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Problem gamblers and the role of the financial sector

THE SOUTH AUSTRALIAN CENTRE FOR ECONOMIC STUDIES

Improving the lives of Australians
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Executive summary

Introduction

The South Australian Centre for Economic Studies (SACES) was asked to provide research and evaluation services to the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) on the issue of problem gamblers in Australia and their access to funds with which to gamble.

The backdrop to this study, as stated in the Terms of Reference, is a number of statistics linking problem gambling to homelessness and severe financial difficulty. For example, research has indicated that between 15 and 20 per cent of Australia’s homeless population are homeless because of a gambling addiction. The 1999 Productivity Commission report, *Australia’s gambling industries*, based on data from the National Gambling Survey and Survey of Clients of Counselling Agencies, found that more than 8 per cent of the problem gamblers in counselling had been bankrupt, and almost 8 per cent had lost their house.

In the same Productivity Commission report, a number of aspects of financial behaviour were found to be proportionally higher among problem gamblers. For example, more than 51 per cent of the problem gamblers in counselling had at some point owed money due to gambling, compared to just 2 per cent for adults in general. One in five problem gamblers reported borrowing money and not paying it back, and one in two said they had borrowed money to finance their gambling. More than one in three gamblers surveyed as part of the Productivity Commission report who were in counselling reported selling property to finance their gambling; 13 per cent had obtained funds to gamble through pawnbrokers; and 8 per cent had borrowed from loan sharks (that is, lenders who charge exorbitant interest rates and sometimes use harassment to exact payment from debtors).

Problem gambling affects not only the gamblers themselves but also those around them, particularly their families. The Productivity Commission report (1999) estimated that, on average, for every problem gambler, seven people are adversely affected. However, other studies suggest that this number ranges from seven to 17 people. As well as the psychological impacts on people around the problem gambler—particularly partners, family and close friends—the adverse effects are largely related to the financial difficulties created by the problem gamblers accessing funds through these sources with which to gamble.

The focus of this report is to ascertain the behaviour of problem gamblers with regard to accessing funds, particularly from joint bank and/or home loan accounts, and to consult with the financial sector, relevant government agencies, financial counsellors and gambling counsellors, to make recommendations about measures the financial sector can implement to reduce the risk of problem gamblers withdrawing funds from these accounts with which to gamble. As stated in the Statement of Requirement (Appendix A):

> This research will identify various options for how the financial sector can help prevent problem gamblers from gambling with money withdrawn from home loans or joint bank accounts. This work will be achieved through consultations with financial institutions, financial counsellors, gambling counsellors and relevant government departments.

SACES carried out extensive consultations with financial institutions, financial counsellors, gambling counsellors and relevant government departments through reference groups, face-to-face interviews, telephone interviews and email. This consultation provided anecdotal observations at the individual problem gambler level, as well as indications of general patterns of behaviour of problem gamblers in accessing funds with which to gamble.
The gambling problem timeline

Findings from the research were used to inform the development of a ‘gambling problem timeline’. The timeline is not prescriptive, but is rather a generalised overview encompassing the range of where and how people access funds with which to gamble, and how the pattern of financial sources changes over time as gambling becomes more and more of a financial problem for the gambler.

Based on the findings from this research, the gambling problem timeline illustrates that problem gamblers access the most liquid and invisible funds first, as they are typically secretive about their gambling activity (secrecy and deception about gambling is a common finding of gambling research). As their problem gambling becomes more severe and they move along the timeline, gamblers obtain funds to gamble by accessing more and more visible sources, such as taking out additional loans and credit cards, borrowing from friends or selling items and using the proceeds to gamble.

The focus of this report is the accessing of funds from joint bank and/or home loan accounts—problem gamblers tend to use these sources to fund their gambling relatively late in the timeline, when other avenues had been exhausted.

Key limitations

Four key limitations repeatedly raised by financial institutions and financial and gambling counsellors as to why some suggested actions put forward by stakeholders in this study were considered not to be feasible include:

Privacy—privacy laws prevent banks from asking customers whether they have gambling problems. Financial institutions are legally prevented from acting on identified withdrawal patterns except where they are alerted to potential cases of money laundering or counter-terrorism. There is also a risk of negative public opinion if banks and financial institutions were perceived to be monitoring customer withdrawal patterns.

Guarded and deceptive behaviour—people are typically guarded about sharing information about gambling or finance problems in general for several reasons, including because of shame, guilt and the fact that gambling has legal implications. Such feelings give rise to deceptive behaviour in some circumstances as the problem gambler tries to hide their problem.

Relationships and personal responsibility—problems associated with guarded and deceptive behaviour tend to be reinforced by the nature of relationships, which imply inherent trust between partners. An individual may not question their financial situation or be happy to leave overall financial management to their partner. Measures such as sending joint statements will not be effective to the extent that people do not take active involvement in managing their financial affairs (for example, reading statements and accessing online statements).

Practicality—practicality issues were raised regarding monitoring account transactions; identifying gambling issues; applying limits to accounts and to automatic teller machines (ATMs); and so on.

Measures to assist problem gamblers

The full range of suggestions put forward by interviewees as part of the research for this report are represented in Section 5. However, it is acknowledged that some of these suggestions were not feasible and some would have very limited or negligible impact on the problems being examined. This section summarises the most feasible and appropriate suggestions and existing measures for addressing the issue of problem gamblers accessing funds with which to gamble, how the financial sector already operates, and how it could operate, to protect them from doing so.
Before presenting this summary, it is important to state some key observations from the research.

First, the nature of the gambling problem timeline has implications for targeting solutions at joint bank accounts and home loans. Feedback from surveys and interviews indicates that problem gamblers tend to finance their gambling in the early stages by running down their savings and increasing their credit card debt and taking on other types of loans. Joint bank accounts and home loans tend to be targeted later in the gambling problem timeline. This suggests that interventions should be at least partly targeted at these other sources of funds.

Second, as stated above, there are significant limitations on what financial institutions should and could do. Privacy laws and broader community attitudes on privacy prevent financial institutions from implementing targeted or intrusive solutions. In addition, the typically guarded and deceptive behaviour of problem gamblers makes it very difficult to identify them early in the gambling problem timeline. This behaviour, combined with the inherent trust that usually exists between joint account holders (particularly relatives and spouses), leaves joint account holders of problem gamblers open to financial risk.

Third, there are practical and efficiency concerns to the extent that problem gamblers represent a very small proportion of a financial institution’s total customer base, so any measure applied at the financial sector level is likely to be poorly targeted. Legitimate concerns raised were also raised by financial institutions about the appropriateness of targeting solutions at the financial sector to address a specific social issue rather than targeting solutions closer to the source of this problem (that is, the gambling sector, including at the venue level or machine level in the case of electronic gaming machines (EGMs)).

As set out in the Terms of Reference (Appendix A), this report identifies proposed measures the financial services sector could implement to reduce the risk of problem gamblers withdrawing money from joint bank and/or home loan accounts with which to gamble. It also identifies existing measures (including suggestions from gambling and financial counsellors on what could be done), and, given the significance of other financial sources for problem gamblers, measures relating specifically to these sources.

Proposed measures

With regard to the new measures that could be implemented, the financial institutions and government organisations recommended the following:

- The introduction of more comprehensive credit reporting was generally favoured by financial institutions. Existing credit reports contain limited negative information on an individual’s credit history. They should contain more comprehensive information such as credit limits, and positive information such as successful account repayments. Financial institution staff need access to consistent, correct and comprehensive credit information to make optimum credit checks when assessing loan/credit applications. It should be noted that these changes would be targeted to the earlier stages of the gambling problem timeline.

- The responsible lending provisions that were part of the National Consumer Credit Protection Bill 2009 would provide some additional protection for problem gamblers depending on the final state of the legislation and supporting regulations.

- Financial institutions should avoid offering line of credit and credit cards products if the person applying seems to have problems managing their finances. It would be preferable to offer loans on a principal plus interest basis.

