



The Salvation Army Australia Territory

Territorial headquarters

2 Brisbane Avenue, Barton ACT 2600
PO Box 4224, Kingston ACT 2604

P 02 6270 3118

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

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

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

Dear Chair

The Salvation Army thanks the Senate Environment and Communications Legislation Committee for the opportunity to comment on the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020 inquiry.

The Salvation Army is an international Christian movement with a strong presence in Australia. Our vision is to confront hardship and injustice by living, loving and fighting alongside others to transform Australia one life at a time, with the love of Jesus. We hold the view that gambling is an exploitative practice that should not be a means of income generation.¹ Gambling often impacts the most vulnerable. It is not merely a harmless activity and can become a compulsive dependency.²

We appreciate that the objective of the proposed amendment is to reduce problem gambling among Australians by implementing a ban on the use of credit cards for online betting and creating a criminal offence and civil penalties for those who accept, facilitate or promote credit card payments for interactive gambling services.

Based on our work with people who have experienced financial hardship and stress as a result of problem gambling, **The Salvation Army recommends that the amendment to the Bill proceeds.**

¹ The Salvation Army International Positional Statement (2012), *Gambling*.
https://s3.amazonaws.com/cache.salvationarmy.org/e9ce2248-e635-4490-967e-f8b0a821c391_English+Gambling+IPS.pdf
² Ibid.

Monica's story*

Monica is in her early forties and receives the Disability Support. She has two adult children and a 14-year old son, who do not live with her.

Monica previously had a carer with a gambling addiction, who, without her knowledge, used her identity to finance a poker machine addiction and take out several loans in her name: a credit card, a car loan (for a car that she cannot drive, due to her health condition), consumer leases for household items and a Centrelink debt. This has left Monica with significant debts and a fear of living on her own. She now lives with one of her adult children for part of the week for her own sense of safety.

On her first visit with Moneycare, Monica revealed that as a result of the emotional and financial abuse she had endured, her mental health had deteriorated and she had been diagnosed with post-traumatic stress disorder (PTSD) and anxiety. She also mentioned that she had been experiencing suicidal ideation. Moneycare liaised with her psychologist to document her mental health as she has problems with her memory and concentration.

Moneycare has been able to help Monica secure a debt waiver on her credit card. We are continuing to work with Monica's financier to return the secured car loan based on maladministration and without further legal liability. She has decided to continue with the consumer lease and her Centrelink debt is currently being reviewed.

* Name has been changed

Harm caused by gambling

The Salvation Army provides assistance to people with gambling problems, their family and close friends, and people who are experiencing financial hardship and stress as a result of gambling. We also see the impact of gambling across our other services including family and domestic violence, homelessness support services and Moneycare, The Salvation Army's financial counselling and financial literacy and capability service.

The latest available data show that Australians lost a total of \$24.9 billion on gambling in 2017-18 (an increase of 5 per cent from the previous year).³ This means that, in 2017-18, \$1,292 was lost on gambling per person, up from \$1,251 in 2016-17.⁴

Unfortunately, the consequences of these substantial losses are not only incurred by individuals participating in gambling activity. The Salvation Army's experience corroborates with the findings in the Victorian Auditor-General's report 'Reducing the Harm Caused by Gambling', namely that harm from gambling is also experienced by the family and friends of those who gamble, as well as the wider community. Research shows that harm from gambling may include: relationship difficulties, health problems, emotional or psychological distress, financial problems, issues with work or study, cultural problems, and criminal activity.⁵

The types of harm outlined above occur across a wide spectrum, from low impact to severe and debilitating harm. Bankruptcy, homelessness, suicidal ideation, family and domestic violence, and relationship breakdown are examples from the most severe end of the spectrum, whereas low-impact harms include trouble with paying for essential household expenditure, managing time or being available for family and friends.⁶ Furthermore, harms often accumulate and, at the population level, can be widespread. In severe cases, harm from gambling results in long-term legacy and intergenerational costs, such as ongoing debt, the loss of family assets and major disruption to family networks.⁷

³ Queensland Government Statistician's Office, Queensland Treasury (2019), *Australian Gambling Statistics, 35th edition*. <https://www.qgso.qld.gov.au/issues/2646/australian-gambling-statistics-35th-edn-1992-93-2017-18.pdf>

⁴ Ibid.

