

# SUBMISSION

**TO |** The Parliament of the Commonwealth of  
Australia - Senate

**TOPIC |** Inquiry into the Interactive Gambling  
Amendment  
(Prohibition on Credit Card Use) Bill 2020

**DATE |** May 2021



## About Uniting Communities

Uniting Communities works across South Australia through more than 100 community service programs, including: aged care, disability, youth services, financial inclusion, homelessness intervention, foster care, family and financial counselling. Our team of staff and volunteers support and engage with more than 20,000 South Australians each year. We strive to build strong and supportive communities, to help people realise their potential and live the best life they can.

Uniting Communities has also has a strong history in proactively seeking to reduce gambling harm, providing the State's first gambling specific counselling services, providing secretariat support to the SA Heads of Christian Churches Gambling Taskforce for a number of years and being central to the decision to establish an Independent Gambling Authority in South Australia. We have also made submissions and presentations about online gambling to various Commonwealth Government inquiries

## Uniting Communities Response to Credit Card Gambling

Uniting Communities understands gambling to be a recreational activity that is risky for some people and causes considerable harm for small but significant number of regular gamblers with substantial adverse impacts on people associated with people with problem gambling behaviour.

Consequently we strongly support that intent of the proposed amendment which is given on page 1 of the explanatory memorandum as being:

*"The Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020 aims to minimise the scope for problem gambling among Australians betting online by amending the Interactive Gambling Act 2001 (the IGA) to implement a ban on the use of credit cards for betting using certain regulated interactive gambling services."*

A requirement for people who gamble through interactive gambling activities to gamble through established, legal, dedicated gambling accounts and not use credit cards, provides an appropriate balance between convenient and safe gambling practice for gamblers and unsafe gambling practice.

## Section 1. Background

This submission responds to the draft legislation for the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020 and the associated explanatory memorandum

### **Context 1 – Gambling Use in Australia**

This legislation has been proposed as a time when the number of people gambling is declining but when gambling spending is little changed, and losses for people with gambling losses are increasing. This trend has been identified by researchers, including Prof Max Abbott from New Zealand over recent years, We observe that the trend has been enhanced by COVID-19 isolation and associated public health restrictions.

An example of this research is from “Gambling participation, expenditure and risk of harm in Australia, 1997-1998 and 2010-2011” by Andrews Armstrong, Anna Thomas and Max Abbott published in August 2017.<sup>1</sup>

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*“Despite a falling participation rate the study found no real change in the number of people gambling overall, and increasing numbers consuming casino table games, race wagering and sports betting. Further found were increases rather than decreases in average gambler expenditure, overall, and across most products.”*

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### **Gambling Spending in Australia**

One of the measures introduced by the Commonwealth Government to assist people to cope with loss of income associated with COVID-19 isolation was the capacity for people to withdraw up to \$20,000, over two years, from their superannuation funds.

