



Australian Government
Department of Social Services

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Secretary

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Senator the Hon David Fawcett
Chair, Environment and Communications Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Chair

**SUBMISSION TO THE INQUIRY INTO THE INTERACTIVE GAMBLING
AMENDMENT (PROHIBITION ON CREDIT CARD USE) BILL 2020**

Thank you for your invitation to make a submission to the Environment and Communications Legislation Committee (the Committee) regarding *the Inquiry into the Interactive Gambling Amendment Bill (Prohibition on Credit Card Use) Bill 2020* (the Bill).

The Department of Social Services (the department) welcomes the opportunity to provide information to support the Committee's deliberations.

The department has portfolio responsibility for national initiatives to reduce gambling harm from online wagering. This submission focusses on the department's role in implementing the Government's harm minimisation measures through the National Consumer Protection Framework for online wagering (National Framework).

1. Gambling harm minimisation

1.1 National Consumer Protection Framework for online wagering

The Australian Government takes gambling harm to Australians seriously and recognises the impact of gambling on consumers, their families and communities. On 30 November 2018, the National Framework was announced.

The National Framework, developed and implemented by the Commonwealth, states and territories, consists of 10 key measures aimed at reducing the harm that can be caused by online wagering and providing consumers with easy-to-use tools and information to better regulate their online wagering (See Table 1 for further details).

The National Framework was informed by an intensive 18 month consultative process involving the online wagering industry, sporting bodies, academia, the community and financial sectors, broadcasters, problem gamblers and other consumers of gambling products.

The rate of online problem gambling is three times higher¹ than other types of gambling, and that is why the establishment of the National Framework was at the core of the government's response to the 2015 Review of Illegal Offshore Wagering.

The National Framework provides – for the first time – strong, nationally consistent protections for consumers of Australian interactive wagering services.

The National Framework applies to around 131 wagering service providers and their account holders. This means that the National Framework applies to around two and a half million active online wagering accounts in Australia.

Table 1 - The 10 measures of the National Framework

National Framework Measure	Regulatory Responsibility	Status	Date of effect
1. Prohibition of lines of credit <i>This measure prohibits the offering or provision of credit by licensed operators for wagering purposes, with the exception of certain oncourse bookmakers.</i>	Commonwealth (regulated by the Australian Communications and Media Authority (ACMA))	Implemented	17 February 2018 via the <i>Interactive Gambling Act 2001</i>
2. Payday lenders <i>This measure discourages the use of small amount credit contracts (payday lending) for online wagering.</i>	Commonwealth (regulated by ACMA)	Implemented	17 February 2018 via the <i>Interactive Gambling Act 2001</i>
3. Customer verification <i>This measure reduces the customer verification period to 14 days (or less) for online wagering across all jurisdictions.</i>	Commonwealth (regulated by AUSTRAC)	Implemented	26 February 2019 via the <i>Anti-Money Laundering /Counter-Terrorism Financing Act 2006</i>
4. Offering of inducements <i>This measure prohibits all specified inducements in all jurisdictions.</i>	State and territory governments	Implemented	26 May 2019 by state and territory governments
5. Account closure <i>This measure ensures that closing/cancelling an online wagering account is readily available, and accessible by all consumers.</i>	State and territory governments	Implemented	26 May 2019 by state and territory governments

¹ ACMA website - <https://www.acma.gov.au/check-if-gambling-operator-legal>

National Framework Measure	Regulatory Responsibility	Status	Date of effect
6. Voluntary opt-out pre-commitment scheme <i>This measure provides consumers with a tool to help them monitor and manage their gambling by pre-committing to limits.</i>	State and territory governments	Implemented	26 May 2019 by state and territory governments
7. Activity statements <i>This measure ensures consumers receive meaningful statements on their wagering activity with each licensed operator.</i>	State and territory governments	In progress	Due to be implemented by 31 December 2021
8. Consistent gambling messaging <i>This measure provides for evidence-based, consistent gambling messaging.</i>	State and territory governments	In progress	Due to be implemented by 31 December 2021
9. Staff training <i>This measure provides for the training of certain staff in the responsible service of gambling.</i>	State and territory governments	In progress	Due to be implemented by 31 December 2021
10. National Self-Exclusion Register <i>This measure provides for a national self-exclusion register (NSER) for online wagering.</i>	Commonwealth (regulated by ACMA)	In progress	Due to be implemented by 31 December 2021* <i>*Subject to successful procurement process</i>

1.2 National Consistency for the application of the National Framework

The National Policy Statement sets out the agreed policy commitments of the Commonwealth, state and territory governments that underpin the progressive introduction of the National Framework's measures. The statement also outlines the agreed implementation arrangements Australian Governments will use to deliver the National Framework. The National Policy Statement can be available at https://www.dss.gov.au/sites/default/files/documents/11_2018/national-policy-statement.pdf

To meet the timeframes of the National Policy Statement, each state and territory is implementing the National Framework in a way that is optimal within their respective regulatory frameworks for wagering. The National Framework is principles-based to allow application across various policy and regulatory settings. However, consistency in implementation is also a key objective, noting it is a minimum standards approach.