- With regard to information provision, it was recommended that detailed case studies of problem gamblers and their experiences be included on the Australian Securities and Investments Commission’s (ASIC) financial tips and safety checks website (<www.fido.gov.au>). ASIC has expressed an interest in doing this.
A longer term proposal is to improve financial literacy within the community, both at the school level and for adults. This may directly help problem gamblers and may also help partners of problem gamblers to understand the financial risks they are exposed to and the options available to them.

Suggestions by gambling and financial counsellors of what could be done are summarised as follows:

- More comprehensive and unified credit reporting systems and improved protection through the National Consumer Credit Protection Bill 2009 with relation to more responsible lending practices.
- Approval of increased credit facilities of any kind should be subject to sufficient credit reference checks by financial institutions, including consulting credit reporting agencies, analysing employment status, and analysing income and expenditure streams.
- Ensure additional credit facilities are authorised, and withdrawals from or changes to a joint account are approved only with the authority of both or all co-signatories.
- Ensure each named account holder is sent statements individually.
- Ensure no one can access accounts in the name of their spouse or partner without the approval of the account holder.
- Offer password protection to account holders so no one else can withdraw money from, or make changes to, their account.
- Allow customers to set daily cash withdrawal limits.
- With credit cards specifically: stop providing unsolicited credit cards; stop providing unsolicited increases in credit limits on cards; and ensure the limit set on credit cards is a genuine limit.
- Set limits on interest rates for other financial providers such as payday lenders.
- Remove automatic teller machines (ATMs) from gambling venues and/or limit access to a single withdrawal per day.

Existing measures

The measures currently in place that can assist problem gamblers, which were put forward by the financial institutions and government organisations, are summarised as follows:

- Banks offer varied daily cash withdrawal limits.
- Some joint accounts require all co-signatories to approve withdrawals, some do not. Joint signatories are more common with business accounts.
- Separate statements are already available with electronic banking. This partially addresses the issue of each co-signatory to a joint account seeing regular statements.
- Couples can choose to have their salaries paid into a joint account and require that both approve withdrawals. Funds can then automatically be paid into separate accounts for everyday use. This option is already available and is potentially one of the choices available to problem gamblers and their partners.
- Existing codes of practice provide some protection for customers.
- The National Consumer Credit Protection Bill 2009 includes responsible lending provisions and a broadening of regulatory coverage to include unregulated agents such as brokers and payday lenders. The effectiveness of the Bill will not be known until it is passed (since the time of writing, the Bill has been enacted; see the National Consumer Credit Protection Act 2009).
When a customer suggests they have a gambling problem, some banks said they would refer them to appropriate help services, such as the Salvation Army or UnitingCare Wesley.

Services such as Centrelink’s Centrepay and Rent Deduction Scheme assist problem gamblers in controlling their finances.

South Australia’s Independent Gambling Authority has a protection order scheme to protect the families of problem gamblers.

**Areas for further research**

Further research would be required in a number of areas if these recommendations and suggestions were to be implemented. Particularly, privacy issues are a grey area that limit the ability and willingness of financial institutions to intervene in anyone’s personal finances or attempt to determine if customers are having financial difficulties for whatever reason, including gambling.

The location of ATMs in gaming venues and limiting cash withdrawals in certain venues and for certain customers has been raised as an issue. There have been some moves, for example, in Victoria, where ATMs have (since January 2010) a $400 withdrawal limit in any 24-hour period, so this is clearly a feasible step for other states and territories to take. The ATM Industry Reference Group (AIRG), which represents operators of most independently operated ATMs in Australia, suggested in their submission to the Productivity Commission’s 2009 gambling inquiry that research be conducted into whether there is a link between the location of ATMs in hotels/pubs/clubs and problem gambling. The AIRG stated:

> Only a detailed, exhaustive qualitative research programme could hope to determine if any direct link existed. The researchers are aware of studies conducted into the relationship of ATMs and problem gambling, almost all of which have methodological weaknesses. The 2009 Productivity Commission Gambling study contains a draft finding (9.1) that ‘easy access to ATMs/EFTPOS facilities appears to increase spending by problem gamblers’. (p. 9.12)

Further research in this area would be constructive in reaching agreement and action (if deemed appropriate) on this issue.

The growth in online gaming, including sports betting and wagering, was raised with the researchers as a topic for further research.

Another initiative would be to develop several informative case studies on problem gamblers and their experiences, including steps they can take to minimise financial difficulties, and include these on the ASIC website. ASIC has expressed interest in this initiative.
1 Introduction

1.1 Background to this report

The South Australian Centre for Economic Studies (SACES) was asked to provide research and evaluation services for the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) on the issue of problem gamblers and their access to funds with which to gamble.

Research has found that between 15 and 20 per cent of the homeless population of Australia are homeless due to a gambling addiction. Many more face severe financial difficulty due to problem gambling. This affects the problem gambler as well as their family and people around them. The Productivity Commission (1999) estimated that for every problem gambler, seven more people are adversely affected by their gambling, although other studies have suggested this number may be as high as 17. FaHCSIA asked SACES to research issues arising from problem gambling in relation to the financial sector. As stated in the Statement of Requirement (Appendix A):

This research will identify various options for how the financial sector can help prevent problem gamblers from gambling with money withdrawn from home loans or joint bank accounts. This work will be achieved through consultations with financial institutions, financial counsellors, gambling counsellors and relevant government departments.

Based on data from the National Gambling Survey and Survey of Clients of Counselling Agencies, the Productivity Commission (1999) found that 51 per cent of the problem gamblers in counselling had at some point owed money due to gambling, compared to 2 per cent for adults in general. More than 8 per cent had been bankrupt, and almost 8 per cent had lost their house.

With regard to financial behaviours, the Productivity Commission (1999) found that one in five problem gamblers reported borrowing money and not paying it back, and one in two said they had borrowed money to finance their gambling. More than one in three gamblers surveyed as part of the same Productivity Commission report who were in counselling reported selling property to finance their gambling; 13 per cent had obtained funds to gamble through pawnbrokers; and 8 per cent had borrowed from loan sharks (that is, lenders who charge exorbitant interest rates and sometimes use harassment to exact payment from debtors).

The Statement of Requirement for this research focuses on joint bank and home loan accounts. The project scope also covers the pattern of funding sought by gamblers over time to see how these patterns may also be addressed. Access to funds also includes the use of automatic teller machines (ATMs), accessing of funds through credit cards and personal loans and other financial instruments that were not included in the original terms of reference. Therefore, these sources were researched and form part of the answer to the initial question and inform the suggestions for ways to help prevent problem gamblers from gambling with money from joint bank and home loan accounts.

1.2 Methodology

SACES carried out an initial desktop literature review and then consulted with financial institutions, financial counsellors and gambling counsellors to ascertain: how problem gamblers access funds for gambling, particularly from joint bank and home loan accounts; what measures financial institutions have in place that could help problem gamblers; and how intervention or regulation might be possible or appropriate. Gambling researchers in Australia and overseas were also consulted.
A series of surveys and separate interview schedules were prepared for financial counsellors, gambling counsellors, staff of Australian State and Territory gambling jurisdictions, and gambling researchers in Australia and overseas. Copies of these surveys are in Appendix B.

Face-to-face and telephone interviews were undertaken with financial institutions in Sydney, Melbourne and Adelaide, and with the Australian Securities and Investments Commission (ASIC), the Australian Bankers’ Association (ABA) and Abacus–Australian Mutuals, the industry association for 127 credit unions and mutual building societies (<www.abacus.org.au>). The survey used for interviews are in Appendix C.

Reference groups comprising financial counsellors and gambling counsellors were held in Melbourne and Adelaide for lengthy discussion of issues.

Telephone interviews were conducted with Treasury, the Public Trustee of South Australia, and MyBudget. Representatives of The Privacy Commission were also contacted by phone.