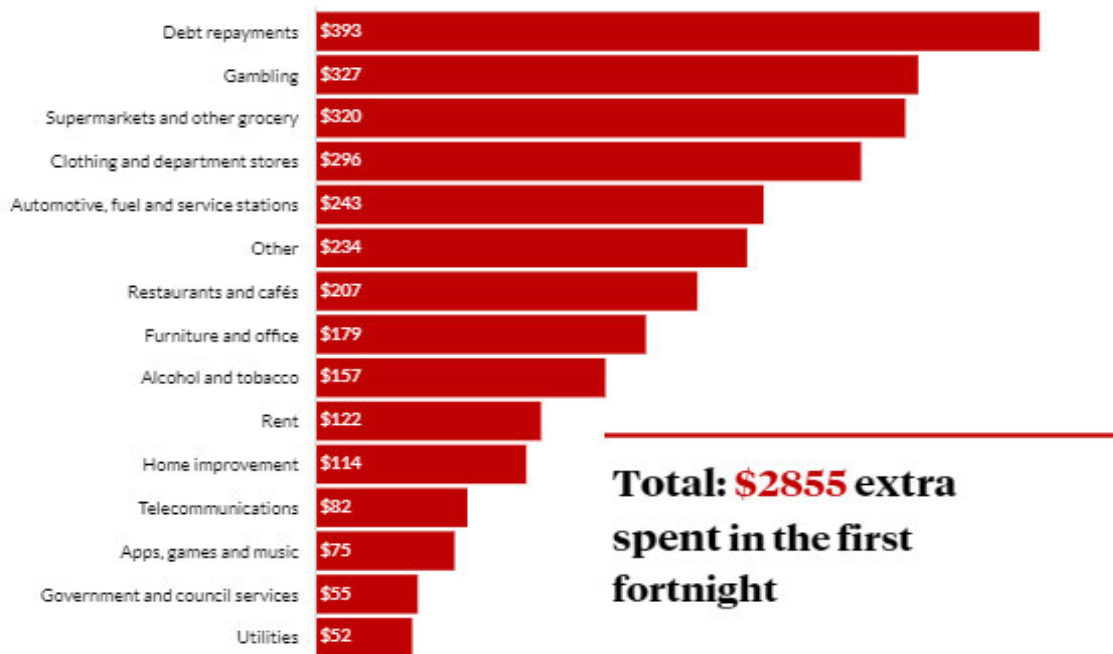
The following graph was produced by members of the Accenture Group of companies and shows spending of superannuation withdrawals by expenditure categories. We note that gambling was the second highest level of expenditure which we emphasise demonstrates the highly addictive nature of gambling with high levels of expenditure despite the closure of many gambling venues.

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<sup>1</sup> <https://aifs.gov.au/agrc/publications/gambling-participation-expenditure-and-risk-harm-australia-1997-1998-and>

## What people spent their super on

How much spending increased in each category in the fortnight after accessing their super, compared to the average fortnight in the two months prior



Note: Based on a sample of 13,000 people who withdrew superannuation.

Source: ilion and AlphaBeta (part of Accenture)

Figure 1, Source Ilion and AphaBeta (Accenture group)

It is also significant to note that Australia has the highest level of gambling, per capita, in the world. The data shown as figure 2 is taken from a 2018 NSW parliament research paper.<sup>2</sup> We suggest that tourist / non-resident gambling is a smaller proportion of gambling in Australia than it is for the second and third nations (Hong Kong and Singapore) on the “gambling per capita” list.

We also understand that the high levels of gambling expenditure in Australia also mean that gambling harm in Australia is significant.

<sup>2</sup> [https://www.parliament.nsw.gov.au/researchpapers/Documents/Gambling\\_an%20update.pdf](https://www.parliament.nsw.gov.au/researchpapers/Documents/Gambling_an%20update.pdf)

