



RSL
Queensland

29 June 2021

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
Department of the Senate
PO Box 6100
Parliament House
CANBERRA ACT 2600
AUSTRALIA

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

Dear Committee Secretary

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

RSL Queensland appreciates the opportunity to provide a submission to the Joint Committee on the inquiry into the regulation of the use of financial services such as credit cards and digital wallets for online gambling in Australia. We hope that this submission will constructively contribute to the Committee's deliberations.

Yours sincerely

Melanie Wilson
Chief Executive Officer

About RSL Queensland

RSL Queensland's core purpose is to improve the quality of life of veterans and their families to at least match that of the general population, and in pursuit of its purpose provides a wide range of practical and impactful services across the eight wellbeing domains (Health, Justice and Safety, Employment, Education and Skills, Social Support, Income and Finance and Housing). RSL Queensland's Art Union is critical to our ability to deliver these services to veterans in Queensland and across Australia and include veteran compensation advocacy, homelessness and crisis support, employment programs, well-being support, scholarships, research funding, development of on-line research-based assessment and education tools for veterans transitioning to civilian life and much more. In 2019 alone, RSL Queensland spent over \$23 million on its charitable activities (excluding indirect and overhead expenditure supporting these activities).

Additionally, since 2012 RSL Queensland has invested \$14 million in research, through its partnership with the Gallipoli Medical Research Foundation, into PTSD, veteran mental health and veteran well-being. This has resulted in the delivery of practically accredited training to GPs and allied health professionals, as well as the development of scalable on-line assessment and education tools ([GO BEYOND](#); [Go Beyond Launch](#)) to help ex-defence personnel successfully transition to civilian life.

RSL Queensland has ambitious plans to expand and scale its services to ensure we are able to continue to meet the needs of veterans and their families into the future and given the past 20 years has seen significant engagement of Australian troops in various overseas deployments, it is critical these ambitions are realised. It must be noted that these plans are entirely dependent on the continued success of the RSL Queensland Art Union.

More details about the work of RSL Queensland and the services we provide to veterans and their families can be found at www.rslqld.org

Inquiry details

RSL Queensland welcomes the work that the Parliamentary Joint Committee on Corporations and Financial Services is undertaking regarding the use of financial services such as credit cards and digital wallets for online gambling in Australia.

We recognise the importance of the inquiry in seeking to enforce bans on the use of credit cards in online gambling by amending the Interactive Gambling Amendment Act 2017 (IGA) as part of an overarching strategy to address problematic and harmful gambling behaviour.

While this inquiry appears to have been derived from concerns as to whether gambling legislation should be brought into line with prohibited use of credit cards in casinos and gaming lounges, there is a risk that scope creep may inadvertently impact fundraising activities undertaken by charities and not-for-profit organisations, if they are not expressly excluded from the IGA's remit. Without legislation expressly protecting charitable lotteries there is significant risk that regulation of the use of credit cards may impact fundraising through Art Unions and equivalent fundraising by charitable and not-for profit organisations, impacting the sustainability of these charities, and consequently the essential services they provide.

Art Unions

Art Unions form a critical part of the economic fabric of Australian society as a primary source of income for many not-for-profit organisations, such as charities, sporting clubs, and social clubs. They enable funding of essential services to vulnerable groups of people where no, or limited public funding is available. Art Unions are generally defined as lotteries where the winner is chosen through a ticket draw, with a set minimum amount of the gross proceeds being required to be paid to the non-profit organisation.¹ They are run by a variety of different charitable and not-for-profit organisations including RSL Queensland, yourtown, Mater Hospital, Surf Lifesaving, MS Society, Deaf Society and Endeavour Foundation, and are regulated by state and territory legislation. The popularity of Art Unions in Australia is shown by the high number of luxury prize home Art Unions and the longevity and durability of these Art Unions through economic crises such as COVID-19 and the 2008 Global Financial Crisis.

Art Unions or charitable lotteries are different from gambling services targeted by these proposed reforms. Gambling is traditionally considered an activity where people risk money or belongings to win a prize, and there is an element of chance involved.²

Most people who gamble do not have a problem, but some people can become compulsive gamblers at some point in their life, where they lose control of their betting, and it negatively impacts their life.³ Harmful gambling generally involves gambling activities that enable instant gratification where a person chooses the small and immediate reward, rather than a potentially larger reward later. Further, problematic gambling generally involves compulsive gambling where a person acts on impulse and continually chases bets that lead to losses, deplete savings, accumulate debt, or lead to criminal activities to support a person's addiction.

Research regarding problem gambling primarily relates to betting in offline and online environments⁴ and suggests that problem gambling behaviour is generally associated with a tendency to take risks, and the personal inability to delay gratification. Art Unions on the other hand, involve delayed gratification and the odds of winning are typically very low. For these reasons, they are less likely to attract problem gamblers seeking immediate gratification, the thrill of risk taking, or quick returns, and are therefore generally regarded as low risk activities. In fact, RSL Queensland's research suggests that its customers recognise that the chance of winning is low, and view their contribution as a different form of 'donation'.

