lottery company's digital platforms for customer purchases. They are remunerated for transitioning people online. These digital platforms are also being used for in-store customers. The landscape has changed.
- Customers have numerous payment options, including debit cards, EFTPOS, PayTo and more. If they can't afford to buy lottery products without credit, that is a red flag.
- The lottery sector says it wants the safest gambling environment possible. We believe that this includes not allowing debt funded purchases (and having consistent harm prevention regulation as other market segments).
- Giving a little to community good causes is not a reason to allow gambling harm from lottery products. All consumers are entitled to the same protections regardless of products.
- There will be unintended consequences of more gambling advertising and more businesses flocking to any sector where there is a carveout.

The principle that 'funding gambling with money you don't have is never ok' should be applied consistently to all forms of gambling, including lotteries.

We do not support a carve-out for lotteries.

Lotteries can be funded by debit cards, cash, bank transfers, or the host of other payment methods that we all use every day. There are plenty of other ways to pay, but credit funded gambling should not be one of them.

Lotteries are sophisticated businesses with high speed, low return, gambling products that harm some people. It is simply a misrepresentation to describe the lottery sector as small businesses.

This CEO and Chairman letter in its recent annual report sets out the approach taken by the Lottery Corporation in its lobbying of Government.

Letter from the Chairman & the CEO, The Lottery Corporation, Annual Report 2023³

*The impacts of online gambling have been on the Federal Government's agenda in 2023 amid growing community concern. **The Lottery Corporation welcomes the government's focus as we want the safest gambling environment possible** [FCA emphasis]. In April 2023, we participated in the Federal Parliament's inquiry into online gambling along with the Australian Lotteries and Newsagents Association in detailing the widely accepted evidence that lotteries are associated with low levels of gambling harm. **We have been focused on making sure that lottery products are differentiated as broad-based, low spend and contributing to communities** [FCA emphasis]. (page 7)*

5.2 Size and structure of the lottery sector: dominated by large global corporates.

The Australian lottery market leverages a bygone view of

- lotteries being run to fund good causes; and
- lotteries being the domain of small family run newsagency businesses.

Today's reality is totally different. It is big business.

To put it in perspective, the annual remuneration of the Managing Director and CEO of the Lottery Corporation received is \$4.5⁴ mil. The company paid \$1,700,000 million to state governments in tax, \$604 million was paid to newsagents as commissions on lottery products, and a mere \$1.05 million was donated to its preferred charities along with \$1.65 million of unclaimed money. The donations are a drop in the ocean, a few tax deductible crumbs.

Today's lottery business model looks nothing like government owned public sweeps that some of us remember from childhood involving lotteries for good causes. However, from 2007 there was a privatization wave and now lotteries are for-profit corporations. Many are global businesses. The Australian lottery market includes a mix of traditional lottery products and betting on synthesized outcomes, or overseas lotteries. They all operate online businesses.

There are several large players in the Australian market:

- The Lottery Corporation
- The Lottery Office
- Lottoland

³ Page 7, <https://www.thelotterycorporation.com/investors/annual-reports>

⁴ Page 71 of the Lottery Corporation Annual Report (this assumes target levels of performance). The base salary is \$1.5 m. With 'stretch performance' it increases to \$6.75 m.

- KenoGO (new online lottery player, now owned by Lottoland. Tabcorp is now also allowed to run online KenoGo under this dual retail/online product licensing). It is worth looking at this product separately as it is the future of lotteries.

5.2.1 The Lottery Corporation (Owns The Lott & Keno, franchisor to newsagents)

- **The Lottery Corporation (The Lott & Keno) was created after the 2022 Tabcorp demerger** and is now listed on the ASX. Its brands include Powerball, Oz Lotto, TattsLotto and Keno games, marketing through a strong retail and online network. It describes itself as ‘the leader in the Australian lotteries and Keno market, and one of the highest performing lottery businesses globally⁵. It is the franchisor for newsagents, and sets the terms of the franchise relationship, issues point of sale hardware and software and controls how newsagents sell and are remunerated.
- **The Lott is the umbrella brand for all its lotteries.** In 2016, the Lott introduced an omni-channel program, allowing retailers to sign up customers and share commissions from digital purchases⁶. This was a turning point for newsagents to transition their lottery transactions online.
- **Keno:** the Lottery Corporation is also licensed to provide Keno products to venues across New South Wales, Victoria, Queensland, South Australia, and the Australian Capital Territory. Keno is supplied in licensed venues including hotels, clubs, casinos, and TABs as well as online in the Australian Capital Territory and Victoria.

5.2.2 The Lottery Office (Global Players Network has internet gambling licence and affiliate marketing structure)

- **The Lottery Office** is privately owned. It calls itself a lottery company. Its website states ‘we buy a real matching ticket in an overseas lottery draw. If that ticket wins a prize in the overseas draw, we collect the prize ourselves. Then we pay our winner the same amount of money that we collected.’⁷ These matched draws include overseas lotteries, such as US Powerball, EuroMillions, SuperEnalotto, US Mega Millions and more.
- The parent company, **Global Players Network** has a NT Government licence to market lottery products via the internet. In 2014 it was given an internet gambling licence.
- It uses an affiliate marketing structure with trailing commissions for referrals.⁸ This is a referral based on a percentage of the net revenue from the referred person’s future lottery product spend. The more they encourage the person to spend, the more the referrer earns. (This structure is widely used in the gambling industry and the Parliamentary Inquiry recommended that this model be prohibited).
- A small percentage is given to charitable causes, but public accountability for these donations is not provided. Its website just has a general statement that ‘GPN regularly allocates a percentage of profits to charities’ but there is no substantiation or set

⁵ <https://www.thelotterycorporation.com/about/our-story>

⁶See <https://franchisebusiness.com.au/the-lotts-new-omni-channel-program/> for discussion of the rollout of the new strategy for omni-channel selling, including online sales. See

⁷ <https://www.lotteryoffice.com.au/about/>

⁸ <https://lotteryofficeaffiliates.com/high-commission-affiliate-programs-australia/> and here are the affiliate terms and conditions, <https://lotteryofficeaffiliates.com/wp-content/uploads/2020/07/TermsConditions-v1-30.01.20.pdf>

percentage. The audit reports are submitted to the NT Racing Commission, but we cannot see that there is public accountability for the charitable claims.

Figure 3: example of large ticket spend on KinoGo lottery products

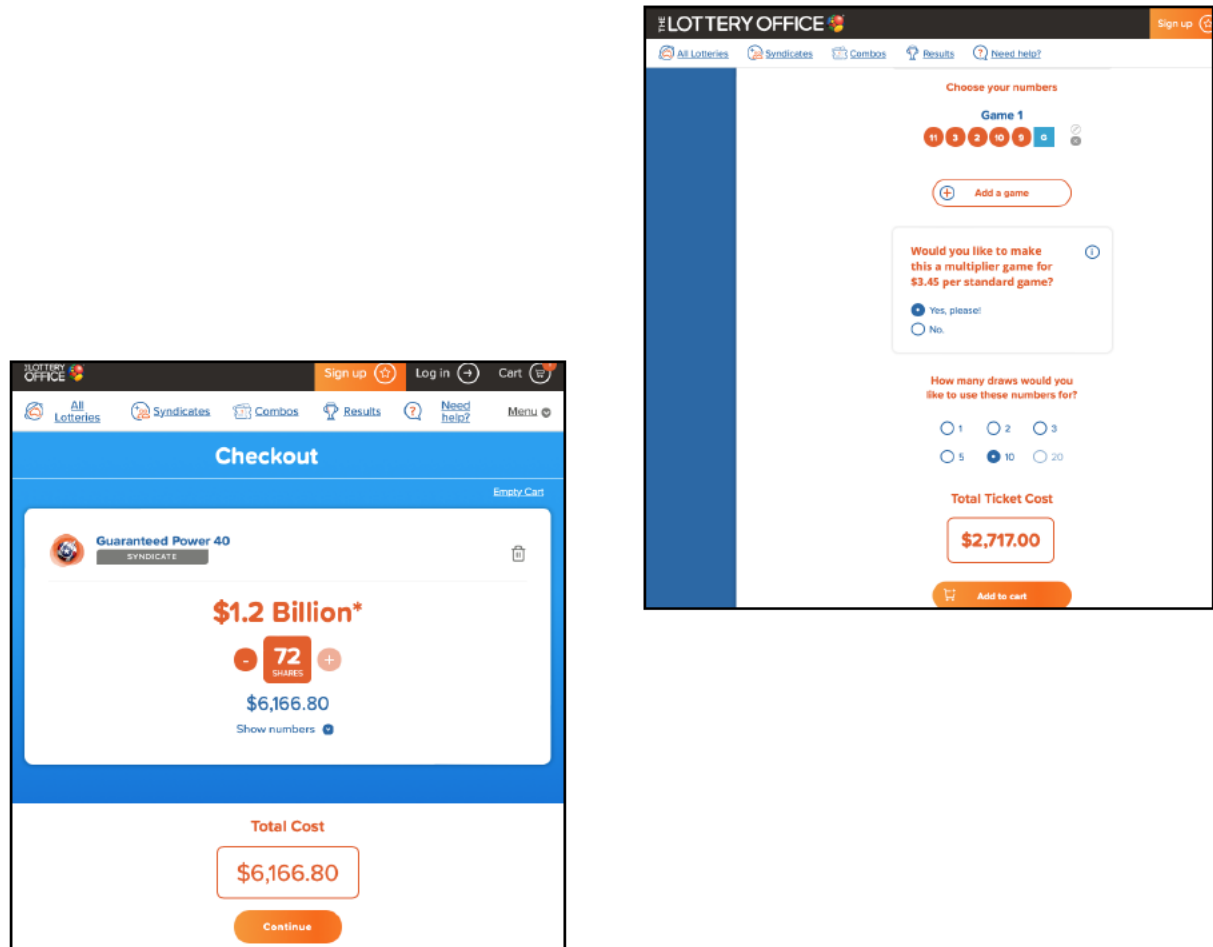


Figure 5: The Lottery Office Affiliate program: those referring receive commissions, including trailing commissions on customer net losses. The commission percentage is described below.