The department is monitoring consistency through the Implementation Governance Committee (all states and territories are members) in order to minimise unintended consequences for both industry and consumers.

Commonwealth and state and territory government officials have agreed to work together to ensure there is effective management of compliance and communication between all jurisdictions and industry.

1.3 Evaluation of the National Framework

Evaluation activities for the National Framework are being guided by a Performance Review and Evaluation Strategy (PRES). The PRES was developed by Communio, with leading online wagering academic, Dr Sally Gainsbury, and accepted by the department on 23 April 2018.

The PRES recommends evaluation activities occur in four phases over a five-year period:

- Preparation and baselines – was conducted before the implementation of the National Framework measures across all jurisdictions. The baseline study was finalised on 30 June 2019 and is available at <https://www.dss.gov.au/communities-and-vulnerable-people-programs-services-gambling/national-consumer-protection-framework-for-online-wagering-baseline-study-final-report>.
- Post implementation review – will be conducted six months after implementation of the National Framework measures across all jurisdictions to measure short-term outcomes, evaluate the implementation status of the National Framework, and monitor activities including regulatory compliance and the promotion of measures.
- Process evaluation – will be conducted 18 months after implementation of the National Framework measures across all jurisdictions to measure medium-term outcomes, measure changes in consumer gambling-related harm and the extent of consumer awareness and uptake of the measures.
- Impact evaluation – will be conducted three years after implementation of the National Framework measures across all jurisdictions to measure longer-term outcomes and changes to consumer gambling related harm.

1.4 Considerations in banning the use of credit cards for online wagering

The department notes that the implementation of full prohibition on the use of credit cards for online wagering will need to take into consideration potential unintended consequences on customer behaviours such as:

- Australian customers (and possibly some licensed online operators) seeking to use credit cards with offshore, unlicensed wagering operators.
- Customers substituting borrowing for funding by seeking short term loans with significant interest repayments.

2. Counselling and assistance for problem gamblers

The department provides funding for financial counsellors to help people, their families and friends affected by problem gambling. In 2019-2020, 33 community organisations delivered this support to 7,408 individual and group clients in every state and territory, with particular focus on areas with high numbers of electronic gaming machines and socio-economic disadvantages.

These services provide intensive one-on-one or group support, to help people to address their financial problems, make informed choices and build their longer-term capability to budget and manage their money. Financial Counselling for Problem Gambling service providers can be found at the Department of Social Services Grants Service Directory at www.serviceproviders.dss.gov.au. These counsellors help eligible people address their

financial problems through the provision of information, advocacy and/or negotiation on behalf of the client.

The National Debt Helpline provides a single contact point for people to access financial counselling, either immediately on the phone or via referral to face-to-face services. Services are voluntary, free and confidential. Further information is available at www.ndh.org.au or by calling 1800 007 007.

Additionally, across Australia, counselling for problem gamblers can be accessed by calling the National Gambling Helpline on 1800 858 858 or through Gambling Help Online at www.gamblinghelponline.org.au.

3. Financial institutions' regulations around credit cards and gambling

The four major banks (Westpac, Commonwealth, National Australia Bank, ANZ) give customers the option to restrict or completely block spending on gambling with their credit or debit cards. ANZ prohibits gambling transactions where the purchases takes the customer over 85 per cent of their credit limit.

A number of financial institutions including Macquarie, Bank of Queensland, American Express and Suncorp completely bar their customers from using credit cards for gambling. Those financial institutions that restrict the use of credit cards for gambling do so by prohibiting payments made to gambling merchant category codes, a standardised four-digit classification allocated to a merchant based on their primary business.

Bank Australia has also announced that from 1 December 2020 customers will no longer be able to use their credit card to make transactions related to gambling or lotteries. The changes followed a customer survey conducted by Bank Australia in 2017, which saw 85 per cent of respondents supportive of blocking payments from credit cards to online gambling businesses.

The department will continue to work with key stakeholders, in particular Australian financial institutions, to ensure that there are better financial consumer protections in place in relation to gambling preventing the accumulation of debt from gambling, particularly beyond the means of individuals being able to pay.

It is recognised that some financial institutions are taking positive reform steps, or have already taken positive reform steps to implement strong consumer protections in relation to gambling such as the recent introduction of gambling caps for gambling related payments. The department continues to monitor these issues closely.

The department welcomes the opportunity to provide any further additional assistance or information that is required by the Committee to support their inquiry deliberations.

Yours sincerely,

 April 2021