



Committee Secretary
Inquiry into the Regulation of the use of financial services such as
credit cards and digital wallets
Parliamentary Joint Committee on Corporations and Financial
Services
PO Box 6100
Canberra ACT 2600

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

Dear Committee Secretary

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

The Canberra Gambling Reform Alliance (CGRA) welcomes the opportunity to make a submission to Parliamentary Joint Committee on Corporations and Financial Services on the Inquiry into the Regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia.

About CGRA

The CGRA is a coalition of organisations that advocates for strong action to reduce gambling harm in the Canberra community. The CGRA is made up of organisations including Anglicare NSW South, NSW West and ACT, the Hope Project, the ACT Council of Social Service, the Youth Coalition of the ACT, ACT Shelter, Public Health Association Australia and Communities@Work. You can find our website with information about our campaigns and real stories [here](#).

Our position

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

CGRA supports the Bill.

With regards digital wallets, CGRA 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 trial 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

CGRA 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 the user of EGMs from the money which is being spent, this may increase – not reduce – risks of gambling harm.

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

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.

during gaming or so impose time limits on when funds can be released for gambling.

CGRA 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 10.00am 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

It is estimated that the social cost of problem and moderate risk gambling in the ACT in 2018-19 is \$230 to \$410 million. The estimate of the social cost of gaming machines in the ACT is \$170 to \$300 million.⁴

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.⁵ 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

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 Adjunct Associate Professor John Goss made this estimate based on the Productivity Commission estimates for 2008-09 of the social cost of gambling with extrapolation to the ACT in 2018-19 based on increases in Average Weekly Earnings and adjustments for the size of the ACT population and ACT gambling prevalence. (Productivity Commission, 2010, Gambling, Report No. 50, Canberra).

⁵ M Paterson, P Leslie and M Taylor, *2019 ACT Gambling Survey*, ANU Centre for Gambling Research, Canberra, 2019, p. 50, <https://csrm.cass.anu.edu.au/centres/cgr/2019-act-gambling-survey>

2020, there was one poker machine for every 100 adults aged 18 and over in the ACT.⁶

Further, the Productivity Commission's 2010 Inquiry into Gambling found that:

The large tax concessions on gaming revenue enjoyed by clubs in some jurisdictions (notably New South Wales) cannot be justified on the basis of realised community benefits. There are strong grounds for these concessions to be significantly reduced, though this would require phased implementation to facilitate adjustment by clubs....

Even under conservative assumptions, a sustained 10 per cent reduction in the costs associated with problem gambling is estimated to generate benefits to society of around \$450 million a year in 2008-09 prices, and longer-term benefits amounting to several billion dollars. This implies that even harm minimisation measures with modest efficacy may produce worthwhile net benefits so long as they do not also involve disproportionate costs.⁷

Yours sincerely

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⁶ 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>

⁷ Australian Productivity Commission, [Report into Gambling](#), 23 June 2010, Findings 6.2 and 6.4, accessed 22 June 2021