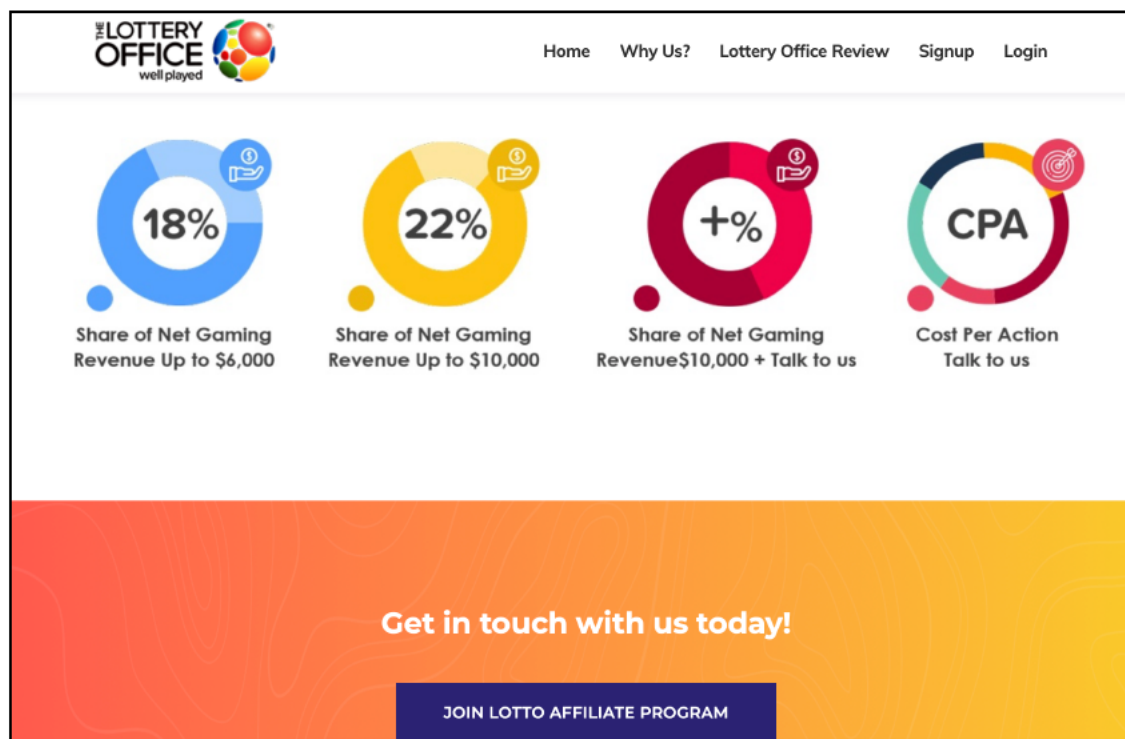
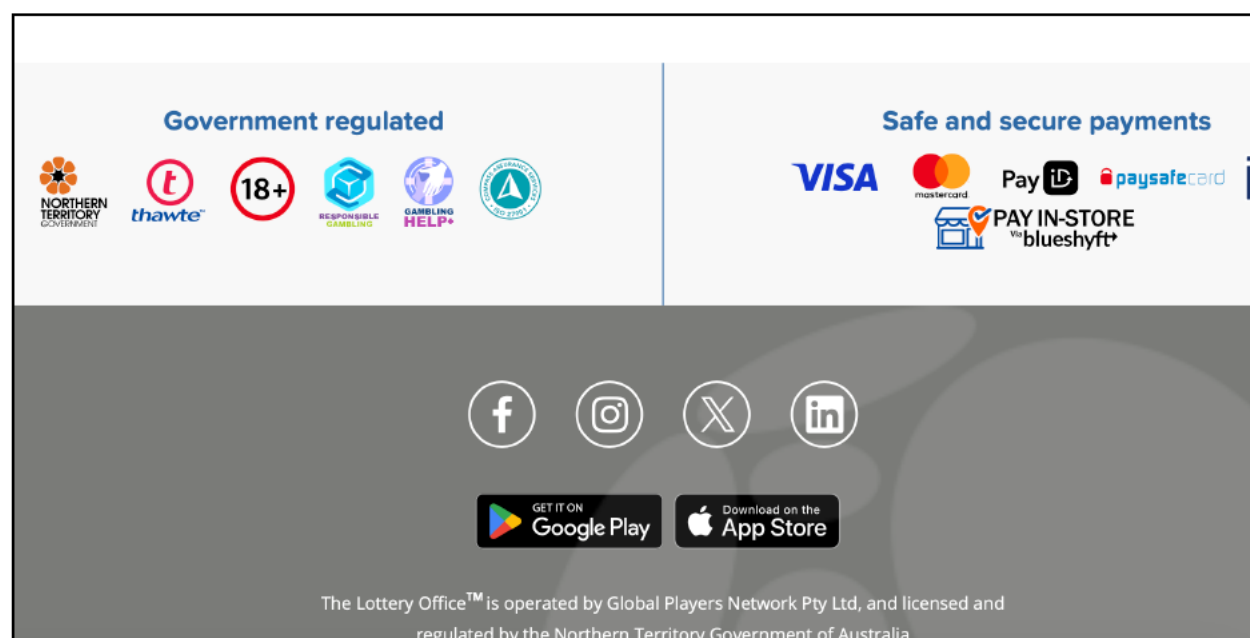


Figure 6: Marketed as government regulated, responsible gambling ... but the industry lobbies for consumer protection carveouts. Note multiple payment methods.



5.2.3 Lottoland (Gibraltar based 'betting platform' now has a KenoGO license)

- **Lottoland** is a Gibraltar based company and one of its main areas of business is offering online bets on the *results* of more than 30 lottery draws. It also provides digital scratch cards, and other gambling products. It is licensed by the Northern Territory Racing Commission. In Australia Lottoland takes the last two digits of the values of select financial market indicators. Then, it combines these digits to create a 10-digit number which represents 'the draw'.⁹
- In 2022 Lottoland was given a 20 year Keno license in Victoria to offer KenoGO, which is online Keno. It 'reinforces Lottoland's position as a world leader in the digitalisation of gaming offerings and the world's largest Jackpots¹⁰.'
- It calls itself 'a betting platform, which means that when you place your bet with Lottoland, you are not buying a ticket in a lottery draw'. The model relies on an insurance policy to pay large payouts.
- The Federal Government unsuccessfully tried to ban Lottoland in 2018 with an amendment to the IGA (*Interactive Gambling Amendment (Lottery Betting) Bill 2018*) but a court challenge ruled in favour of Lottoland. This amendment was driven by its competitor, the Lottery Corporation lobbying that Lottoland's synthetic lottery would damage its family owned newsagent franchisees – who have of course survived this existential threat!
- See Wikipedia for the regulatory approach to Lottoland in other jurisdictions including¹¹:
 - The parent company was fined in Sweden for a regulatory breach for providing a product not covered by its licence, and Lottoland lost its 2020 appeal.
 - In 2021 the UK Gambling commission fined Lottoland £760,000 citing social responsibility and anti-money laundering rule breaches.
- The business model of Lottoland has been criticised on the basis that it takes away money from good causes and charities. Many overseas jurisdictions have not privatised their lotteries like Australia did, so many overseas lotteries are still state owned, or run for the benefit of states causes, and donate a sizeable, legislated percentage of ticket revenue to charity, while secondary lotteries such as Lottoland do not. However, in Australia we no longer have equivalent state lotteries that give away their profits. Our big Australian lotteries were privatized a while back, and if they donate, their percentage of donated funds appears to be tiny.

⁹ Described in <https://aussiebet.com/review/lottoland/>

¹⁰ <https://www.gamblingnews.com/news/tabcorp-and-lottoland-awarded-dual-keno-licenses-in-australia/>

¹¹ <https://en.wikipedia.org/wiki/Lottoland>

5.2.4 KenoGO, the new online Keno product with draws every 3 mins

This new sector represents the future of lotteries. The products are marketed online to a large customer database, with high frequency draws every three minutes, automated play, and accessible 24-7. It is a high risk product. The odds of winning are remote, yet deposits can be high.

In 2022, Tabcorp and Lottoland were given 20-year licences by the Victorian State Government to offer Keno games in Victoria. The big change was that the licence was for both retail and *online_Keno*. The online element has changed everything, as seen by the following media quotes¹².

Lottoland CEO Nigel Birrell:

“Most importantly, this license means that consumers in Victoria will be able to enjoy Keno online on their smartphone or computer for the first time ever, with new gaming experiences and greater choice through Lottoland.”

Tabcorp, managing director for lotteries and Keno, Sue van der Merwe said:

“The new structure will allow us to continue offering Victorian players a world class Keno product and responsibly grow the game further, backed by our extensive retail and brand presence and the expertise gained from our existing Keno online business.”