⁵ Victorian Auditor-General (2021), *Reducing the Harm Caused by Gambling*. <https://www.audit.vic.gov.au/sites/default/files/2021-03/20210318-Gambling-Harm-report.pdf>

⁶ Ibid.

⁷ Ibid.



“Gamblers facing an irresistible urge to gamble are unlikely to think about repaying the debt and rates of interest. In the moment, they are more likely to convince themselves that they will cover any debt with their winnings.” – Financial Counsellor (The Salvation Army)

Our experience delivering gambling support services shows that when the impulse to gamble is strong, there needs to be as many protections as possible to reduce the risk of significant financial harm to individuals. We see in our clients that the urge to use all available funds to the full extent can be overwhelming, particularly when sitting at home with no one available to check on their activities, or with ‘mates’ in a pub, being encouraged to bet and reinforced by mass advertising during sporting events. We consider that this is what makes online betting much more harmful than physically gambling in a venue where there is a chance of the problem gambling behaviour being noticed.

Most of the clients attending our gambling support and financial counselling services present with other mental health issues as well, which in addition to financial hardship, can potentially lead to attempted suicide as a result of the despair they feel. Our staff have also identified that an increase in financial hardship can often lead to an increase in family and domestic violence. With these considerations, we strongly believe that having as many financial protections in place as possible is imperative, with a ban on the use of credit cards a fundamental step for the treatment of problematic gambling.



“We have seen many examples of addicted gamblers applying for personal credit cards without the knowledge of their partner and gambling in secret. This causes a huge burden of secrecy and shame and a healthy relationship is just impossible in those circumstances. Indeed, we have seen cases of addicted gamblers deliberately alienating themselves from their families and friends because of their shame, despair and misguided thinking.” – Financial Counsellor (The Salvation Army)

Risks and concerns associated with online gambling and credit cards

Credit cards are banned from use in casinos and gaming lounges, but currently no such rules apply for gambling online. Whilst online wagering on racing, sports and other approved events is permitted across Australia, online gaming (including casino products) are among the activities strictly prohibited under the *Interactive Gambling Act 2001*. Never has gambling been so accessible and heavily promoted, including through an increase of online betting options in sports and racing. This has contributed to a further normalisation of gambling in the general community.⁸

When clubs and casinos shut down during the COVID-19 pandemic, a significant number of people switched to online gambling activities. Risks are potentially higher in online gambling due to easier accessibility and the lack of betting limits (for example, people can use credit cards to top up online gambling accounts in a way they cannot in pubs or clubs). Research revealed a 67 per cent increase in online gambling (measured by the number of bets) for the period 30 March 2020 to 5 April 2020 and it is not clear what proportion of these individuals switched back to gambling physically in venues and how many of them now gamble both online and in person.⁹

The Salvation Army's primary concern with credit card-enabled gambling is that it enables significant debt to accumulate very quickly. Gambling addiction is an impulse control disorder¹⁰ and the ease of using a credit card means that barriers or physical cues that can assist people to manage their impulses do not exist. This is particularly so when gambling online.

Using credit cards for online gambling, even if not at the problem gambling level, can also result in financial harm. Credit card transactions for gambling may be viewed negatively by mainstream lenders when a client applies for another loan and this may drive a person to higher cost lenders or riskier credit products. The Salvation Army has longstanding concerns about the impact of short-term credit and predatory lending practices on people who are experiencing financial disadvantage.

Similarly, issues around identity theft or the absence of identity verification can mean that a person can accumulate a substantial debt in someone else's name. In our services, we generally see this in instances where financial abuse is an element of family violence – an occurrence that is far too common. Financial abuse can linger long after a relationship has ended either because the victim-survivor is unaware that a credit card has been taken out in their name or because the accumulated stress of family violence makes it difficult to work with financial institutions to correct the issue.