The purpose of the surveys, discussions and interviews was to establish the observed pattern of financial behaviour of problem gamblers, and determine what measures were in place (and whether they were in fact implemented) that can help problem gamblers limit the extent of their financial difficulties through accessing financial products. The Terms of Reference cited joint bank accounts and home loan accounts in particular. The scope was expanded to include other types of accounts problem gamblers may use to access funds with which to gamble, since the initial examination of the issue suggested that credit cards, existing savings, redraw loan facilities, and lump-sum payments for redundancy or retirement also played a part in the gambler’s financial pattern of behaviour.

To arrive at recommendations on how to assist problem gamblers, it was necessary to examine case studies of people who had gone through the process of starting to have problems with gambling, accessing more and more funds with which to gamble until they were in serious financial difficulty. By understanding the gambling problem timeline, this provided a pattern of behaviour that could then inform recommendations of how to tackle the problems along the timeline, rather than waiting for the person to present to a counsellor at the end of the timeline. The aim of this study is to provide suggestions for policy changes and practical action to assist problem gamblers somewhere earlier in the timeline, with respect to protecting them, and their partners (business and personal) and families, from accessing accounts to fund gambling.
2 Literature review and contacting gambling researchers

2.1 Introduction

The literature review aimed to determine if other researchers had conducted research into the issues examined by this review. As stated in Section 1, part of the consultation process involved contacting gambling researchers in Australia and internationally, by email and by telephone. The general response was that they were not aware of any such research. Their responses are presented in a short section at the start of this section. The gambling jurisdictions in Australia and New Zealand were also contacted. Their response rate was very low (30 per cent)—responses are summarised in this section.

Other than through contacting the gambling researchers and the gambling jurisdictions, we also investigated the ways in which gamblers can already be assisted in controlling their finances in Australia through private and government-operated measures. These are discussed in the following sections.

The discussion around the availability and features of ATMs and EFTPOS (Electronic Funds Transfer at Point of Sale) facilities is also presented and, finally, the recent literature around finance limitations at gaming venues, including pre-commitment options, is reviewed.

2.2 Consultation with gambling researchers

A survey with 10 questions was sent to gambling researchers in Australia, Canada, Germany, the United Kingdom and the United States. The survey forms part of Appendix B. Only four researchers of the 27 researchers contacted completed the survey, but 10 others responded saying they could not help because they were not aware of any research having been conducted in this area.

Dr Jon Kelly, the CEO of the Responsible Gambling Council in Toronto, Canada, responded as follows:

We have made some enquiries into whether there is any action in the financial sector regarding access to funds for gambling. We did not find any reference to such activities in this country. We are not aware of any initiative of this type.

This was typical of the responses received from other researchers. Of the four who completed the survey, two were from the United Kingdom (UK), one from Canada and one from Germany. Three indicated they did not know of any research on how problem gamblers access funds with which to gamble. The fourth provided a reference to a study underway in the UK, but embargoed until September 2009.

One survey question asked if the researchers believed that problem gamblers follow a typical pattern in running down savings and accessing other funding facilities through financial institutions. All respondents said no except for one who stated:

Most of my bankrupts have a limited income to begin with and use credit to gamble with. They become addicted and then use charge cards to purchase assets which are then sold for 50 cents on the dollar and that money is used to gamble. When all credit cards, charge cards and lines of credit are maxed out, they file for bankruptcy.

The consultation with financial counsellors and gambling counsellors, presented in Section 4, is also enlightening with regard to this question because of their first-hand experience with this type of behaviour.

The survey also asked the researchers if they knew of policies or practices used by financial institutions to guard against people accessing debt financing to gamble. Three said they did not know of any such policies or
practices. The fourth said there were practices in the United Kingdom, as cited below, although this respondent did not elaborate on how the financial institutions mentioned—Hong Kong and Shanghai Banking Corporation (HSBC) and Barclaycard—operate in practice. Determining exactly what practices financial institutions in other countries have in place would be an area of further research.

Barclaycard contact people who use their credit card to gamble and tell them it is against the regulations controlling card use.

HSBC call people who use current accounts for a lot of gambling and ask if they are aware how much money they are spending on gambling.

Secondary gambling-related debt is more difficult to spot, this is where cash is drawn and spent on gambling and then credit is used for everyday expenses. Most banks and financial institutions do not take steps to prevent excessive gambling.

None of the respondents were aware of any practices in financial institutions to protect third parties—such as co-signatories to joint accounts—from being affected by problem gamblers.

When asked what feasible measures might be introduced to protect third parties to joint accounts from having monies withdrawn by problem gamblers, only one researcher provided a response, as follows:

The best measure is registration of all gamblers when entering a casino. Problem gamblers can ask to be listed as such with the consequence not to be allowed into a casino any more. This is how the German system works.

Following on from this response, gambling registration is also required by the UK-based Grosvenor Casino Group and is successfully used to maintain and monitor self-exclusion and venue exclusion schemes.

The survey included a question to establish if the researchers were aware of formal or informal links between gambling/financial counsellors and financial institutions to protect problem gamblers, spouses and/or their family. One person answered yes, citing an example from the UK: ‘GamCare and National Debtline are developing a partnership and jointly funded the Gambling and debt study’.

GamCare is a registered charity in the United Kingdom that offers advice, practical help, support and counselling in addressing the social impact of gambling. It operates a national telephone and online helplines for people affected by a gambling problem, and provides face-to-face and online counselling—all free of charge. National Debtline is a national telephone helpline for people with debt problems in England, Wales and Scotland. The service is free, confidential and independent, and is funded by around 50 organisations, including financial institutions, utilities, retail organisations and government departments.

The study referred to in the above quote is Gambling and debt: can a reciprocal link be established? A Pathfinder Study. Carolyn Downs, the study’s principal investigator, is an honorary research fellow at Manchester Metropolitan University in northern England. The study was not completed at the time of writing.

When asked about privacy issues associated with gambling/financial counsellors passing on information about problem gamblers to financial institutions, all survey respondents said there were privacy issues. The consensus was that people should be careful with what information they pass onto banks, and should make sure they know how the banks would use their information. One respondent said that ‘private problems should never be passed onto banks’. Another stated: ‘If it affects their credit rating in any way, or if the information is passed onto their spouse or partner, these are quite serious issues’. There was also a general concern that if gamblers passed on any of this type of information to counsellors, it may act as a barrier to treatment with gamblers feeling they are putting themselves ‘at risk by sharing information (being honest) with counsellors’.

Questions in the survey asked if researchers were aware of any arrangements whereby problem gamblers can have income payments—welfare or social security payments, wages or salaries—made directly to third parties to protect the problem gambler and their family. Only one of the UK researchers said they were aware of arrangements, but only ‘in a very limited and unofficial way’. The example provided was as follows:
Where problem gamblers are living in supported accommodation and in receipt of benefits then arrangements have been set up so that a case worker accompanies the problem gambler to collect and then distribute the benefits (rent, food, etc.).

This researcher also told SACES that there were systems in place targeted at problem debtors, not just problem gamblers, whereby ‘commercially run managed bank accounts take out money for bills before the account holder can access funds’.

Finally, the survey provided the opportunity for additional comment. One United Kingdom researcher offered the following views:

No doubt this is a challenging issue. However, I think the spouse or partner needs to be involved at the counselling stage, rather than finding out via a third party. One would question the commitment of the problem gambler in seeking treatment if they are still hiding their problem from their immediate family. In this way, joint decisions can be made in order to protect joint funds/assets/income. If the problem gambler is hiding the problem from the spouse or partner, then I think the breach in privacy is too great to permit counsellors or financial institutions to take decisions or pass on information without the permission from the problem gambler.

In summary, there was limited input to this study provided by gambling researchers principally because it is an area that has received little research. To date, the critical interface between a problem gambler and treatment and/or assistance is between the gambler and financial and gambling help counsellors. The four survey respondents provided some examples of the key issues and measures taken in the United Kingdom, Germany and Canada. There appears to be some piecemeal measures taken by financial institutions, such as the examples provided for HSBC and Barclaycard. There do not seem to be any nationwide policies or approaches across the financial sector to protect problem gamblers. Privacy is cited as a key issue in whether the problem gambler should let financial institutions know about their gambling problem or to ask for assistance.