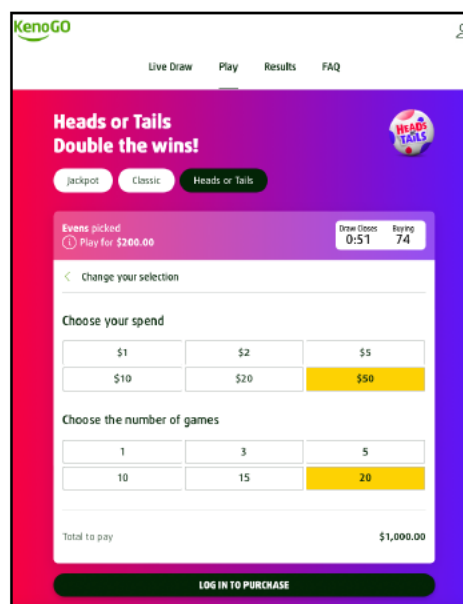


Figure 4: Example of bundling ticket purchases to speed up losses: e.g. buy 20 x \$50 tickets at a time



¹² 'Tabcorp and Lottoland Awarded Dual Keno Licenses in Australia', Fiona Simmons, Gambling News, Feb 23, 2022, <https://www.gamblingnews.com/news/tabcorp-and-lottoland-awarded-dual-keno-licenses-in-australia/>

Figure 5: KenoGO games 'every day of the week' draws every 3 minutes.



Latest Results

[All Results →](#)

Game 79

01	03	07	08	10	11	12
14	31	32	33	40	45	52
53	55	59	64	68	80	

Game 78

04	09	12	20	30	33	34
36	44	54	57	58	62	64
67	68	69	70	74	75	

Game 77

07	16	21	26	27	31	34
36	38	42	45	47	52	56
63	64	65	75	77	80	

Game 76

03	04	06	09	10	11	23
24	29	35	40	41	44	49
54	62	64	69	71	75	

KenoGO Games

There are 4 KenoGO Games you can play with us today and every day of the week with a chance to win up to \$20 million.

KenoGO Jackpot
Up to \$20 million
 [PLAY NOW](#)

KenoGO Classic
\$1 million jackpot
 [PLAY NOW](#)

Heads or Tails
Double the wins!
 [PLAY NOW](#)

Frequently Asked Questions

[View all FAQs →](#)

What is KenoGO?

KenoGO is the newest Keno on the block. With KenoGO, you are able to play Keno online with a chance to win up to \$20 million!

It's the Keno you know and love, only better!

How do I play KenoGO?

To play KenoGO, register for a KenoGO or Lottoland account. To do this click on the menu (or 'Account' in the app) and select 'Create an account'

Once your account is active, simply select the game you'd like to play. Choose 10 numbers from 1-80 or select one of the 'quickie' options. Next, choose how much you'd like to spend and the number of games you want to play.

Finally, click 'Purchase Ticket' to complete your purchase.

Which KenoGO games can I play online?

Draw every 3 mins

There are four Keno games online:

KenoGO Classic takes place every 3 mins and gives you a chance to win up to \$1,000,000 from just a \$1 ticket!

KenoGO Bonus gives you a chance to boost your winnings up to 10 times and land a \$10,000,000 jackpot with a \$2 ticket!

KenoGO Jackpot where every game offers either a Regular, Minor, or Major jackpot and could win you a jackpot worth up to \$20,000,000!

KenoGO Heads or Tails gives you a chance to double or even quadruple your money!

Check out our [How to Play Guide](#) for more info!

A note on KenoGO's payment methods

Lotteries offer multiple payment methods. They do not need to rely on credit card funded payments.

Some observations (see screen shots below)

- The company accepts credit cards. We note that banks charge additional cash advance fees for gambling transactions, so this is a very expensive method of payment. It adds around 4% in addition to the high credit card interest rates, which sit around 20-28%.
- The company seems to make it easy to add new cards. It is a known red flag of gambling harm when people add numerous funding sources. It either means that they are credit card shopping to fund their gambling, or it increases the likelihood that a third party's card may be used (potential economic abuse) or fraud.
- The company has made it harder to remove a card, than to add a card. (This is described as a "dark pattern" and is a well known poor business behaviour.)
- It allows the withdrawal of winnings to go to a different account, not the card used to fund the transaction. To guard against Anti-Money Laundering breaches and economic abuse, the better practice is that money goes back to the source of the deposit.

Figure 6: <https://www.kenogo.com.au/faq/payments>

How can I add new bank cards to my account?

You can always add more bank cards to your KenoGO account.
To do this, when you go to make your next deposit, enter the amount you would like to deposit, click on 'Add new payment method', enter the details and deposit the funds. After the deposit has been made the new card will be saved to your account.

Can I remove my bank card details from my KenoGO account?

If you would like to remove registered card details, you can contact customer service who will be able to remove the card for you.

What are my deposit options?

KenoGO offers several deposit methods for customers to use:

Debit/Credit cards - You can deposit into your KenoGO account using either a Visa or Mastercard debit or credit card. Please note that if you use a credit card your bank may charge you a cash advance fee. They won't if it's a debit card.

Bank transfer - Use your online banking to deposit into your KenoGO account.

5.3 Consumers lose more with lotteries. The house win rate is staggering.

With the move to digital platforms, the harm from lotteries has accelerated and resembles other forms of gambling. There has been significant product innovation which has changed the user experience, making it more harmful. For example, the new platform KenoGO, with its three minute draws, intensive betting for extended periods, continuous and automated gambling and heavy marketing, is the final nail in the coffin for any lingering perception of safe lotteries.

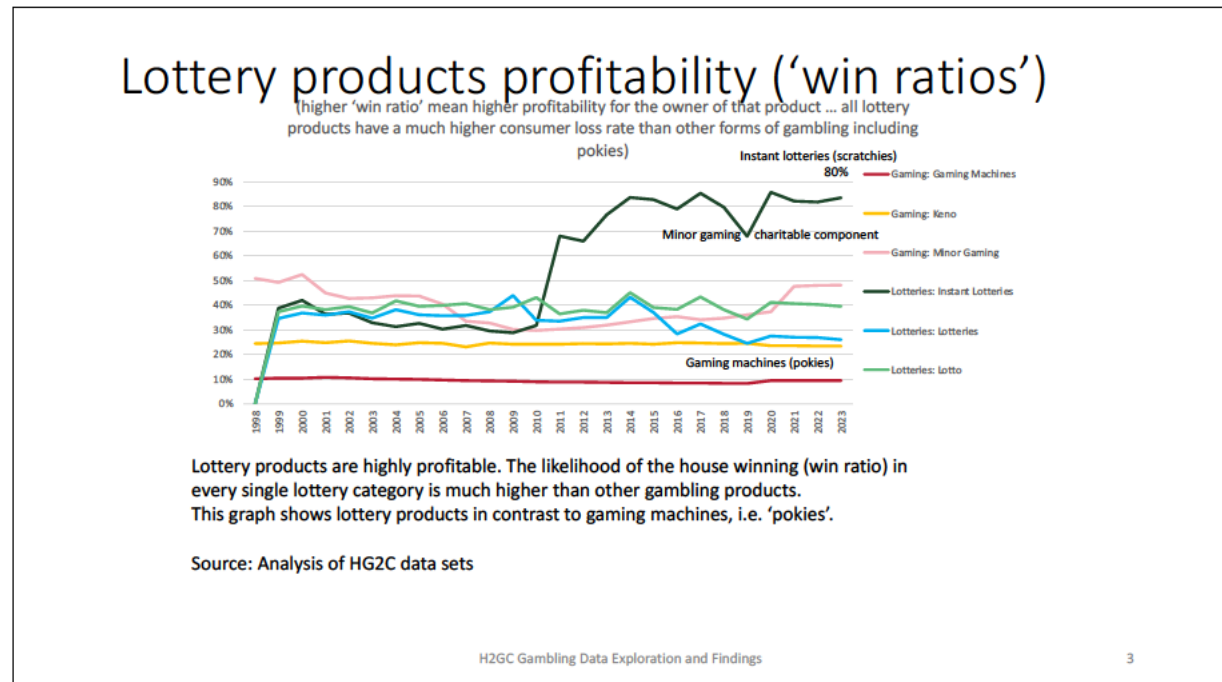
There is now no rationale for denying consumers the same level of consumer protection as other forms of gambling.

The graphs below are based on data aimed at the gambling industry market.¹³ It shows the 'win ratio', which is best understood as the percentage that goes 'to the house.'