**Figure 1: Countries with highest per capita gambling losses (\$US), 2017<sup>8</sup>**

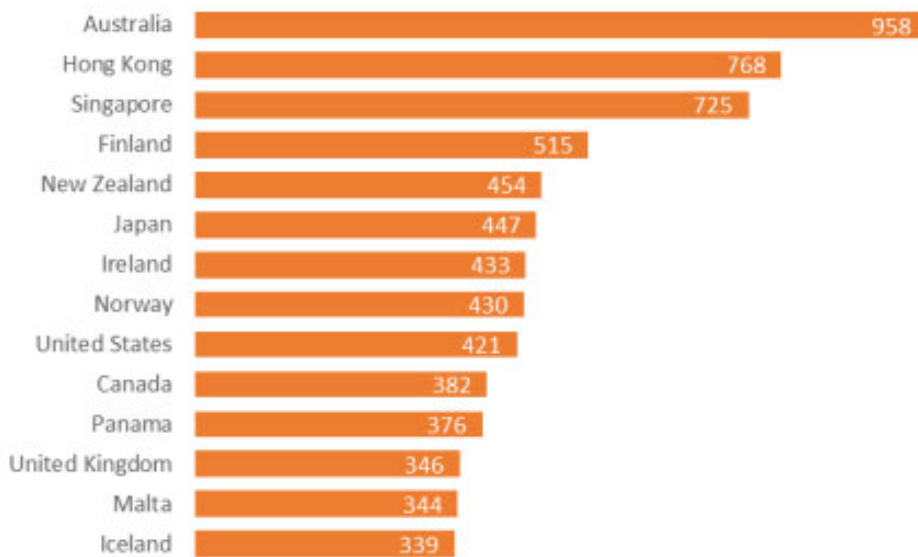


Figure 2, Source NSW Parliament

This data needs to be coupled with recent survey data from Roy Morgan who reported the following in April 2019. “New data shows that over the last decade there has been a large drop in the proportion of Australians (18+) that gamble. A decade ago (December 2008), nearly two thirds of the population 18+ (64.7% or 10.5 million) gambled in an average three months, this has now fallen in December 2018 to only 47.9% or 9.3 million. This downward trend has continued over the last year, falling from December 2017, which showed that 50.1% of Australians or 9.5 million gambled in an average three months.”<sup>3</sup>

With per capita gambling spending in Australia in 2017 being reported as \$958 per annum and recognising that less than a half of Australians gambled in that year, average annual spend for gamblers is at least \$1,916 per year and much more for regular gamblers.

Higher levels of gambling expenditure correlate with higher levels of gambling harm.

Online sports betting is the fastest growing form of gambling expenditure in Australia, increasing by 560% (\$nominal) in the decade from 2008-9 to 2017-18, when online sports betting was A\$1.26 billion.

<sup>3</sup> <http://www.roymorgan.com/findings/7941-gambling-participators-201904120606>



Figure 3, Source; Queensland Treasury, Australian gambling statistics, 2017-18

The rapid rate of growth of on-line gambling, including sports betting and the high risk associated with online gambling is a major reason to put appropriate industry standards and consumer protections in place now, before this industry becomes any larger, which is surely will.

## **Context 2 - Gambling Industry Regulatory Compliance**

The gambling industry in Australia does not have a good record at complying with harm reducing measures.

### **Crown Casino**

The ABC reported<sup>4</sup> on 19<sup>th</sup> October that “The financial crimes regulator is investigating casino operator Crown for potential breaches of Australia's anti-money laundering and counterterrorism financing laws.”

The article also said that “Casinos are 'high risk' for money laundering” and quoted former AUSTRAC senior executive Gavin Durbin who told ABC's “The World Today that casinos are a high-risk business for money laundering.

"I personally worry about their lack of due diligence," Gavid Durbin said.

More recently an inquiry into the suitability of Crown Melbourne Limited to hold a casino licence has been announced by the Victorian Government.<sup>5</sup>

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<sup>4</sup> <https://www.abc.net.au/news/2020-10-19/crown-casino-to-be-investigatged-by-austrac-money-laundering/12781396>

<sup>5</sup> <https://www.rccol.vic.gov.au/>

“On 22 February 2021, Her Excellency, the Hon. Linda Dessau AC, signed letters patent appointing the Hon. Ray Finkelstein AO QC as Commissioner and Chairperson of the Royal Commission into the Casino Operator and Licence.”

Soon after this, the WA Government reported<sup>6</sup> “On 5 March 2021, the Honourable Neville Owen (AO), the Honourable Lindy Jenkins and Mr Colin Murphy (PSM), were appointed Royal Commissioners to inquire into the suitability of Crown Perth to continue holding a casino gaming licence pursuant to the following [Terms of Reference](#). The Commissioners will also examine the State's regulatory framework, including any actual or perceived conflicts of interest by officers involved in casino regulation, and any matters that might enhance the Gaming and Wagering Commission's future capability and effectiveness.

The Commission will be known as the Perth Casino Royal Commission. It is expected to deliver its final report with findings and recommendations by 14 November, 2021.”

### Tabcorp

Gaming company Tabcorp was fined \$45 million for breaches of anti-money laundering and counter-terrorism (AML/CTF) financing laws in March 2017.