In terms of assistance with managing the finances of problem gamblers, there were some examples of problem gamblers receiving practical assistance from case workers but this was seen to be uncommon and unofficial. However, one UK researcher told SACES there was help in place from some banks in managing funds and helping gamblers by taking payments for their bills before giving them access to the remainder of their funds. As outlined in Section 4, counsellors suggested that this kind of service would be a useful tool.

### 2.3 Financial management assistance

A number of schemes are operated by government departments, private companies and voluntary organisations that help people to manage their finances. These are of significance to problem gamblers who tend to get into financial difficulty through their gambling. Furthermore, as discussed in Section 4, financial and gambling counsellors reported problem gamblers having accessed such services as Centrepay and MyBudget. (We did not interview anyone from the Northern Territory, but the Emergency Response scheme operating there is relevant since it is a financial management assistance scheme.)

This section summarises the financial management services available and the findings of discussions with representatives of the organisations offering these services. The main government schemes are operated nationally by Centrelink, the Northern Territory Emergency Response and the state and territory operated Public Trustee. The main privately operated schemes are through MyBudget.

**Centrelink’s Rent Deduction Scheme and Centrepay**

Centrelink operates two nationwide schemes for those who receive Australian Government income security payments and who are experiencing difficulties in managing their finances—the Rent Deduction Scheme and Centrepay.

The Rent Deduction Scheme enables regular recipients of social security payments living in government housing to have their rent automatically deducted from their Centrelink payments and sent directly to the...
relevant state or territory housing authority. If there are two or more people paying the rent, each person can choose to pay their share using the Rent Deduction Scheme. The scheme also covers payment of arrears, loan repayments and other housing payments. The service is provided free of charge and is voluntary, so the client can choose to terminate the arrangement at any time.

Centrepay is a bill payment service available to Centrelink customers receiving a social security payment. Customers can choose to have ongoing expenses deducted from their Centrelink payments and forwarded to third party organisations. This service is also free and voluntary. Customers may leave the scheme at any time without being required to give a reason to Centrelink or the third party organisations involved.

The third party organisations signed up to the Centrepay service pay a transaction fee for each payment they receive, and this fee must not be passed on to the customer. There is a minimum payment for deductions of $10 per fortnight.

The objectives of the Centrepay service are summarised below:

- contribute directly towards sustaining a secure living environment for customers and enhancing their personal wellbeing
- assist customers with their overall budgeting
- provide customers with peace of mind on their financial position
- allow customers to avoid charges for other methods of payments
- assist customers to make the best use of their Centrelink payments
- assist customers to meet their regular financial commitments
- provide an opportunity for early intervention to help customers avoid getting into financial and other difficulties, such as homelessness, poor nutrition and loss of basic utilities.

The wide range of services covered by the deduction services are listed in Appendix E. They include: private rent; telecommunications; electricity, gas and water; education fees and expenses; ambulance costs; child care; medical services and equipment; home care services; rental of household goods; and court fines. The Centrepay service is only for essential bills, so other types of service providers or creditors may not be approved to be Centrepay providers.

**Intervention in the Northern Territory**

The intervention by the Australian Government in the Northern Territory has been highly publicised and has attracted strong supporters and detractors.

The Northern Territory Emergency Response (NTER) was announced by the Australian Government on 21 June 2007, following the release of the *Little children are sacred* report, ‘which brought national attention to evidence of child abuse in the Northern Territory’s Indigenous communities’ (<www.fahcsia.gov.au>). The NTER is ‘a set of measures designed to protect children, make communities safe and build a better future for people living in Indigenous communities and town camps in the Northern Territory’. The legislated period of the NTER is five years.

The measures covered by the NTER are summarised in Appendix F. The income management aspect is aimed at those receiving welfare payments, to ensure these funds are used ‘in a socially responsible way’.

Under the NTER system, in 73 prescribed areas in the Northern Territory, people receiving welfare payments have 50 per cent of most of their income support and family assistance payments, and all of their other Centrelink lump-sum payments and advances, managed on their behalf. The funds are made available to pay for rent, bills and other expenses, according to the needs of the individual. Managed funds may be made available on the BasicsCard for buying necessary and everyday items.
The FaHCSIA website states that the income management measure, in conjunction with other measures, has been successful. The website states that:

... as at 30 January 2009, more than 87 per cent of income-managed funds had been spent on housing or in purchasing items in stores that trade mainly in food and clothing.

The Central Land Council, in its submission to the NTER Review Board, cited positive impacts of the scheme, including:

- increased household expenditure on food and other essential items
- more contributions from males to family shopping
- less gambling and drinking
- better quality stock in community stores.

The NTER Review Board did not support the compulsory management of funds, but overall the income management measure was supported, particularly by women in many of the communities.²

MyBudget

MyBudget is a private company offering a financial management service to anyone with some form of regular income (may be a salary, wage or government benefits) who wants assistance with managing their debts and financial obligations. MyBudget provides an initial assessment of a client’s situation (their income, debts and expenses) and provides them with a budgeting plan and a long-term financial plan—free of charge. The company, based in South Australia with offices in Melbourne, offers its services Australia-wide, although 70 to 80 per cent of its business is in South Australia.

MyBudget creates an account for each client into which their income is paid. From this account, MyBudget arranges payment to the client’s creditors, dealing with creditors directly on the client’s behalf. MyBudget deposits living expenses into the client’s bank account for their use, after payments to creditors are made. Creditors may include personal loans, credit cards, or any other debtors the client has, including family members or friends. MyBudget charges an establishment fee and an ongoing weekly fee for the financial management service. The establishment fee varies according to the complexity of the task in setting up the account, such as the number of creditors to contact and negotiate with over interest payments, late fees, and so on, and payment is factored into the client’s budget and paid off over time as the client can afford it. The ongoing fee varies according to the client’s situation, such as whether the account is for one person or a family. Clients may terminate the arrangement at any time—there are no contracts.

MyBudget includes a savings element in the budget, designed to help clients put funds aside, so unexpected bills can be covered without affecting the client’s budget. If the savings are not used, then the client can spend these funds as they wish. There is currently a 24-hour hold on the savings account, but MyBudget is planning to extend this to a 48-hour delay on withdrawing these funds, based on the results of a client survey indicating this would be an acceptable change.

SACES spoke to the Director of MyBudget, who said she was not aware of any other companies offering this service in Australia, or in fact in the world. The Director believed the service could be valuable to problem gamblers by adding a step into their decision making in accessing funds to gamble—if a client wants to take out additional funds to gamble, they need to contact MyBudget to access these funds. However, with the ability to cancel the service at any time, this is a purely voluntary option for problem gamblers. While MyBudget cannot refuse to give funds to the client if they request them, the client has clearly made a step towards seeking help by registering for the service. The feedback to the staff at MyBudget from some clients who are problem gamblers is that, because they cannot access their funds immediately, combined with the hurdle of calling MyBudget to speak to someone and ask for the funds, provides sufficient time for the initial urge to withdraw money to pass. This is therefore seen as an ideal service for problem gamblers in breaking the link between the initial urge to withdraw and the accessing of funds.
It is interesting to note from the conversation with MyBudget that often people do volunteer information about having a gambling problem even though MyBudget does not ask if it is an issue. Furthermore, if finances are shared, MyBudget staff insist on meeting with both parties in setting up financial management plans. Data are not kept specifically on the proportion of clients with gambling problems but staff knew of several examples.