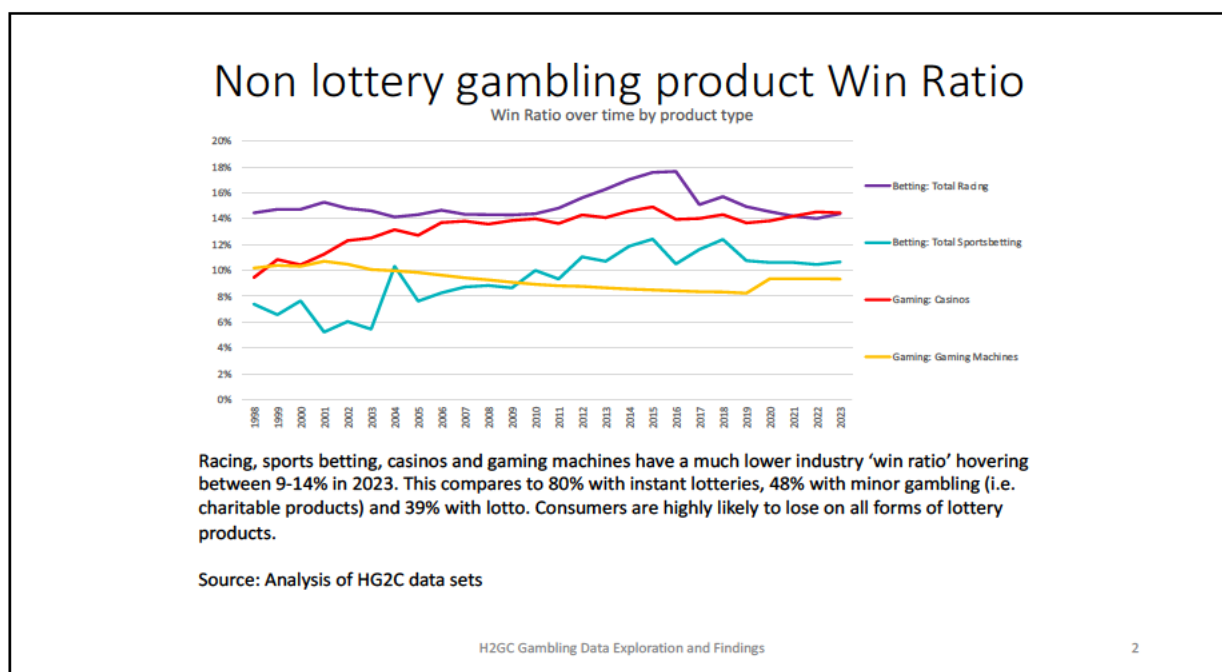
People lose more of each \$100 spent on lotteries than for other forms of gambling. This is an astounding statistic. According to this data, scratch tickets have a 80% win ratio for the house, regular lotteries return 25-40% to the house, compared to between 9-15 % for casinos, sports betting and racing, and approximately 11% for EGMs (pokies).

Lotteries are incredibly bad deals for consumers who are much more likely to lose their money.

Note: 'minor' gaming refers to lotteries that have split charitable revenue focus, but the return to the corporate supplier is almost 50% and still very high – see graphs below.



¹³ [H2 Gambling Capital \(H2GC\)](#) is a company that tracks key market and economic data around the world, and including Australia. It describes itself as 'the gambling industry's leading market data, intelligence ... team.'



5.4 Newsagents are just one small part of the lottery business (and they have moved to digital platforms)

5.4.1 The newsagents are (again) being used as an emotive tool to stop sensible regulation.

This is an old, worn trick to focus attention on the imagery of small businesses. It was trotted out a decade ago in the 2012 *Interactive Gambling Act* review. At that time, the newsagents saw online lotteries as their competitors and tried to keep them out. Now their online masters are running the line on their behalf.

The IGA Review Final Report 2012 stated¹⁴:

The Australian Newsagents' Federation (ANF) and Lottery Agents Association of Tasmania (LAAT) believe that the growth in online lotteries may result in a higher incidence of problem gambling as these services do not possess the same retail controls as land-based retail providers. In addition, it suggested that the availability of other gambling products alongside lottery products could have an impact on problem gambling.

The LAAV and LAQ raised the same concern and cited a report by Dr James Phillips and Professor Alex Blaszczynski that stated that internet lottery purchases were infrequent, but problem gamblers were six times more likely to purchase a ticket online (page 150).

¹⁴ Final Report 2012, Review of the Interactive Gambling Act 2001

A further issue raised by the ANF and LAAT, LAAV and LAQ, and the NANA, is that online lotteries may represent a threat to the viability of small business retail lottery outlets. (page 153)

The newsagent viability argument was run again in 2018-19 for vested interests to try stop the newcomer, Lottoland from competing with the existing Lottery Corporation products. Lottoland responded by offering newsagents a commissioned referral fee of 20 percent of every bet referred.¹⁵

The same argument was run again in 2020-21 for the credit card parliamentary submissions, and again in the 2022-23 Joint Parliamentary Inquiry, chaired by Peta Murphy.

The reality is the newsagents are franchisees for the Lottery Corporation for the lottery part of their business. McDonalds and KFC also have a franchise model for their retail stores, and no one would suggest that special rules apply to McDonalds or KFC retail outlets. Imagine if your local McDonalds retail franchisee was given a carveout from food safety laws.

The Lottery Corporation uses a franchise model and the newsagents are franchisees. We have examined a franchisee kit (and contract terms)¹⁶ and note:

- The strategic priority is 'a move to seamless customer experiences' through moving customers online to a central digital platform.
- Newsagents pay the Lottery Corporation a percentage based franchise fee, based on the sale of lottery products. The newsagent franchisees receive commission based revenue from the Lottery Corporation of between 9-12.3 percent on lottery products sold.
- There is now an additional digital commission and sign up bonus to incentivize newsagents to move their customers onto the digital platform, i.e. customers open an online membership account. This extra commission is called the Omni-Channel Sign Up Bonus.
- The Lottery Corporation can terminate or not renew the newsagent lottery franchise if the newsagent doesn't meet the minimum weekly sales amounts set by the corporation. This 'sales performance' driven requirement would negate any 'we know all our customers and we care about their welfare' arguments.
- The Lottery Corporation 2023 annual report confirms this move to digital platforms with registered customers. It now has 4.2 million active registered, online customers. (see below)

¹⁵ Lottoland deal with newsagents 'the last thing' Australia needs, Tim Costello says , The Guardian, (Helen Davidson, 5 April 2018)

¹⁶ E.g Tatts NT Franchise Information Kit May 2023,

Tatts NT Franchise Information Kit May 2023

Commissions received by franchisees

Commission is calculated from Subscriptions and is shown here exclusive of GST.

9% for \$1 Instant Scratch-Its which are provided by Golden Casket

8% for all other Instant Scratch-Its which are provided by Golden Casket 10% for Lucky Lotteries

12.3% for all other Lottery Products**

** Additional Digital Commission and customer Sign Up Bonus may also be available to an outlet as part of the omni-channel program. Please refer to the Retail Information Pack for further information.

Omni-Channel Program

The Omni-Channel Program is designed to offer a more seamless customer experience, while delivering great benefits for retailers too. These benefits include:

- Omni-Channel Digital Commission
- Omni-Channel Customer Sign Up Bonus

Omni-Channel Digital Commission

If a registered customer buys a Lottery Product digitally, then also buys a Lottery Product in a retail outlet in the same Site Survey cycle, your outlet will be eligible to participate in omni-channel digital commission model.

Your performance rating (Green, Amber or Red) will determine the rate of omni-channel digital commission applied, along with your share of retail sales for the jurisdiction in which you operate.

Omni-Channel Customer Sign Up Bonus

Franchisees may receive 3% bonus commission on Lottery Products purchased digitally by customers who have signed up digitally after being activated by your lottery outlet. This bonus is not impacted by your performance rating (Green, Amber or Red).

The Lotteries Annual Report, 2023, page 20.

Omni-channel offering

We are a customer-led business. We recognise the importance of optionality to our customers and how digital and retail channels complement each other when deployed effectively. In May 2023, we implemented a commission review across the Lotteries retail network.

In an environment of lower lottery jackpot offers, we leveraged marketing and digital innovation to deliver an increase in active registered customers across Lotteries from 4.1 million (FY22) to 4.2 million (FY23) players. The launch of Store Syndicates Online in November 2022 is a digital innovation that has allowed our Lotteries retail partners to sell entries into their store syndicates to a wider population online.

Digital

We invest in a digital program that aims to align with the way customers consume media and engage with our product. The Keno digital channel was successfully launched into Victoria – which helped us to grow the number of registered Keno customers.

Retail

We continue to strengthen and diversify our physical retail footprint to meet our customers' evolving preferences. In FY23 adjustments made to our commission structure provided increased returns to our Lotteries retailers for driving performance, and also further rewarded them for supporting our omni-channel products and services

5.4.2 The newsagents subverting merchant codes through transaction laundering.

An Australian bank undertook some mystery shopping for lottery purchases buying about a dozen lottery tickets around the city and seeing whether the transaction was coded with the dedicated lottery Merchant Category code. It found that the mystery shopped newsagents used the general code not the lottery merchant category code.

This is known in the industry as ‘transaction laundering’¹⁷.

The legislation needs to have some consequence for operators not using the right point of sale code and subverting the intention of the consumer protection laws. Gambling merchant codes have been evaluated as being a higher risk for money laundering. It is important that the newsagents and other vendors use the right code that has been assigned. Transaction laundering also increases the risk of money laundering and illegitimate funds being used. It also increases the risk of falling found of AML regulatory compliance obligations.

In the UK, the newsagents are arguing that it is too complex to separate transactions for lotteries from other purchases and are bundling lotteries into a wider basket of goods. With people falling through the gaps and being harmed, there are calls now to fix this messy structure. It is not rocket science or difficult to expect them to comply with the law, and do separate transactions.

We further recommend that regulators issue guidance and monitor compliance for transaction laundering and combined ‘basket laundering’. (The Irish lottery does its own mystery shopping checks on news agents to check compliance with ID checks and other consumer protection measures.)