⁸ Gainsbury, S. (2014), *Interactive Gambling*. Australian Gambling Research Centre Discussion Paper. <https://aifs.gov.au/agrc/sites/default/files/publication-documents/agrc-dp3-interactive-gambling.pdf>

⁹ International Association of Gaming Regulators (2020), *Australia sees big surge in online gambling*. <https://www.iagr.org/industry-news/australia-sees-big-surge-online-gambling>

¹⁰ Mayo Clinic. (2016), *Compulsive gambling*. <https://www.mayoclinic.org/diseases-conditions/compulsive-gambling/symptoms-causes/syc-20355178>

A secondary concern is around the financial literacy required to understand the consequences of using a credit card for gambling. Gambling transactions are categorised by most credit providers as cash advances, with significant high interest rates (up to 29.49 per cent per annum at the time of writing) and fees. This makes the use of credit cards extremely expensive – a factor compounded when a person chooses only to make the minimum monthly repayments on their credit card. With an interest rate of 29.49 per cent per annum, an individual owing \$1,000 and making minimum monthly repayments would pay \$3,066 over 11 years and 4 months. Our experience through delivering financial counselling services is that most people find it difficult to navigate the complexity of financial products and this difficulty is intensified when a person is already under significant stress.

Michael's story*

Michael* is a 25-year old recent university graduate. Whilst looking for work in his chosen field, Michael's sole income has been the JobSeeker Payment. Michael attended our gambling support services, acknowledging he is a compulsive gambler. He had only been gambling for 2 years. He had one big win, which sucked him in but has reportedly spent about \$35,000 during this time (including \$5,000 that he withdrew from his superannuation) and an unspecified amount that he had stolen from his partner, Zara*.

Since commencing counselling, Michael has had a couple of relapses but had not spent a significant amount. The impact of the theft and her discovery of her partner's gambling was devastating to Zara. She engaged in counselling herself to work through her trust issues and to set some very clear boundaries for her partner, including a zero tolerance for gambling. She was concerned for her own financial security if she stayed in the relationship and overwhelmed at the prospect of having to control the couple's finances going forward.

To save the relationship, Michael agreed to some stringent practices around his financial affairs but found that this adversely affected his mental health. This put an additional burden on the relationship and they sought counselling to reach some mutually agreeable practices.

This case is still ongoing. Both Michael and Zara continue to receive relationship counselling and Michael is attending our Gambling Help counselling. Michael and Zara cleared all the credit card debt by borrowing from family and by reducing their expenditure on other items. This preserved their credit rating, which was important to them in view of their longer-term desire to buy their own home.

Financial Counselling has concentrated on strategies for protecting the couple's income and assets, both now and into the future. Measures include restricting Michael's access to credit cards and other borrowed money. Michael and Zara believe that as a result of the support they have received, their relationship will survive and flourish.

* Names have been changed

The use of credit cards for gambling should be prohibited

Our recommendation to the Committee is that prohibiting the use of credit cards for gambling will be more effective and beneficial than simply restricting their use. Credit cards enable immediate and easy access to funds. Unfortunately, credit cards have been, and remain, relatively easy to obtain and debt owed on credit cards can quickly become very sizeable and unsustainable. Even though gamblers may access other forms of credit if credit card use is banned, not being able to use credit cards will at least reduce the damage caused through online gambling.

Some financial institutions have introduced measures to allow a person to voluntarily apply a block or limit on gambling transactions. Others have created limits whereby a person is prevented from undertaking a gambling transaction when they are approaching their credit limit. Similar to self-exclusion from gaming venues, which was first introduced in the early 2000s (and problem gambling has proliferated since then), voluntary measures are a step in the right direction but rely on a person with a gambling problem taking positive action. Voluntary restrictions also do not consider family dynamics, nor patterns of family violence and abuse. Our experience suggests that these measures, while useful for some people, are not enough to address the harm experienced.

Further engagement

The Salvation Army welcomes the opportunity to inform the Interactive Gambling Amendment (Prohibition on Credit Card Use) Bill 2020 inquiry and remains committed to working alongside all stakeholders towards reducing the harm caused by gambling within our nation.

If you would like to discuss any aspect of this letter further, please contact me at

Yours sincerely,

Paul Hateley, Major
Head of Government Relations
The Salvation Army Australia

29 April 2021

The Salvation Army acknowledges the Traditional Owners of the lands and waters throughout Australia. We pay our respect to Elders and acknowledge their continuing relationship to this land and the ongoing living cultures of Aboriginal and Torres Strait Islander peoples across Australia.

We also acknowledge future aspirations of all First Nations peoples. Through respectful relationships we will work for the mutual flourishing of Aboriginal and Torres Strait Islander Australians and non-Indigenous Australians. We commit ourselves in prayer and practice to this land of Australia and its people, seeking reconciliation, unity and equity.