In the Director’s experience, clients with gambling problems tend to start by using their own salary/income to gamble, and when they encounter problems paying bills, they start paying their bills by credit card. As the problem escalates, they also start to pay for necessities such as food and petrol by credit card, and continue using their salary to gamble. The next step is to acquire more credit cards with increasing limits until eventually their credit runs out and they cannot pay bills or rent and afford other necessities. Credit, until the current global financial crisis, was very easy to get. The Director was aware of a number of clients who started using credit cards in this way, and their next step was to refinance their mortgage. This pattern underlying the gambling problem timeline is consistent with our discussions with financial counsellors, as reported in Section 4.

The Director considered financial institutions could play a role in improving financial literacy in schools and improve checks (due diligence) on individuals applying for loans. First, the Director stated there was currently no structured teaching of financial literacy in schools—students are not taught how to budget or about the basics of managing money. Financial institutions could dedicate a proportion of their profits to support this kind of initiative. Second, the Director considered that financial institutions and finance brokers should conduct more due diligence when people apply for home loans or extensions to home loans, and other types of accounts, because it is too easy for them to not disclose that they will use the money for gambling when no checks are made and there is no need to guarantee what the extra funds are to be used for.

Public Trustee

The Public Trustee is a South Australian Government business enterprise. While traditionally associated with making wills and providing trustee and executor services, the Public Trustee offers additional services including ‘personal estate services; investment services; taxation; real estate; public education; Enduring Power of Attorney and Enduring Power of Guardianship’ (<http://www.publictrustee.sa.gov.au/main/home.html>).

SACES contacted the Public Trustee of South Australia to ask about how it might deal with problem gamblers when funds are involved. The Public Trustee representative told SACES that it can only take action to control funds if the person is judged to have a mental incapacity, and this is true whether they are beneficiaries or executors to wills. Otherwise there is no legislation to take control of the funds used by problem gamblers. While the Public Trustee can empathise, they have no power to take action. The representative said the Public Trustee generally refers people with financial issues to Anglicare or to UnitingCare Wesley financial services.

The Public Trustee can, however, take on power of attorney, if voluntarily requested to do so by the client, but if the clients want to withdraw money or change arrangements they can do so.

The family of a problem gambler can ask for a Protection Order but this is an expensive process that must go through the courts. The Public Trustee representative had not seen this done. The representative did say, however, that if the executor to a will is found to be inappropriate, the family could take action under the Administration and Probate Act 1919. Also, administrators can look after inheritance money if the person is mentally incapacitated. For a beneficiary, if the person is bankrupt, legislation requires that their money be paid to the bankruptcy trustee. Otherwise there is essentially no control from the point of view of the Public Trustee.
2.4 ATMs and EFTPOS facilities in venues

The current situation in Australia

Related to the possible role of financial institutions in addressing the issue of problem gamblers is the accessibility of cash at venues through ATMs and EFTPOS facilities. Table 1 shows the limitations on ATM use and cash availability in venues across Australia.

Table 1 shows that all states and territories have restrictions on ATMs and cash provision facilities in gaming venues (excluding Western Australia, which does not have gaming machines outside of casinos). In Tasmania, ATMs are not allowed in any gaming venues other than the state’s two casinos, and Victoria will follow this same line from 2012. Other jurisdictions require that ATMs be located away from gaming areas.

Withdrawal limits for ATMs in gaming venues varies, with South Australia, Victoria and Northern Territory setting a transaction limit of $200, although only Victoria has proposed to limit the total amount withdrawn—from 2010 it is $400 per debit or credit card in any 24-hour period. This would go some way towards addressing the problem of multiple transactions.

There are a range of limitations on access to cash at gaming venues through EFTPOS, credit, cheque or cash advances. In most states and territories, cash advances are not permitted for gambling purposes, and cheques may not be cashed for gambling purposes. Some states also have limitations on how winnings are paid. Both New South Wales and Victoria require that winnings of more than $2,000 be paid by cheque (as opposed to cash). In the Northern Territory, the limit is $500 and in the Australian Capital Territory the maximum cash payout of gaming machines is set at $1,200. Queensland gambling providers are required to set their own limits. South Australia does not have limits as such, but if a person requests that their winnings over $1,000 be paid by cheque, the licensee must comply within 30 minutes of the request.

2.5 Recent literature around finance limitations at gaming venues

The Australian Government Department of Family and Community Services (succeeded by FaHCSIA) commissioned KPMG\(^3\) in 2002 to ‘inform policy development in relation to access to cash through ATM and EFTPOS facilities within gambling environments’ (p. 1).

KPMG's report stated that ‘technological change is so rapid that it is unlikely that the focus on ATMs and EFTPOS and its associated regulation is sustainable as a strategy to minimise harm’ (p. 2) and further, that these devices will ‘become irrelevant as technology moves to cashless transitions’ (p. 2).

The KPMG report provided the department with two recommendations relevant to this study, specifically:

- that the agreed approach shift emphasis away from the control of problem gambling through device focussed strategies towards a broader focus on the individual's access to accounts for the means of securing cash and/or credit. (recommendation 3, p. 4)
- there needs to be the development of a strategy in relation to access to cash and credit within locations, incorporation ... (inter alia) ... access to funds within accounts and access defined at the account and device level. (recommendation 4, pp. 4–5)

More recently, Livingstone, Woolley and Keleher, in a submission to the Productivity Commission Gambling Inquiry (2009) referred to a 2004 study by the Independent Pricing and Regulatory Tribunal (IPART) and noted that:

IPART took the view in 2004 that restrictions on note acceptors, the placement of ATMs and limits on ATMs need to be considered as a suite of harm minimisation measures.
<table>
<thead>
<tr>
<th>Financial restrictions operating in Australian jurisdictions (2009)</th>
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<tr>
<td>Limits on credit or cash advances</td>
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<td>----------------------------------</td>
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<tr>
<td><strong>New South Wales</strong></td>
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<td><strong>Victoria</strong></td>
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<td><strong>Tasmania</strong></td>
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<td><strong>Queensland</strong></td>
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Table 1: Financial restrictions operating in Australian jurisdictions (2009) (continued)

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<tr>
<th></th>
<th>Limits on credit or cash advances</th>
<th>Limits on cash payouts for winnings</th>
<th>ATM withdrawal limits</th>
<th>Location of ATMs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australian Capital Territory</strong></td>
<td>Money must not be lent to a person in or about to enter the gaming area nor can credit be provided for the purposes of playing a gaming machine. Cheques may not be cashed within a gaming area and only personal cheques of less than $250 may be cashed elsewhere in the venue. Personal cheques for more than $250 may be cashed if the person has made arrangements with the licensee on a previous day. Casinos: money or credit must not be provided to a person in or about to enter the casino. The casino does not have any gaming machines. The casino may only accept cheques drawn in favour of the licensee or the person who presents the cheque and cannot accept cheques that are post-dated.</td>
<td>In the casino, winnings above $20,000 in any gaming day must be paid by cheque. The maximum cash payout of gaming machines is $1,200.</td>
<td>ATMs are not permitted in gaming areas or the casinos.</td>
<td>Cash facilities (ATM or EFTPOS) are not allowed in the gaming areas. ATMs are not allowed in the casino at all and EFTPOS facilities are not allowed in the gaming areas of the casino.</td>
</tr>
<tr>
<td><strong>Northern Territory</strong></td>
<td>Credit must not be provided by the licensee. Cheques may not be cashed for gambling purposes, except in casinos for those individuals who have an account.</td>
<td>Payments over $500 must be made by cheque.</td>
<td>Cash withdrawals are limited to $200 per transaction per debit card.</td>
<td>ATMs must not be located in close proximity to a gaming area. ATMs and EFTPOS facilities must also not provide access to credit accounts, but to debit accounts only.</td>
</tr>
<tr>
<td><strong>South Australia</strong></td>
<td>All gambling providers (except bookmakers) are prohibited from offering credit or cash advances. Licensees are prohibited from cashing cheques in gambling venues. No limits but if the gambler requests payment of winnings in excess of $1,000 by cheque, the licensee must comply within 30 minutes of the request.</td>
<td>No limits but if the gambler requests payment of winnings in excess of $1,000 by cheque, the licensee must comply within 30 minutes of the request.</td>
<td>Cash withdrawals are limited to $200 per transaction per debit card.</td>
<td>ATMs must not be located in close proximity to a gaming area.</td>
</tr>
</tbody>
</table>

Note: Western Australia does not have gaming machines outside the casino.
A key recommendation of the report is that ‘linked research’ should be conducted on these three ‘liquidity controls’ (IPART 2004, p. 171). The role of cash facilities at venues has also been raised in recent discussions about problem gambling, particularly in submissions to the 2009 Productivity Commission Gambling Inquiry.