¹⁷ Thomsons Reuters website has a good explanation, <https://store.legal.thomsonreuters.com/law-products/solutions/clear-investigation-software/anti-money-laundering/the-growing-threat-of-transaction-laundering>

5.5 The research on harm from lottery products

5.5.1 Academic studies show lottery product are not benign; they cause harm

There is now Australian research to show that lottery and scratch tickets are not the benign forms of gambling that the industry claims. We point you to the following Australian studies, noting that the studies were conducted pre-covid, and before the latest big push to migrate Australians to online platformy:

Gambling-related harms attributable to lotteries products¹⁸ (2020 Australian study)

- Lottery products are the most commonly used form of gambling worldwide.
- The research found that ‘almost one-third of the sample was found to be at some level of gambling-related risk due to their use of lotteries products. Younger respondents, males, current smokers, e-cigarette users, and those who purchase scratch tickets more frequently were more likely to report problematic use of lotteries products.’ It concluded ‘lotteries products are typically perceived as a being innocuous, yet these results add to an increasing body of evidence showing that they are associated with harm in a substantial minority of users.’
- ‘The profiles of problematic lotteries-only gamblers are similar to the profiles of those who are prone to developing gambling issues in general, and therefore that lotteries products, particularly scratch tickets, are not substantively different to other gambling products that are more widely acknowledged as being associated with gambling-related harm.
- Males and younger people have previously been shown to use lotteries products more intensely. They are more likely to develop gambling problems due to engaging in more risk taking behaviours.
- Scratch tickets have features that make them appeal to problematic gamblers, as they are designed with ‘near miss’ features.
- The researchers called for harm-reduction policies for lottery products.

The second national study of interactive gambling in Australia (2019-20)¹⁹ (Nerilee Hing et al.

Note: take-up of online Keno was in its infancy when the study was undertaken, so harm in 2023 is likely to be even greater.

- This study firmly finds that gamblers using online are more likely to be in higher Problem Gambling Severity Index categories and being harmed.
- ‘Betting online can potentially intensify harms and gambling-problems if people spend more time and bet more money online than they would otherwise spend in-person.’ (page 215)

¹⁸ Leon Booth, Samantha Thomas, Rob Moodie et al, Addictive Behaviors 109 (2020) 106472. This is an Australian study focused only on the risk of gambling-related harm (measured by the Problem Gambling Severity Index) from lotteries products use in an Australian sample of lotteries-only gamblers.

¹⁹ Hing, N., Russell, A. M. T., Browne, M., Rockloff, M., Greer, N., Rawat, V., Stevens, M., Dowling, N., Merkouris, S., King, D., Breen, H., Salonen, A., & Woo, L. (2021). [The second national study of interactive gambling in Australia](#) (2019-20). Sydney, NSW: Gambling Research Australia.

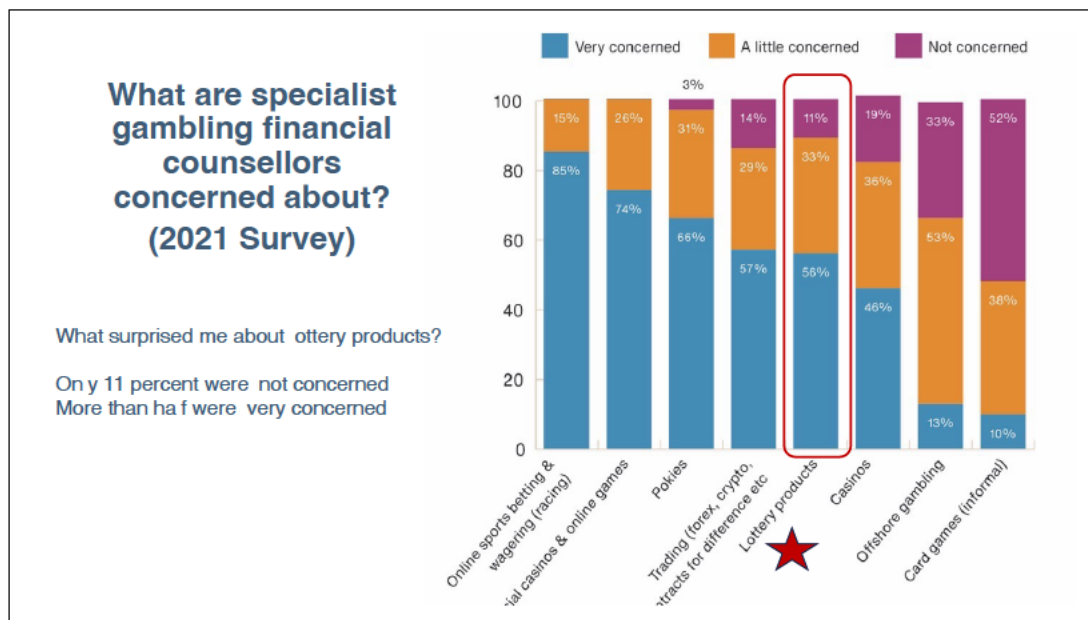
- ‘Consequently, changes in the proportions of bets made online for sports, race and lottery gambling were used to likewise predict changes in gambling problems and likelihood of experiencing gambling harm.’ (page 216)
- ‘... online betting in this sample was related to overall frequency of betting, and overall frequency of betting (and not just necessarily online betting) was related to poorer gambling outcomes.’ (218)

Basically, the more often people use lotteries the worse the gambling outcomes. The more the transactions take place online the greater the likelihood of harm.

Combining both online and products designed for frequent consumption, will lead to a model set up for harm.

5.5.2 Harm from lottery products (FCA’s survey of financial counsellors)

FCA surveyed financial counsellors nationally. We asked them what their level of concern was on various types of gambling in their recent casework i.e., the previous 12 months. The graph below relates to the specialist gambling financial counsellors.



• While online gambling topped the list of concerns, the lottery results show that lotteries are also worrying financial

counsellors. 56 percent were ‘very concerned’ and 33 percent ‘a little concerned’.

Despite the lottery industry claiming their products are not harmful, the gambling financial counsellors reported seeing harm in their client casework.

5.5.3 Harm from lottery products (financial counsellor case studies)

Case study: Mary was addicted to instant lotteries (scratchies) and lottery draws

Mary, a single mother juggled caring for her child and working night shift in a hospital. She became addicted to lottery draws including instant lotteries, colloquially referred to as 'scratchies'.

She struggled with this addiction seeking help repeatedly over the years. She paid for her lottery spend exclusively on credit cards and over time had four credit cards maxed out. She presented in financial hardship with over \$50,000 in lottery acquired credit card debt. She struggled to afford to pay for her child's school excursions and other activities, and this impacted the child who missed out on these activities and often had to stay behind while the other kids enjoyed the full curriculum activities.

After review of all her available options with a financial counsellor, Mary accepted the decision to become bankrupt. This resulted in her being debt free for the first time in many years. Consequently, her stress levels reduced, allowing her the headspace to full engage in therapeutic counselling for the first time.

Case study: Retired Jim estranged from his son after using his son's card, \$30,000 newsagent spend

Jim is retired. When he sought financial counselling help, he had moved out of the family house due to gambling related harm. The family had imploded. His wife and children insisted he get help.

Jim's only form of gambling was lottery draws and instant win tickets, i.e. 'scratchies', bought solely from his local newsagency, which ran a lottery franchise.

He only ever paid with credit cards.

He ran up such large credit card debts, that he had re-financed the family home with a very costly reverse mortgage, eroding the couple's life time of hard-earned equity.

A recent episode saw him using his son, Matt's, credit card for lottery purchases. Matt lives overseas and 15 years earlier had taken out a credit card with a \$5,000 limit as a "just-in-case" measure. Matt had never used the card. Jim obtained limit increases online resulting in the debt escalating to \$30,000. Again, the whole amount was gambled on lottery tickets at their local newsagency.

The children felt betrayed by their father's actions, and relationships were damaged.

A financial counsellor's advocacy on the Matt's behalf saw the bank accept their responsibility to Matt, and waived the debt.

After 6 months of couples counselling, John has retired to the family home. His therapeutic counselling is ongoing.

Case study: Rina, from \$50 once a week to \$500 and daily newsagent visits

Rina, a part-time worker in a care facility, started with lotto and played one day a week, spending about \$50 a time. One Saturday night, she won 2nd division and got a largish payout.

Her marriage broke down, and Rina and her partner separated. She recalled that wonderful 'easy win with special numbers' and was soon playing these favourite numbers every day of the week at her local newsagent. She increased her system numbers as time went by, spending increasingly larger amounts, up to \$500 a week.

Then with the divorce finalised, the family assets were split, and she received her share of the property settlement. She was going to struggle to afford a new home close to the family. Her lottery gambling increased funded by the settlement nest egg, meant for a new home.

By chance, one of her visiting adult children saw a bank statement on the table and noticed the large number of lottery gambling transactions on her credit card. She used the credit card to earn points.

Until it was pointed out to her, she did not consider herself as having a gambling problem.

She was helped by both a gambling financial counsellor and a gambling therapeutic counsellor, working in tandem. The financial counsellor helped with a plan to limit access to finances, and they created a workable money plan to move forward including a repayment plan to slowly pay off the credit card debt.

The therapeutic counsellor helped her work through past life issues and her change of life circumstances.

Case study: Camila's husband left her after discovering her scratch ticket fraud

Camilla lived what seemed like a good, ordinary life. She was married for three decades to Johan, had been a stay at home mother caring for the children and her husband's sister who had a disability. They had shared bank accounts and what she described as a modest, comfortable life.

However, she developed a problem with instant lotteries. She had been buying them for most of her life, but then an event happened which caused her some mental anguish. Her gambling addiction became 'pathological'. She spent a lot of money at her local newsagency on scratch tickets. She said that she couldn't control the urges and it was a source of conflict in her marriage. They soldiered on.

Then her husband discovered that she had taken more than \$25,000 from her sister-in-law's account to fund her lotteries gambling. As a result, he said he wanted a divorce. In the property settlement, the theft was factored into the property settlement, and she received a very modest lump sum of money.

Because of her gambling disorder, most of her modest share of the settlement was put into superannuation to try and protect it from being gambled.