AUSTRAC describes themselves as “the Australian Government agency responsible for detecting, deterring and disrupting criminal abuse of the financial system to protect the community from serious and organised crime.”

In March 2017 AUSTRAC reported “Record \$45 million civil penalty ordered against Tabcorp<sup>7</sup> The highest ever civil penalty in corporate Australian history was today ordered against Tabcorp by the Federal Court of Australia.

AUSTRAC CEO Paul Jevtovic said that the record \$45 million civil penalty serves as a stark reminder to all reporting entities that there are serious consequences for non-compliance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act).

“Today the court found that Tabcorp had contravened the AML/CTF Act on 108 occasions over a period of more than five years,” said Mr Jevtovic.

Justice Perram has found that Tabcorp failed to:

1. Have a compliant AML/CTF program for over 3 years to manage the risks of money laundering and terrorism financing.
2. Give AUSTRAC reports about suspicious matters on time or at all on 105 occasions. Tabcorp has admitted that these suspicions related to unlawful activity including money laundering and credit card fraud.
3. Identify a customer who collected \$100,000 in winnings.
4. Enrol with AUSTRAC on time.”

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<sup>6</sup> <https://www.wa.gov.au/government/perth-casino-royal-commission>

<sup>7</sup> <https://www.austrac.gov.au/record-45-million-civil-penalty-ordered-against-tabcorp>

## Betchoice

In December 2019 Liquor and Gaming in NSW<sup>8</sup> reported that “wagering company Betchoice, trading as Unibet, has been convicted and ordered to pay fines and costs of \$25,000 for offering illegal gambling inducements to NSW residents.

The penalty was handed down in Sydney’s Downing Centre Local Court on 15 December after Betchoice was convicted of breaching NSW gaming laws.

The prosecution follows a Liquor & Gaming NSW investigation into promotions which appeared on the Unibet website in February 2019 offering ““Earn \$50 CASH For Each Friend You Refer!””, and a separate ad on The Canberra Times website in November 2018 which offered “Deposit \$20, Bet with \$100”.

## Further allegations of improper practice by gambling industry.

Recent examples of actual or alleged improper practices in the gambling industry in NSW, and related enforcement action, from the NSW Parliament research paper, are noted below:

- Illawarra Steelers: In October 2018, the Independent Liquor and Gaming Authority (ILGA) fined the Illawarra Steelers Club \$100,000 for breaching provisions of the Liquor Act and Gaming Machines Regulation by offering free alcohol and disguising EFTPOS transactions as purchases in order to supply cash for poker machines.
- In February 2018, Andrew Wilkie alleged in Federal Parliament that ALH Group (majority owned by Woolworths), which has around 400 poker machine venues, “spies on its poker machine customers without their knowledge, keeps a secret database of personal information and uses that information to encourage increased gambling”. In August 2018, ALH Group said that an internal investigation found that this practice was operating in a limited number of venues in Queensland and certain aspects of the practice were operating in two venues in NSW.
- Dee Why RSL: In July 2018, the media reported the case of Gary Van Duinen, a problem gambler who died by suicide after an alleged 13-hour stint of playing the pokies at clubs on the Northern Beaches.<sup>73</sup> Mr Van Duinen’s mother was critical of Dee Why RSL club for not helping her son stop gambling and encouraging his habit.
- Crown Sydney Gaming: In July 2019, the media reported allegations that the Crown Casino in Melbourne had business ties to organisations linked to Chinese organised crime.<sup>76</sup> In August 2019, the ILGA announced that it would be conducting an inquiry into the Barangaroo restricted gaming facility granted to Crown Sydney Gaming Pty Limited.<sup>77</sup>

For the purposes of this submission, the main observation that we draw from the examples of breaches of gambling regulations or legislation given above is that regulation needs to be clear and compliance and enforcement process need to be ongoing and thorough to protect the community from further gambling harm.

