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Committee Secretary
Senate Standing Committees on Environment and
Communications
Parliament House
PO Box 6100
Canberra ACT 2600

Via email: ec.sen@aph.gov.au

Dear Committee Secretary

**Submission: Interactive Gambling Amendment (Prohibition
on Credit Card Use) Bill 2020**

The ACT Council of Social Service (ACTCOSS) welcomes the opportunity to make a submission to the Senate Standing Committees on Environment and Communications Inquiry into the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020.

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.

Scope of the inquiry

The Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020 would prevent online gambling service providers from accepting payments by credit card (either directly or indirectly), create a criminal offence and civil penalty provision for a person who accepts, facilitates or promotes credit card payments for interactive gambling services, and provides for the Australian Communications and Media Authority to enforce and review the new requirements.

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Recommendation

ACTCOSS supports the Bill in its current form.

To reduce gambling harm in Australia, ACTCOSS urges all Member and Senators of the Australia Parliament to support the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020.

Background

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.

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.¹

The interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020 would bring the rules governing the use of credit cards for online gambling in line with rules for EGMs. It would also

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)

bring Australia in line with other jurisdictions such as the United Kingdom and the United States.

Australians are ranked number one in the world in terms of gambling losses. This level of harm cannot be sustained by our community. The capacity to gamble using credit cards is further compounding 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.

Further, and as highlighted in the Bill's explanatory memorandum:

people who experience gambling harm are heavy users of credit cards. The Productivity Commission's 2010 inquiry into gambling found that people who identified as problem gamblers were four times more likely to use credit cards to obtain cash to gamble than those in the still problematic category of low-risk gamblers.

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.'²

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

² 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.

(non-financial) costs per problem gambler were estimated to be between \$10,000 and \$30,000.³

In the ACT total gambling losses in the ACT in 2017-18 amounted to \$242.7 million or \$749 per capita.⁴

This Bill creates an opportunity to reduce gambling harm resulting from online gambling. We urge the committee and all members and senators of the Australia parliament to support this important Bill.

ACTCOSS also 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.

ACTCOSS would welcome the opportunity to discuss this submission further with the committee.

Yours sincerely

Dr Emma Campbell
Chief Executive Officer

29 April 2021

³ 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>

⁴ Queensland Government Statistician's Office, Queensland Treasury, *Australian Gambling Statistics 1991-92 to 2017-18, 35th edition, State Tables*, Queensland Government Statistician's Office, Queensland Treasury, Brisbane, 2019, Table ACT 51 p. 425 & Table ACT 53 p. 427, <https://www.qgso.qld.gov.au/issues/2646/australian-gambling-statistics-35th-edn-1992-93-2017-18.pdf>