A smaller lump sum was set aside to transition her to living independently. But it was soon dissipated on lottery purchases at her local newsagents.

Camilla was referred for emergency relief food vouchers, and then for financial counselling. She came for help to work out housing. She had never worked in her life, had never lived independently, and was nearing the age most people are thinking about retiring. She could not afford commercial rents and was trying to apply for social housing.

When she reaches her superannuation preservation age of 60 years, she will be able to access the whole amount put aside in super, as she is unlikely to be working. In the interim, she can still access \$10,000 a year under 'hardship.'

It is quite evident to outsiders what will happen.

It is a myth that local newsagents look out for their customers' welfare.

Note: Lotteries are not required to be participants in BetStop. It would help a lot of people if BetStop and the expected IGA reforms were to be expanded to cover lotteries.

5.5.4 Other products: trade promotions and minor gaming

Key Points

- Prize based promotions including those with charitable end goals should not be credit funded.
- Trade promotions or other variations of lottery charitable promotions should be treated consistently. The principle is no gambling should be debt funded. There are other methods such as cash, direct debit, bank transfers, debit cards etc.
- In the UK, a carveout has led to calls for the loophole to be fixed. An Australian company is one of the lead voices calling for a level playing field. Jumbo Interactive supplies lottery services in Australia, e.g OzLottery. (see below, UK section).
- Some trade promotions are not working with the spirit of the concept (and possibly not with the legal boundaries of this segment), and are more akin to for profit lotteries.

Minor Gambling and charitable causes

People should of course be able to self-fund a cause of their choosing with cash, debit cards, and the like. That is perfectly accessible and acceptable. However, we do not agree with a credit carve out. Incurring debt for any form of lotteries can cause consumer detriment.

Some charities participate in 'minor gambling' to raise funds, often through a 3rd party professional fundraising business. These businesses run the lottery marketing on a for profit basis and give a percentage to the charity. In most states they require a license. Schools and other similar grassroots organisations running draws often do not required a license for low level prizes.

We do not dispute that there are many charities who benefit from having 'some money' however, the same principle applies in that people should not gamble in any way using money that they do not have.

One form of harm, i.e. gambling related debt cannot be justified with a benefit to a remote third party.

The Victorian Gambling and Casino Control Commission's (VGCCC) new harm minimisation position statement recognises this principle, and states '*The harm experienced by one person is not lessened by any associated benefits accruing to other people*²⁰.'

²⁰ https://www.vgccc.vic.gov.au/sites/default/files/our_position_on_harm_minimisation.pdf

What would happen if the charitable lottery and prize sector couldn't accept credit cards?

When their subscribers come up to make a purchase, they see a message '*due to changed government regulation can no longer accept credit card, please use a debit card or here are other forms of payment. We value your support.*'

We all know the drill. Our credit or debit cards expire every few years. We get a message from our telco, media company, or energy company to update our card details when our cards reach expiry dates, and the bank sends a new card. This is not difficult. It is arguably good consumer practice for businesses to obtain client consent for the ongoing direct debit purchase.

Trade promotions

A trade promotion lottery is a lottery designed to promote a trade or business.

Entry is supposed to be free. For example, buy a tent in August and go into the draw to get a free camping fridge.

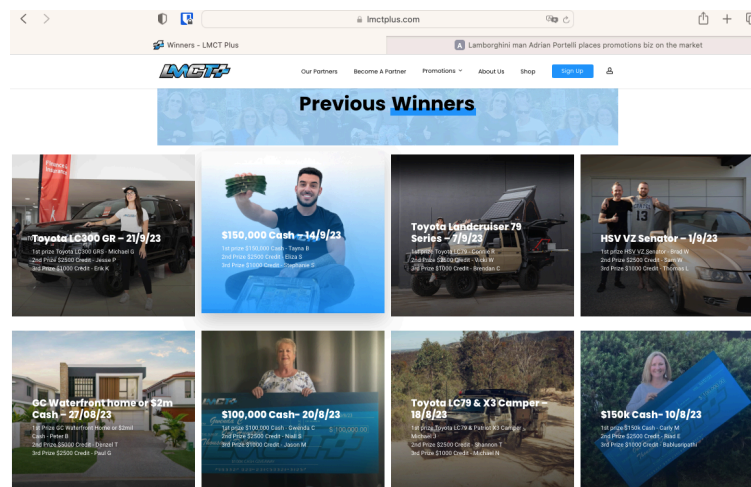
Trade promotion companies are often known in the industry as 'car raffle companies.'

This seemingly innocuous segment has been captured by a business model that resembles lottery gambling. As often is the case, businesses develop in regulatory cracks or where regulatory attention is minimal.

The premise of a trade promotion is these lotteries should be free and promote a business.

Trade promotion lotteries are state regulated, and the regulation varies slightly by state. However, the general premise is that that it is a **free** lottery that may require a person to purchase a product to be eligible to participate.²¹ Ancillary costs such as the cost of telephone call, SMS or postage to enter must be nominal, e.g. not exceed \$1 in Victoria, as these lotteries are supposed to be free. In WA, the trade promotion can't continue for more than 12 months.

²¹ <https://www.vgccc.vic.gov.au/gambling/lotteries/trade-promotion-lotteries/licensee-resources/trade-promotion-lotteries-frequently> (Victoria)
<https://www.nsw.gov.au/money-and-taxes/community-gaming/trade-promotions#:~:text=A%20trade%20promotion%20is%20a,the%20Community%20Gaming%20Regulation%202020>.
<https://www.dlgsc.wa.gov.au/racing-gaming-and-liquor/racing-gaming-and-wagering/gaming-applications/how-to-conduct-a-trade-promotion-lottery> (WA)
https://www.gamblingandracing.act.gov.au/data/assets/pdf_file/0009/746577/Trade-Promotion-Lottery-Information-and-Conditions-020816.pdf (ACT)
<https://ablis.business.gov.au/service/nt/permit-to-conduct-a-trade-lottery/3224> (NT)



What is happening?

Some companies appear to be marketing lottery draws that do not resemble the intent of the carveout.

For example, a company called LMCT reportedly has a membership of 100,000 customers.

“Loyalty members pay a membership fee and receive free lottery tickets for its draws. The higher the membership tier, the more tickets the person is eligible for.²² The company purchases items which it then raffles. It markets the draws on social media with calls to urgently enter, such as ‘hurry gates closing, draw tonight.’ See the screen shots above and below.

See also this court judgement reference from a disputed purchase of a ‘classic car’²³. The ‘car raffle’ company segment is a recognized. The second defendant was in fact the owner of LMCT.

‘Car raffle’ companies

16. The plaintiff and the second defendant were known to Grays as ‘car raffle’ companies, which buy cars and then raffle them. The plaintiff’s director, Thomas Bailey, and the second defendant’s director, Adrian Portelli, preferred to call this a “trade promotion.” The second defendant had already bought one car from Grays for this purpose, paying more than \$1 million for a Holden Commodore that Peter Brock had owned. As a result of this, Mr Freeman became aware of and had spoken to Mr Portelli. Mr Freeman had also heard of the plaintiff and spoken to Mr Bailey a few times, although the plaintiff had not previously bid in an online auction at Grays.

In the UK, there has been lobbying by lottery affiliated companies to remove the distorting carveout for prize draws. Its motive is probably a level playing field. FCA’s motive is consumer harm prevention and they are both legitimate.

Nigel Atkins, the UK General Manager at Jumbo Interactive was quoted as saying:

“A huge amount is being spent on credit cards on prize draws, pushing people into debt – despite the free entry option being the reason they are exempt from oversight. With

²² <https://lmctplus.com/membership-terms-conditions/>

²³ Classics for a Cause Pty Ltd v Grays Ecommerce Group Ltd [2023] NSWSC 967 (18 August 2023), [2023] NSWSC 967

so much money changing hands, the government needs to look at the proper regulation of prize draws and competitions to better protect consumers.”²⁴

WIN ME A HSV VF GTS

HURRY! GATES CLOSING

AS SEEN ON

THE ~~Archie~~ AGE Herald Sun

Purchase a package below for your chance to win this
HSV VF GTS for \$10!

ENTRY	BRONZE	SILVER	GOLD
1	10	50	200
<small>HSV GTS ENTRY</small>	<small>HSV GTS ENTRIES</small>	<small>HSV GTS ENTRIES</small>	<small>HSV GTS ENTRIES</small>
<small>2 Days Access To Partner Discounts</small>	<small>1 Week Access To Partner Discounts</small>	<small>1 Month Access To Partner Discounts</small>	<small>6 Months Access To Partner Discounts</small>
<small>VIP Invitation to all events</small>	<small>VIP Invitation to all events</small>	<small>VIP Invitation to all events</small>	<small>VIP Invitation to all events</small>
<small>5% OFF LMCT+ Merch</small>	<small>10% OFF LMCT+ Merch</small>	<small>10% OFF LMCT+ Merch</small>	<small>15% OFF LMCT+ Merch</small>
<small>\$20 \$10 SINGLE PAYMENT</small>	<small>\$30 SINGLE PAYMENT</small>	<small>\$100 SINGLE PAYMENT</small>	<small>\$250 SINGLE PAYMENT</small>
<small>Select</small>	<small>Select</small>	<small>Select</small>	<small>Select</small>

BEST CHANCE
PLATINUM
500
HSV GTS ENTRIES

1 Year Access To Partner Discounts

VIP Invitation to all events

15% OFF LMCT+ Merch

\$500 SINGLE PAYMENT

Select

INSTANT & SECURE CHECKOUT WITH

OR BECOME A MONTHLY MEMBER AND GO INTO



²⁴ For example, [‘UK g](#)

[overnment urged to regulate prize draws and competitions’](#), Focus Gaming News, 24 Nov. 2021

6 What do other countries do?

This is not a comprehensive analysis, but the UK and Ireland are two countries where we have some insight.

