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Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600

Via email: corporations.joint@aph.gov.au

Dear Committee Secretary

Submission: Inquiry into the regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia

The ACT Council of Social Service (ACTCOSS) welcomes the opportunity to make a submission to the Joint Committee on Corporations and Financial Services Inquiry into the regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia.

About ACTCOSS

ACTCOSS represents not-for-profit community organisations and advocates for social justice in the ACT.

As part of its work on social justice and through its membership of the Canberra Gambling Reform Alliance, ACTCOSS works to reduce gambling harm in the Canberra community. The ACTCOSS CEO is a member of the ACT's Gambling and Racing Commission Advisory Committee.

Our position

ACTCOSS has made a submission to the Inquiry into the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020.

ACTCOSS supports the Bill.

With regards digital wallets, ACTCOSS is closely monitoring the pilot in NSW of digital wallets for gambling on Electronic Gaming Machines (EGMs) and will determine its position when results of the trail are available.

Use of Credit Cards

Australian governments have already recognised that, to reduce gambling harm in our community, the use of credit cards for gambling should be restricted. Access to funds through credit cards is restricted in gaming lounges in the ACT for people using Electronic Gaming Machines (EGMs). Further, in February 2018, the Federal Government prohibited online gambling operators from offering credit to gamblers as part of the National Consumer Protection Framework for Online Wagering. In Australia, some financial institutions do not permit gambling on credit cards.¹

The Australian Banking Association has recognised that the use of credit products to finance gambling is of concern. The ABA explains that:

Credit products are intended to finance purchases, rather than provide ready access to cash. Under the terms and conditions of credit cards, gambling transactions are treated as cash advances as they are a cash equivalent. Cash advances attract a higher interest rate, an additional fee and are not eligible for interest free periods.

Access to credit for gambling can create a unique harm whereby large amounts of debt can be accumulated in a limited period. For people with a gambling addiction, a credit card can lead to severe financial stress for the individual and their family.²

ACTCOSS supports the interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020 to bring the rules governing the use of credit cards for online gambling in line with rules for EGMs. It would also bring Australia in line with other jurisdictions such as the United Kingdom and the United States.

The capacity to gamble using credit cards compounds Australians' risks from gambling given the ease of access to debt and the high interest rates charged on cash advances through credit cards.

Online gambling creates an environment in which people can gamble at any time, in any place, and in a 'cashless' way which can distance the person gambling from the money which is being spent. For those who experience problem gambling this can be a particularly dangerous set of circumstances.

Digital wallets

Like online gambling, most evidence suggests that digital payments increase expenditure and reduce awareness of the amount of money being gambled. If digital wallets make it easier to transfer funds from debit or credit card accounts, or further distance users of EGMs from the money which is being spent, this may increase – not reduce – risks of gambling harm.

¹ Australian Banking Association, *Consultation Paper: Use of credit cards for gambling transactions*, <https://www.ausbanking.org.au/wp-content/uploads/2019/12/Consultation-Paper-Credit-Cards-and-Gambling.pdf> (accessed 28 April 2021)

² Ibid.

For example, there are currently restrictions on the amount of cash that can be accessed when in ACT community clubs. It will be important to ensure that digital wallets make it more difficult for those experiencing gambling harm to spend on EGMs than when using cash. This may be done by using digital wallets to require breaks during gaming or imposing time limits on when funds can be released for gambling.

ACTCOSS is closely following the trial in NSW of digital wallets for EGM gambling and will determine its position when results of the trial are available.

Furthermore, there are many more straight forward and cost effective methods of reducing gambling harm resulting from the use of the EGMs in the ACT. These include:

- Reducing the number of poker machines in the ACT
- Limiting access to cash in poker machine venues across ATMs and EFTPOS
- Introducing a bet limit of \$1 on all poker machines in the ACT and limit load-up to \$100
- Introducing mandatory pre-commitment in all venues
- Banning poker machine operation between 2.00am and 10.0aam each day.

General issues on gambling harm

Australians are ranked number one in the world in terms of gambling losses. This level of harm cannot be sustained by our community.

Gambling harm affects Australians of all backgrounds. People impacted by gambling harm can be your neighbours, co-workers, parents, children and people you see every day.

However, people experiencing domestic and family violence, older people, people with disability, people from culturally and linguistically diverse backgrounds and Aboriginal and / or Torres Strait Islander may be at higher risk of gambling harm.

While many of us think that we are not impacted by gambling harm, once we start talking to the people we love, we realise that this is a much bigger issue than those with vested interests would like us to believe. A recent estimate notes that, 'each high risk gambler affects 6 others (on average), each moderate risk gambler 3 others, and each low risk gambler another person. Those adversely affected include children, other family, friends and employers.'³

The social cost of problem gambling in Australia over one year has been estimated to be between \$4.7 and \$8.4 billion. The social (non-financial) costs per problem gambler were estimated to be between \$10,000 and \$30,000.⁴ In the ACT total

³ C Livingstone, *A blueprint for preventing and minimising harm from electronic gaming machines in the ACT*, Canberra Alliance for Gambling Reform, Gambling and Social Determinants Unit, School of Public Health and Preventative Medicine, Monash University, Melbourne, 2018.

⁴ Productivity Commission, *Gambling. Productivity Commission Inquiry Report. Volume 1.*, Report no. 50, Productivity Commission, Canberra, 2010, p.48 & p.6.34 <https://www.pc.gov.au/inquiries/completed/gambling-2010/report/gambling-report-volume1.pdf>

gambling losses in the ACT in 2018-19 amounted to \$245 million or \$745 per capita.⁵

Using pokies is the most effective predictor of problem gambling in the ACT – the risk of gambling harm increases the more time someone spends on pokies.⁶ Yet, in 2017-18, the ACT has the second highest density of gaming machines per adult in Australia, 98.9% of the ACT's gaming machines are in clubs and as at 30 June 2020, there was one poker machine for every 100 adults aged 18 and over in the ACT.⁷

ACTCOSS commends our attached report [Stories of Chance: Stories about the costs of gambling to the Canberra community and the resilience of those who experience harm and come back](#) to members of the committee.

Yours sincerely

Dr Emma Campbell
CEO ACTCOSS

⁵ Queensland Government Statistician's Office, Queensland Treasury, *Australian Gambling Statistics 1993-94 to 2018-19, 36th edition, State Tables*, Queensland Government Statistician's Office, Queensland Treasury, Brisbane, 2019, Table ACT 51 p. 425 & Table ACT 53 p.

427, <https://www.ggso.qld.gov.au/issues/2646/australian-gambling-statistics-36th-edn-1993-94-2018-19.pdf>

⁶ M Paterson, P Leslie and M Taylor, *2019 ACT Gambling Survey*, ANU Centre for Gambling Research, Canberra, 2019, p. 50, <https://csrcm.cass.anu.edu.au/centres/cgr/2019-act-gambling-survey>

⁷ Own calculation based on: ACT Gaming and Racing Commission, Trading Scheme Statistics as at 1 July 2020, ACT Gaming and Racing Commission, Canberra, 2020, p. 1, https://www.gamblingandracing.act.gov.au/_data/assets/pdf_file/0008/1605626/Trading-Scheme-Information-as-at-1-July-2020.pdf; & ABS, *3101.0 National, state and territory population*, ABS, Canberra, 2020, TABLE 58. Estimated Resident Population By Single Year Of Age, Australian Capital Territory, <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/jun-2020/3101058.xls>