Three main views emerged from the literature review conducted for this report:

- ATMs should be removed from gambling venues because they provide easy access to funds for people choosing to gamble, and other cash facilities (EFTPOS and credit) should be limited.
- ATMs and EFTPOS are minor considerations and should not be a priority—there are other priorities to addressing problem gambling.
- Technological advancements may override the issues of ATMs and cash availability in gaming venues.

Relevant to all points above are the range of proposals around pre-commitment.

Point 1: ATMs should be removed

In its submission to the Productivity Commission Gambling Inquiry 2009, the Australian Family Association (AFA) strongly supported removing ATMs from venues:

The removal of ATMs from gaming venues has, according to the report, yielded promising results in curbing problem gambling, and the AFA strongly supports this measure. Similarly, limiting note-acceptance on EGMs and limiting bet size have been successful in curbing problem gambling, and the AFA supports the continued implementation of such measures. (p. 7)

The Victorian Local Government Association submission cited research that concluded (p. 30) that banning ATMs at gaming venues was an effective tool in addressing problem gambling:

Research highlights that problem gamblers recognise that external limitations to their gambling behaviour would be most helpful. Banning ATMs at venues, restricting venue opening hours and the amount of money that can be put into the machine and be at the one setting were seen as effective or very effective in reducing the incidence of the gambling. (New Focus Research 2004)

The New Focus Research 2004 report found specifically that: ‘Sixteen per cent of problem gamblers suggested restricting access to ATM cards or not carrying any money as another self-help mechanism’ (p. 31).

Researchers Livingstone, Woolley and Keleher, in their submission to the Productivity Commission Gambling Inquiry, recommended an overall approach towards promoting responsible gaming, which includes the ‘prohibition of ATMs within gambling venues’ (p. 8) as one of the measures.

Livingstone, Woolley and Keleher discuss the social, personal and environmental context in which a person gambles, and that various environmental factors affect gambling behaviour, such as availability of alcohol, venue features (including use of bank note acceptors), availability of jackpots and free spins and EGM features. Environmental and social factors that influence gambling behaviour (including gaming machine technology and game features and restrictions on serving of alcohol) can be altered and in doing so can break the links with some of these factors and impact on gambling behaviour. Part of the context of gambling includes the availability of funds with which to gamble. However, these researchers found a number of areas of ‘considerable disagreement’ over whether gambling behaviour is affected by some measures, including ‘Proximity of and withdrawal limits for automatic teller machines; Configuration of bank note acceptors; Limits on maximum credit value’.

Point 2: Restricting ATMs and EFTPOS are minor considerations and should not be a priority

The ABA provided some statistics about ATMs in its submission to the inquiry. It stated that around 25 per cent of ATMs in Australia were located in gaming venues. In March 2009, just 1 per cent of these (84) were bank branded, the rest being operated by third party ATM deployers (as discussed below with reference to the ATM Industry Reference Group).
The ABA detail current measures banks employ, specifically:

- limiting the amount of cash that can be withdrawn per transaction from ATMs in gaming venues
- ensuring ATMs are not placed within gaming areas at casinos and gaming venues
- ensuring that cash advances on credit cards (against credit balances) are not available from ATMs at gaming venues.

Also, customers can choose to limit daily withdrawals from their accounts, setting their own limits. The ABA considered it would be very difficult and costly in practice to apply cash withdrawal limits from specific ATMs, either at the ATM level or at the card issuer level. It also did not believe that banks should have to do this, stating that: ‘The responsibility for implementing further restrictions should not be imposed on banks, other financial institutions or card issuers.’ Instead, the ABA stated that it should be up to licensees, venues and ATM deployers to apply any more restrictions if deemed necessary, since they are the ones that benefit from gambling and therefore should incur further costs associated with ATM and EFTPOS limitations.

The ABA also prefers pre-commitment to form part of any strategy to help problem gamblers:

> In addition to comprehensive education materials, gambling counselling services, gambling support programs, and self-exclusion schemes, a preferred approach is to focus on pre-commitment technologies or a stored value system to help problem gamblers set their limits. (p. 7)

The ATM Industry Reference Group (AIRG), formed in early 2008, claims to represent at least 95 per cent of all independently operated ATMs in Australia. Its four non-bank members are the BANKTECH Group Pty Ltd; First Data International (Cashcard); Customers ATM Pty Ltd; and Pulse International. Independent providers of ATMs tend to have their machines located within retail stores or licensed venues, such as hotels, pubs and clubs’ (p. 1). None of the four are directly involved in gaming. They stated in their submission to the inquiry (p. 8) that:

> There exists today precisely no evidence that ATMs in pubs and clubs contribute additional incentive for problem gamblers to spend greater amounts than they would have without the ATM.

> Only a detailed, exhaustive qualitative research programme could hope to determine if any direct link existed, and even if it did, the removal of ATMs from gaming venues would have far greater negative than positive consequences on the community.

Also, with regard to EFTPOS, the AIRG stated: ‘We do not believe there to be any relationship between cash withdrawals and gaming’ (p. 9).

As well as the argument for convenience for cash withdrawal by any customer, including gamblers, the AIRG raises issues about security if customers cannot withdraw the funds they want from the ATMs at the venues. It mean that customers will seek cash from bank ATMs on the street, or go to the bar to make a cash withdrawal using EFTPOS. They considered that EFTPOS is ‘a less sophisticated means of cash access’ than ATMs because the transaction amount is not controlled. They also suggest it is less safe for the customer to go out onto the street, and refer to the issue of skimming, to which street ATMs are more susceptible than those located in venues.

The AIRG references Victorian Government legislation that ‘commencing in 2010, ATMs must be removed from gaming venues unless they are able to limit a cardholder to a maximum withdrawal limit of $400 within a 24–hour period’ (p. 12). The AIRG submission noted that while working towards compliance with Victorian legislation, the group was generally opposed ‘in principle to financial limits’ (p. 12). In regard to the Victorian legislation the submission, however, considered a $400 limit ‘to be a reasonable amount’ (p. 12). ATMs are banned from hotel and club gaming venues in Tasmania and SACES (2008) reported that this was one contributing factor to lower net gaming revenue per capita in Tasmania relative to other states and territories.
Point 3: Technological advancements

In the longer term, ATMs and EFTPOS in gaming venues may become much less of an issue as other technology becomes more commonplace. Technology developments that have been proposed include the use of pre-commitment schemes, such as that put forward by the Responsible Gaming Networks (RGN) in their submission to the Productivity Commission Gambling Inquiry.

The RGN cites a 2006 report released jointly by the Ministerial Council on Gambling, entitled *An analysis of gambler pre-commitment behaviour*. This report analysed pre-commitment strategies adopted around Australia. Table 115 of the report shows that more than 80 per cent of recreational EGM players across Australia (sample size N=240, survey dated November 2005) thought a voluntary pre-set loss limit would have no negative effect on their enjoyment or their gambling—indeed, it might even make their gambling more enjoyable. By state and territory the proportion of support ranged from 100 per cent in Western Australia down to 81 per cent in both Queensland and the Northern Territory. The rate for South Australia was 84 per cent.