6.1 The UK: no carveout for online lotteries, but loopholes mess

From the UK experience, we can learn that carveouts create both unintended consequences and messy implementation, leading to a subversion of the intention to protect consumers.

The UK included online lotteries in its 2020 credit card gambling ban²⁵ but muddied the waters by including a carveout for the National charitable lottery and ‘small society lotteries’. However the ban was implemented for lotteries paid for by remote means, i.e. online lotteries, paid for by websites, over the phone, by email or through an app. Judging from the media discussion calling for a further tightening, drawing a line in the sand seemed to leave a grey area with some of the proverbial ‘unintended consequences’.

In practice, the newsagents are subverting the ban in a different way, arguing that it is too complex to separate transactions of lotteries from other purchases. So, under the current framework, credit cards are used to buy lotto tickets and scratch cards, along with a wider basket of goods. This is called ‘transaction laundering’ in anti-money laundering compliance language and is discussed on page 24.

With people falling through the gaps and being harmed, there are calls now to fix this messy structure.

Loophole for prize based competitions.

Another loophole is for prize based competition companies, which offer ‘free to enter’ options, but most people spend money on the draws.

The regulated industry has called for a level playing field. Australian company, Jumbo Interactive, (which operates Oz Lotteries) which also operates in the UK, has called for regulation for the growing prize draw and competitions market.

Nigel Atkins, the UK General Manager at Jumbo Interactive was quoted as saying:

“A huge amount is being spent on credit cards on prize draws, pushing people into debt – despite the free entry option being the reason they are exempt from oversight. With so much money changing hands, the government needs to look at the proper regulation of prize draws and competitions to better protect consumers.”²⁶

²⁵ <https://www.gamblingcommission.gov.uk/authorities/guide/page/la-bulletin-february-2020-feature-article>

²⁶ For example, [‘UK government urged to regulate prize draws and competitions’](#), Focus Gaming News, 24 Nov. 2021

6.2 Ireland's national lottery bans credit cards and has mandatory spend limits

Ireland's national lottery is state owned but has a private operator running the lottery.

It has a range of consumer protection features for the lottery including:

- Credit cards are not accepted.
- Mandatory ID verification to check >18 years age compliance and that the person isn't on the self-exclusion register. This is for both retail and online channels.
- Mandatory spend limits of €30 daily. There are also weekly and monthly caps.
- Limit of 10 scratch cards can be purchased in a transaction.

7 Concluding remarks

We all made a mistake not looking more closely at lotteries, their business models, and the harm that they cause many people. They should not be given a carveout out from the credit card ban, or any future reform recommendations. Gambling is gambling. Lottery gambling is clearly not a benign product offering anymore.

The researchers have told us that lotteries, particularly instant win scratch cards are attractive to young people, and act as a gateway to other forms of gambling, and that too is a relevant consideration.

This lottery carveout details needs to be fixed. Trade promotion lotteries should also be included.

The regulation needs to be principle based with no carveouts. Every customer deserves a decent consumer protection structure.

Lotteries should also be included in Betstop. Every customer deserves to benefit from the new initiatives.

Please think not only of Arin, Mary, Rina, Camila and Jim but of their families. Each case study had impacted family members. Broken marriages. Fractured relationships. The child whose mother couldn't pay for her school excursions deserves a fair go too.

8 APPENDIX 1 – VRGF response to query, online keno

Source: Tony Phillips, Strategic advisor Knowledge and Policy, Victorian Responsible Gambling Foundation

VRGF Response to query by Financial Counselling Australia about knowledge regarding harm and risk of harm from online Keno (19 Sept 2023)

With regard to online Keno, while there are few empirical studies as yet, it is possible to make observations about the product that indicate where it might be likely to cause harm or elevated risk of harm. This because these factors in the product are strongly associated with harm in other forms of gambling. These are:

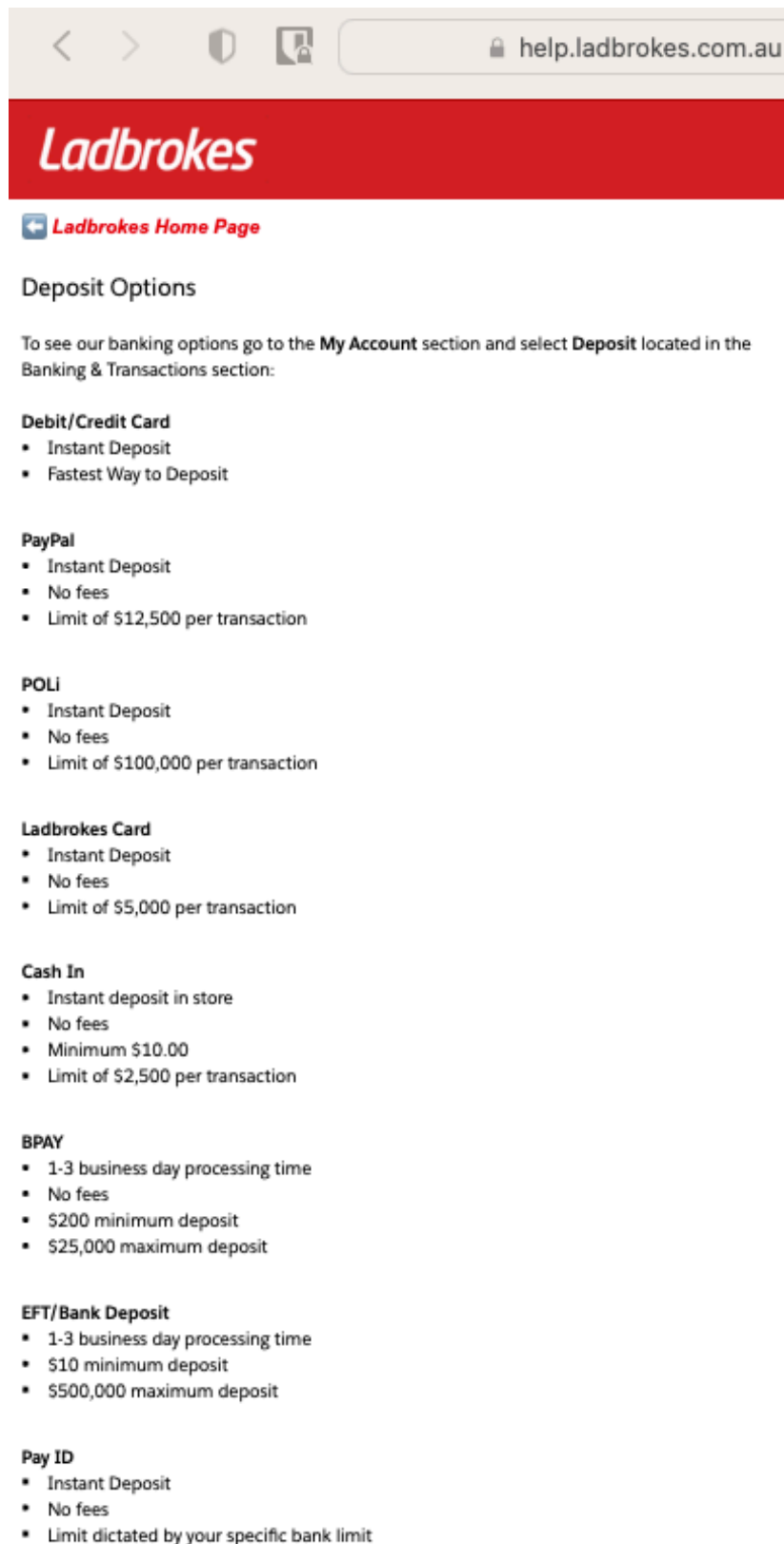
- The greatly increased access online Keno via app offers, effectively close to 24/7 . This is a step-up in accessibility from location-based Keno in venues. Accessibility is major factor for harm and risk of harm.
- The continuous and automated gambling online Keno affords, whereby bets are resolved quickly and there is the ability to deposit large amounts of money and have it automatically bet with no further interaction required by the gambler. Moreover, with multiple games also available the number of bets being placed at a time or in a short time period was even higher again.
- Overall online Keno offers the option of intensive betting for extended periods. These features share commonality with features found in online wagering and also EGM gambling.
- Advertising of online Keno is highly prevalent and is likely to become more so since there are two rival companies bidding to increase the market and consolidate market share. Advertising has normalising and triggering effects for vulnerable populations. Advertising also has normalising effects on children and it is noted that, since Keno is similar to lotto and many adults use lotto, the gambling modelling for children may be stronger with this product.
- The advertising is coming through all mediums including direct marketing to customers, which has little regulatory oversight or visibility to researchers regarding its effects
- The marketing focuses on high jackpots. Jackpots are a feature established in research as associated with intensifying gambling, particularly for those already vulnerable to, or experiencing, harm.
- Jackpots of \$20 million are routinely offered and sometimes this has been increased to an offer of a \$30 million jackpot for time limited period. Time limited offers are identified in work on inducements as associated with increasing gambling harm or risk of harm. It is also of concern that the jackpots don't have the conventional limit of relying on money invested, they are "funded" as we understand it via an insurance contract taken out by the providers.
- Keno advertising demonstrates a focus on winners. A typical promotional form is pop-ups on the website (and possibly in the app feeds) announcing that such and such a person from the town of somewhere has just won, followed by an amount. There is no announcement of how many people have just lost.