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<sup>8</sup> <https://www.liquorandgaming.nsw.gov.au/news-and-media/betting-company-convicted-for-illegal-advertising#:~:text=Wagering%20company%20Betchoice%2C%20trading%20as,of%20breaching%20NSW%20gaming%20laws.>



We also observe that significant sections of the gambling industry in Australia have failed to meet community expectations and failed to meet legislative and regulatory requirements. We do not seek to predict the outcomes of processes that are currently underway, including Royal Commissions, but do express the strong opinion that very clear consumer protection measures need to be in place

### **Context 3 – reducing the risk of gambling harm**

There are many research papers that list the triggers to gambling harm, for example this listing from Mayo Clinic<sup>9</sup>

- Being preoccupied with gambling, such as constantly planning how to get more gambling money
- Needing to gamble with increasing amounts of money to get the same thrill
- Trying to control, cut back or stop gambling, without success
- Feeling restless or irritable when you try to cut down on gambling
- Gambling to escape problems or relieve feelings of helplessness, guilt, anxiety or depression
- Trying to get back lost money by gambling more (chasing losses)
- Lying to family members or others to hide the extent of your gambling
- Jeopardizing or losing important relationships, a job, or school or work opportunities because of gambling
- Resorting to theft or fraud to get gambling money
- Asking others to bail you out of financial trouble because you gambled money away

We add to this list gambling characteristics and environmental factors:

- Speed of 'play'
- Feelings of loss / isolation
- Secrecy

On-line gambling is risky because it is generally undertaken in isolation, which decreases the potential for checks on spending by a gambler that can come from interacting with other people.

In addition, many on-line gambling sites are set up to offer a regular flow of 'events' that a person can gamble on, creating a speed of play that encourages a gambler to keep playing, and consequently lose more money than they can afford to. Sports betting sites apply the approach by offering, in real time, a large number of event within a sporting match that a person can bet on, including who will score the next goal, or whether a certain delivery from a cricketer will be a 'no-ball' and whether a particular serve from a tennis player will be an "ace," or maybe a "double fault." We have noted in other processes that these "exotic" bets, bets that are not directly about the outcome of a sporting contest, are open to corruption.

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<sup>9</sup> <https://www.mayoclinic.org/diseases-conditions/compulsive-gambling/symptoms-causes/syc-20355178>

## Section 2. The Draft Legislation

Uniting Communities strongly supports the draft legislation because it:

1. Provides an appropriate consumer protection for a series of products that cause major harm for some people.
2. Sets a clear and reasonable industry standard for the fasted growing sector of the Australian gambling industry.

The intent of the legislation is appropriate in ensuring that online gamblers are more likely to be making rational choices about their spending by gambling through an established account that we would expect would mean that gambling would not be possible once money in the account had been spent. Credit card betting removes this control from the gambler thereby posing a much greater risk of problematic gambling behaviour and financial losses greater than intended by a gambler.

On-line gambling provides a setting whereby the 'triggers' to gambling harm are strong, including privacy/secrecy, rapidity of play, chasing losses, isolation of the gambler. Provision of sensible, external controls to provide some levels of consumer protection are particularly imported of on-line offerings

### Specific Comments

#### Clause 15 J

This clause is supported and in particular the definition of credit card payment being both

- (a) payment by credit card; or
- (b) payment from an account or service that relies on the payment being made from a credit card linked to the account or service.

It is important that credit card payment cannot occur indirectly for example through a gambling account.

#### Clause 15 K (6)

This is also a particularly important clause because it is essential that the onus is clearly placed on the gambling provider to ensure that any customer who is potentially for Australia is clearly aware that they are unable to use credit card payment for any gambling activity.

We anticipate that there may be some resistance from gambling providers to any attempts to hold them accountable for failure to comply with this law if implemented. We do not accept any gambling provider attempt to limit their responsibilities in providing a fair, transparent and legal gambling product.

#### Clause 15 M

We suggest adding a new clause that would require ACMA to provide an annual report, to their website, summarising compliance and enforcement measures undertaken to enact this legislation.