The South Australian Independent Gambling Authority has recommended the introduction of a pre-commitment program ‘for the reduction of problem gambling’. Trials have been announced to evaluate player tracking and pre-commitment systems. The trials are technology-based using loyalty systems (that is, when a player reaches their limits, they stop accumulating loyalty points) and non-technology based—the Change Tracker Card, which enables patrons to record the amount of cash changed for coins relative to their set budget. Queensland has two pre-commitment trials underway but players can switch EGMs and the limit no longer applies. The Tasmanian Government said in March 2009 that they support loss limits using smart technologies and are keen to see a national standard for pre-commitment.

Pre-commitment is already in place in Norway where the government recently took ownership of all poker machines and is applying pre-commitment capabilities to them. The government has also decided to introduce national pre-commitment limits for all players, whereby ‘all players who lose more than N400 per day [A$88] or K2200 per month [A$488] will be switched off the network even if their own daily limit is set at a higher value’ (RGN 2009 p. 5).

Pre-commitment was trialled in Nova Scotia, Canada, and most players (80 per cent) reported that it helped them to play more responsibly. More than 90 per cent would recommend the system to other players, and 87 per cent supported a mandatory system for anyone playing machines. However, 37 per cent shared their player pre-commitment cards with others, and problems gamblers were more likely to do this. The Las Vegas Gaming Institute at the University of Nevada stated that:

> In the future ... biometric devices (that require, for instance, a thumbprint to start play) or facial recognition technology could take care of many of these challenges (in that they could eliminate the step where an identification card is needed).

In Singapore, the government has mandated that the country’s first two casinos must provide player pre-commitment across all gambling activities.

The RGN paper thus shows that a range of pre-commitment schemes are already in place. However, it goes on to discuss how just banning ATMs and having smart cards is not enough. Problem gamblers can get around these things. Indeed, digital or electronic systems, according to Professor Mark Griffiths of the International Gaming Research Unit in Nottingham Trent University, can be problematic for gamblers:

> Electronic cash: For most gamblers, it is very likely that the psychological value of electronic cash (e-cash) will be less than ‘real’ cash (and similar to the use of chips or tokens in other gambling situations). Gambling with e-cash may lead to a ‘suspension of judgment’. The ‘suspension of judgment’ refers to a structural characteristic that temporarily disrupts the gambler’s financial value system and potentially stimulates further gambling. This is well known by both those in commerce (that is, people typically spend more on credit and debit cards because it is easier to spend money using plastic) and by the gaming industry. This is the reason that ‘chips’ are used in casinos and why tokens are used on some slot machines. In essence, chips and tokens ‘disguise’ the money’s true value (that is, decrease the psychological value of the money to be gambled). Tokens and chips are often re-gambled without hesitation as the psychological value is much less than the real value. (Griffiths 2007, cited in RGN submission 2009, p. 6)
The RGN proposes what it calls its SAFETY NET system, which is already designed. The system uses the latest technologies and the RGN states that it is built around the elements of the definition of problem gambling and harm.\(^5\)

The SAFETY NET system uses a biometric Universal Serial Bus (USB) player protection key (also known as a flash drive) that contains pre-set player pre-commitment, loss limits and gambling duration limits, and a networked player connection to all machines. In practice, all poker machines at gambling venues would be locked (or even entry to a venue restricted) until a player inserts the USB and inserts a valid identifier to confirm the ownership of the USB key. Each key recognises its owner with biometric fingerprint recognition and will not operate for anyone else.

The RGN suggests that an applicant for the key must provide 100 points of identification, as is required by Australian banks to open a bank account. This system can ensure that no under-age people can gamble. Players can set their own dollar and time limits, and with all information in a central computer, the government can easily apply limits that it deems appropriate across all gamblers. Self-exclusion and third-party exclusion would also be far more effective. The USB can be plugged into any computer and the system would also work for internet gambling.

The United Kingdom Gambling Commission report released in December 2008, entitled Cashless and card based technologies in gambling, said of the SAFETY NET system that it ‘...offers cashless gaming, consumer marketing and player protection’ (cited in RGN 2009, p. 11).

Such a system would remove the issues relating to ATMs at gaming venues and reduce pressure on banks in this area. It may be in the interests of the banks to support the system, to be seen to be supporting a responsible gambling scheme. Financial counsellors and gambling counsellors could promote the scheme, as well as be an information source for clients.

2.6 Summary

- Researchers surveyed in Australia and overseas were not aware of research that had been done on the role of the financial sector in assisting problem gamblers, specifically in the area of how financial institutions may protect problem gamblers from accessing bank accounts to gamble.
- A few examples were provided of how some banks implement various measures, but there was no systematic approach.
- Privacy issues were cited as a barrier to gamblers or counsellors passing on information to financial institutions about a person's gambling problems.
- Centrelink's Rent Deduction Scheme and Centrepay operate nationwide to assist people in financial difficulty to manage their finances.
- The NTER is an Australian Government initiative (non-voluntary) designed to manage funding for Indigenous communities in the Northern Territory, specifically those receiving welfare payments.
- MyBudget is an example of a private sector service that people in financial difficulty can use, for a fee, to assist in managing their finances. Many of the services are similar to those offered by financial counsellors.
- The Public Trustee has limited power to assist beneficiaries or executors of wills in managing finances.
- ATMs and EFTPOS facilities are subject to limitations in most states and territories, particularly with regard to location and withdrawal amounts.
The role of ATMs in influencing gambling behaviour is disputed. The three main views found in the recent literature were:

- ATMs should be removed because they provide easy access to funds for people choosing to gamble, and other cash facilities (EFTPOS and credit) should be limited.
- ATMs and EFTPOS are minor considerations and should not be a priority—there are other priorities to addressing problem gambling.
- Technological advancements may override the issues of ATMs and cash availability in gaming venues.
3 Financial institutions and government organisations

This section summarises the results of consultations held with financial institutions and government organisations. Consultations were held with financial institutions to understand existing measures to protect joint account holders, identify potential measures that can be implemented to minimise the risk of problem gamblers accessing joint bank and home loan accounts, and gain feedback on potential options identified by financial counsellors and SACES. Information was also sought from government agencies that have a regulatory involvement or interest in matters related to the financial system and problem gambling.

3.1 Financial institutions

SACES contacted seven financial institutions, including the four major banks, one credit union and the two major representative organisations of the ABA and Abacus–Australian Mutuals. Five financial institutions responded. Interviews were held with four of them and one responded indirectly through the ABA. Face-to-face meetings were conducted in Sydney with the ABA and Abacus–Australian Mutuals and one major financial institution. The interview schedule for financial institutions is presented in Appendix C.

Feedback was sought on several key areas, including:

- the nature of the application and assessment process, in particular the extent to which financial institutions were able to determine if someone was a problem gambler
- existing measures available to problem gamblers and joint account holders to reduce the risk of problem gamblers withdrawing money from joint bank and home loan accounts with which to gamble
- other potential measures that could be implemented to reduce the risk of problem gamblers accessing money through financial instruments with which they intend to gamble.

Discussions with financial and gambling counsellors as well as government agencies raised a number of other relevant issues and developments that were clarified with financial institutions. These include the adequacy of existing credit checking information, the implications of the proposed National Consumer Credit Protection Bill 2009 (which has since been enacted—see the National Consumer Credit Protection Act 2009), the issue of financial literacy in the community and the role of financial and gambling counsellors.

It should be noted that those from SACES working on this project are not legal experts and therefore cannot comment on the validity or otherwise of legal interpretations put forward in interviews, particularly with respect to legal anti-competitive and privacy restrictions.