Finally, we would note that in previous Victorian prevalence studies (Population study 2018-19) venue-based Keno was identified as a product with relatively low participation but a strong association with harm. Analysis of this suggested that part of the reason for this was that Keno was in EGM venues and a high proportion of users were also EGM users. So Keno may not have been their main source of harm though it was clearly attractive to those prone to harm from EGMs.

Unlike EGMs, online Keno now allows users to gamble on it away from the venue, to take it home as it were. Moreover, to make a further connection between this already vulnerable group, we note that the Lottery Corporation is offering trailing commissions to venues who sign patrons up to online Keno.

9 Appendix 2: Alternative payment methods offered by wagering operators

Figure 7: <https://help.ladbrokes.com.au/s/article/01082>



The screenshot shows the 'Deposit' page on the Betfair website. The browser address bar displays 'myfunds.betfair.com.au'. The page header includes 'Betfair Exchange - Welcome' and a link to 'betfair.com.au | Deposit'. The main heading is 'Deposit'. Below this, there are two tabs: 'Popular' and 'Other methods'. Under 'Other methods', several payment methods are listed: POLi, iBPAY, Bank transfer, Skrill, NETELLER (highlighted with a yellow border), and PayPal. Below the payment methods, there is a 'Payment Information' section with a question mark icon. To the right of this section, it states 'Min. Deposit: A\$25 | Processing: Instant | Fee: 0.00 %'. Below the payment information, there is an 'E-mail' input field. Further down, there is a section titled 'Enter deposit amount (A\$25 - A\$62,500):'. This section contains three buttons for preset amounts: 'A\$200', 'A\$100', and 'A\$50'. To the right of these buttons is a radio button labeled 'OR'. To the right of the radio button is a text input field containing 'A\$ 99999'. Below this input field, it says '0.00 % Fee' and 'Net amount A\$99,999'. To the right of the input field is a yellow button labeled 'Deposit' with a lock icon. A red-bordered box highlights the input field and the 'Deposit' button, with a message inside: 'Please enter an amount between A\$25 - A\$62,500'.

myfunds.betfair.com.au

Betfair Exchange - Welcome

betfair.com.au | Deposit

Deposit

Popular Other methods

POLi iBPAY Bank transfer Skrill NETELLER PayPal

Payment Information ? Min. Deposit: A\$25 | Processing: Instant | Fee: 0.00 %

E-mail

Enter deposit amount (A\$25 - A\$62,500):

A\$200 A\$100 A\$50 OR

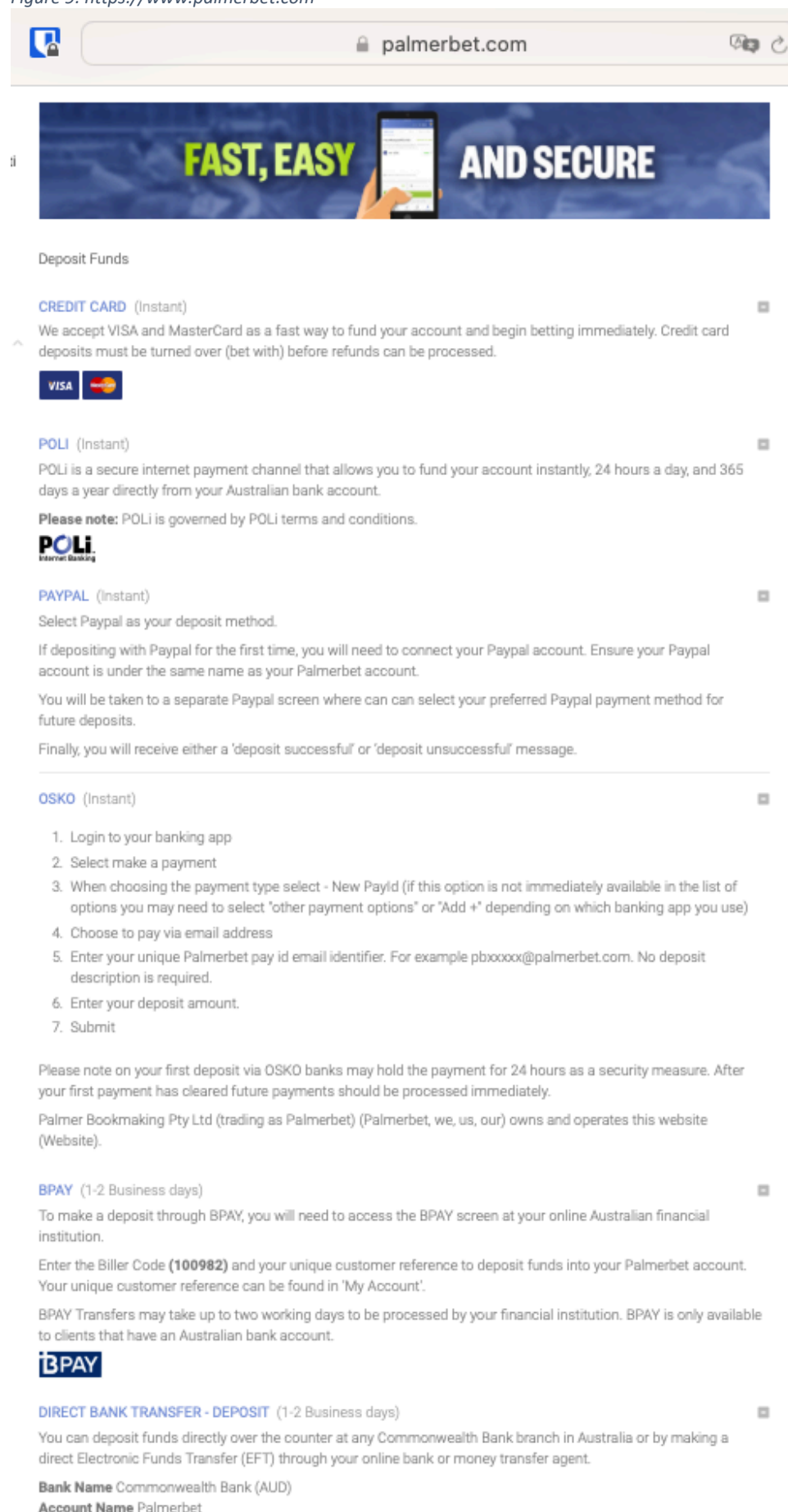
A\$ 99999 0.00 % Fee Net amount A\$99,999

Please enter an amount between A\$25 - A\$62,500

Deposit

Figure 8: Betfair deposit methods

Figure 9: <https://www.palmerbet.com>



The screenshot shows the palmerbet.com website. At the top, there's a navigation bar with the site's logo and name. Below this is a large banner with the text "FAST, EASY AND SECURE" in bold, yellow and white letters, accompanied by an image of a hand holding a smartphone. The main content area is titled "Deposit Funds" and lists several deposit methods: CREDIT CARD, POLi, PAYPAL, OSKO, BPAY, and DIRECT BANK TRANSFER - DEPOSIT. Each method includes a brief description and instructions. The CREDIT CARD section mentions VISA and MasterCard. The POLi section includes a logo and a note about its governance. The PAYPAL section explains the connection process. The OSKO section provides a 7-step login and payment process. The BPAY section includes a logo and instructions for using a Biller Code. The DIRECT BANK TRANSFER - DEPOSIT section mentions Commonwealth Bank and EFT.

Deposit Funds

CREDIT CARD (Instant)

We accept VISA and MasterCard as a fast way to fund your account and begin betting immediately. Credit card deposits must be turned over (bet with) before refunds can be processed.

POLi (Instant)

POLi is a secure internet payment channel that allows you to fund your account instantly, 24 hours a day, and 365 days a year directly from your Australian bank account.

Please note: POLi is governed by POLi terms and conditions.

PAYPAL (Instant)

Select Paypal as your deposit method.

If depositing with Paypal for the first time, you will need to connect your Paypal account. Ensure your Paypal account is under the same name as your Palmerbet account.

You will be taken to a separate Paypal screen where you can select your preferred Paypal payment method for future deposits.

Finally, you will receive either a 'deposit successful' or 'deposit unsuccessful' message.

OSKO (Instant)

1. Login to your banking app
2. Select make a payment
3. When choosing the payment type select - New PayId (if this option is not immediately available in the list of options you may need to select "other payment options" or "Add +" depending on which banking app you use)
4. Choose to pay via email address
5. Enter your unique Palmerbet pay id email identifier. For example pbxxxxx@palmerbet.com. No deposit description is required.
6. Enter your deposit amount.
7. Submit

Please note on your first deposit via OSKO banks may hold the payment for 24 hours as a security measure. After your first payment has cleared future payments should be processed immediately.

Palmer Bookmaking Pty Ltd (trading as Palmerbet) (Palmerbet, we, us, our) owns and operates this website (Website).

BPAY (1-2 Business days)

To make a deposit through BPAY, you will need to access the BPAY screen at your online Australian financial institution.

Enter the Biller Code (**100982**) and your unique customer reference to deposit funds into your Palmerbet account. Your unique customer reference can be found in 'My Account'.

BPAY Transfers may take up to two working days to be processed by your financial institution. BPAY is only available to clients that have an Australian bank account.

DIRECT BANK TRANSFER - DEPOSIT (1-2 Business days)

You can deposit funds directly over the counter at any Commonwealth Bank branch in Australia or by making a direct Electronic Funds Transfer (EFT) through your online bank or money transfer agent.

Bank Name Commonwealth Bank (AUD)
Account Name Palmerbet