Significant Risk: Legislative reforms could inadvertently include Art Unions and significantly impact their sustainability

There are significant risks that legislative reforms could inadvertently capture Art Unions and charitable lotteries in Australia (currently regulated by State and Territory legislation) in the same way that recent UK legislation banning credit cards has captured large society lotteries in the UK.⁵ UK society lotteries are

¹ See for example NSW Fair trading rules <https://www.fairtrading.nsw.gov.au/community-gaming/art-unions>. Depending on the State or Territory and a set percentage may need to be returned to charity (e.g. 30% in NSW). RSL Queensland Art Unions fall under the Category 3 'Game' where the prize pool is substantial (e.g. at least \$30,000 in NSW and \$50,000 in Queensland).

² <https://www.gamblinghelponline.org.au/understanding-gambling/what-is-gambling>

³ <https://www.healthdirect.gov.au/gambling-addiction>

⁴ For example BETA and DSS (2020). Applying behavioural insights to online wagering <https://behaviouraleconomics.pmc.gov.au/projects/applying-behavioural-insights-online-wagering>

⁵ <https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/guidance-for-society-lotteries-and-external-lottery-managers-on-the-credit-card-ban-and-gamstop>

lotteries promoted for the benefit of a non-commercial society, and are similar to Art Unions in that they must be for charitable purposes, or the purpose of enabling participation in, or supporting sport, athletics or a cultural activity.

On 14 April 2020, new gambling laws came into operation in the UK banning credit cards from being used to pay for online gambling activities⁶. Despite strong opposition, this legislation captured the operation of society lotteries. The ban was applied to all types of remote lottery licences and payment methods, so that credit card payments for lotteries could no longer be accepted online, on the phone, or other electronic means. However, postal and face-to-face payments by credit card remained permissible. It is important to note that the consultation found that many society lotteries operated charity shops or could use other retail premises to facilitate the sale of face-to-face tickets and thereby work around the credit card restrictions⁷.

The UK Gambling Commission's consultation noted that all of the society lottery operators consulted were against a ban on lottery payments for society lotteries. The consultation found that only approximately 3% of transactions to buy lottery tickets came from credit cards⁸. They also found society lotteries represented lower risk in terms of gambling-related harm. Despite this, the UK Gambling Commission proceeded with including society lotteries within their ban on the use of credit cards for online gambling activities.

If equivalent legislation were passed in Australia, it would have a devastating impact upon the operation of Art Unions or charitable lotteries. RSL Queensland, like other Art Unions in Australia, relies heavily on the use of credit cards for draw-based lotteries as well as its regular fundraising subscription service where members are automatically entered in member-only draws. In the 2020-21 financial year, 98% of RSL Queensland's fundraising transactions came from credit card transactions.

Further, the risks of harm associated with using credit cards to purchase Art Union tickets is low, as affirmed by the UK Gambling Commission's own findings regarding society lotteries. A key reason why customers buy tickets in the RSL Queensland Art Union is to help raise funds to support Veterans. Without the ability to transact via credit card, RSL Queensland's fundraising capabilities would suffer significantly.

Additionally, in contrast to the UK where door to door, face-to-face, and mail were identified as feasible payment alternatives, this would not translate to the Australian context given our geographic dispersion and significant differences in urban design. As well, there is a lack of charity shop fronts or retailers to facilitate face-to-face transactions for an organisation like RSL Queensland.

Recommendation

Any proposed legislative amendments should expressly exclude Art Unions and charitable lotteries run by not-for-profit organisations to ensure these fundraising activities are not inadvertently captured by such reforms.

⁶<https://www.gamblingcommission.gov.uk/news-action-and-statistics/News/guidance-for-society-lotteries-and-external-lottery-managers-on-the-credit-card-ban-and-gamstop>

⁷ See 3.48 <https://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/consultation-responses-2020/Changes-to-licence-conditions-and-codes-of-practice-on-the-use-of-credit-cards-for-gambling.aspx>

⁸ See 3.37 <https://www.gamblingcommission.gov.uk/for-gambling-businesses/Compliance/consultation-responses-2020/Changes-to-licence-conditions-and-codes-of-practice-on-the-use-of-credit-cards-for-gambling.aspx>

Conclusion

RSL Queensland strongly advises that any resulting legislative reforms must be designed specifically to reflect the Australian context and should not mirror those implemented in the UK. Art Unions and charitable lotteries run by not-for-profit organisations for the purpose of fundraising should be expressly excluded from any credit card ban under the IGA, enabling them to remain outside the remit of Commonwealth regulation of interactive gambling services and any resulting credit card bans.

We thank you for the opportunity to provide a submission to the Inquiry and welcome any additional questions or requests for further information.