Application and assessment process of financial institutions; identifying gambling as an issue

Assessing an application for finance involves assessing an applicant's liabilities and assets as well as their income and expenditures, and using that information to assess their ability to pay. The quality of this information depends to a significant extent on the applicant providing accurate information. Some information can be verified with written evidence, such as payslips to prove income. If the applicant is an existing customer of the financial institution then their account information and past history would be reviewed to assess suitability. Credit checks may also be conducted, particularly with new customers who do not have a history with the financial institution. However, financial institutions observed that credit checks only provide limited information on a person's credit history. The limitations of existing credit reporting information is an important issue and is discussed in detail below.
With regard to credit assessments at the application stage, one financial institution told SACES that it looks through transactions ‘where we can’ and if a possible gambling issue is noted then the next consideration is whether the gambling activity is within the applicant’s income/expenditure capacity. If they can ‘afford’ it, then the bank would have no issue, but ‘if it impacts on serviceability’ then the application would generally be declined based on an inability to service the debt. This bank told SACES that this is a grey area and a distinction needs to be made between someone who gambles within their income as a lifestyle choice and one who has a gambling problem. However, discussions with other financial institutions suggest that examining transactions to identify possible gambling issues is extremely rare.

One financial institution said it would aim to avoid approving a line of credit and/or credit card products if the applicant was not managing their finances well and instead offer loans on a principal and interest basis. The majority of financial institutions indicated they cannot identify if a customer is a problem gambler either at the assessment stage or during ongoing regular banking. They did, however, indicate that financial problems were most common with credit cards and personal loans rather than home loans. As presented in Section 4, this is consistent with the findings from consultations with the financial counsellors who indicated that people experiencing financial difficulty tend to access these relatively liquid forms of credit (that is, credit cards and personal loans) to meet the minimum repayments on their mortgage and that one of the last signs of a problem is the inability to meet mortgage payments.

The ability to identify whether a customer has a gambling problem is ultimately compromised by the guarded behaviour of the customer, as well as privacy issues and practical considerations. Financial institutions noted that many customers experiencing financial difficulties would conceal the source of their problem. Even when customers came into the branch to reorganise their finances they would be evasive about the cause or causes of their difficulty. Personal concerns about privacy are reinforced by legal restrictions and broader community concerns in respect of privacy. While it may be possible to identify that someone has a gambling problem based on general patterns of withdrawals, privacy laws and considerations mean these cannot be acted upon. Given these factors, financial institutions indicated they are ultimately ‘not interested’ in how customers spend their money.

There are also significant practical barriers to identifying whether a customer has a gambling problem. For instance, how does one identify that the financial difficulties experienced by a customer are due to problem gambling versus some other cause such as alcoholism, drug abuse or unemployment? The financial institutions considered it was difficult enough to identify when a customer had a financial problem let alone what the cause of the financial difficulty was. The fact that a customer had a serious financial problem would often not emerge until they defaulted or the spouse came into the branch to reorganise their financial products and services. The financial institutions observed that if family members were not aware of how much difficulty a problem gambler was in, then it would be even more unlikely that financial institutions would know.

**Existing measures to reduce the risk of problem gamblers accessing funds**

Financial institutions identified a range of financial options that were currently available to all customers that might minimise the risk of problem gamblers withdrawing money from joint bank and home loans to gamble. These options are not specifically targeted at problem gamblers, but are generally broad measures designed to protect customers from fraudulent behaviour and help people in financial difficulty regardless of the underlying cause. In some instances these measures offer some degree of protection for spouses and partners of problem gamblers. One important feature is that they invariably depend on the customer—that is, the problem gambler or their spouse/partner—coming forward to implement them. The various measures are discussed below.

**Financial hardship teams**

The major banks all have financial hardship teams, which go by various names—such as ‘Customer assist’ in the Commonwealth Bank of Australia and ‘Financial hardship teams’ in ANZ. These teams of staff—also known
as hardship officers—are dedicated to helping the banks’ clients who are in financial difficulty. Of the banks spoken to as part of this research project, no specific qualifications are required for these teams. Training is provided in-house and is specific to each bank. The hardship officers are located in call centres and contact with customers is by telephone. The service is free.

A client can telephone the call centre or visit their branch and speak to a hardship officer on the telephone. If a financial counsellor contacts the bank to help sort out the finances of a problem gambler, they can talk to the hardship officer and the client in a three-way telephone conversation. If the client provides written authority, the financial counsellor can contact the hardship officer on their behalf. The hardship officer will discuss payment options, including interest holidays and changes to repayment arrangements for debts to assist the person experiencing financial difficulty.

**Asking the customer**

One bank reported that it discusses a customer’s asset position with them, and if it does not reflect their income surplus, length of employment, age and other relevant factors, then they may question the applicant about where their surplus income is going. If the customer has had recent debt increases, the bank may also question why the client’s financial position is going backwards. It may also discuss account conduct, arrears or over-limit history and dishonour history. However, discussions with other financial institutions raised significant doubts over the extent to which such practice is commonplace.

**Daily withdrawal limits**

Banks were asked about the setting of daily withdrawal limits for customer accounts. It may be of assistance to problem gamblers to have a daily limit on cash withdrawals to limit their gambling behaviour. Interestingly, as one bank reported, if a person asks for a daily limit, the banks offer them the choice of $1,000 for cash withdrawals or EFTPOS (the standard limit) or they can ask to have the limit reduced to $250 per day. That bank did not offer different amounts, other than nil access. It also did not offer a limit for purchases separate to an amount for cash withdrawals. However, other consultations indicated that financial institutions were quite flexible in terms of allowing customers to set specific daily cash withdrawal limits.

**Joint accounts**

Having joint signatories for withdrawals from joint bank and home loan accounts was one option for minimising the risk of a problem gambler accessing funds to gamble. However, joint signatories tended not to be commonplace for practical reasons, including the inconvenience of requiring joint signatories, which would prevent the use of electronic access cards (now ubiquitous for many types of accounts). Another important reason related to the personal and family relationship and ‘trust’. Furthermore, some people are quite happy for, or may prefer, their partner to manage their finances. Joint signatories were more common with business accounts.

Given these practical and relationship considerations, requiring joint signatories as a preventative measure would seem to be impractical, especially with commonly used financial products such as savings accounts and credit cards. Nonetheless, they remain an option for problem gamblers and their partners who are prepared to address the problem, and would not be too impractical for some financial instruments such as home loans with redraw facilities.

During consultations, financial counsellors suggested to SACES that one option when joint accounts are in default is for the bank to correspond with the person whose account card was used the least, rather than the person who used it the most. This recognised that the problem gambler was likely the most frequent user and this would alert the other person (or people) named on the account to potential issues. None of the banks confirmed they ever implemented this option, however. Instead, they indicated they contact any of the joint account holders about an issue unless there is a chance of repossessing a house or car, in which case they contact all parties.
Another option involved sending separate statements to each signatory to an account as an option. Again, this was not typical behaviour due to relationship and practical factors. The increasing prevalence of electronic banking, including the ability to access statements through the internet, partially addresses the need for separate statements.

A further option was for joint account holders to set up more elaborate financial arrangements to try and mitigate a problem gambler’s spending. For example, couples could have their salaries paid into a joint account that requires joint signatories for withdrawals. A set amount could then be automatically transferred into separate individual accounts for their own every day purposes.

**Referring to help services**

There was some uncertainty over the extent to which financial institutions would refer customers to financial or gambling help services. It was expected that customers would be referred to such help services when they reached the financial hardship section of the bank (see Financial hardship teams earlier). One institution stated that if a customer admits they have a gambling problem—at the loan application stage, or any point during the life of an account—they would recommend that customer discuss the issue with an organisation such as UnitingCare Wesley or Salvation Army.

**Codes of practice in the financial sector**

Codes of practice in the financial sector provide some existing protection for consumers. For instance, the Abacus–Australian Mutuals code of practice states that:

- We will base our lending decisions, including decisions to extend existing credit facilities, on a careful and prudent assessment of your financial position. (clause 6.2)
- We will generally only lend amounts to you that we believe, on the information available to us, you can reasonably afford to repay. (clause 6.3)

Such promises depend on the customer providing accurate information:

- We expect you to provide honest and accurate information to us when applying for a loan or the extension of a credit facility. However, where it is prudent to do so, we will also undertake our own independent checks. (clause 6.4)

These types of codes are written into terms and conditions for financial products and services where they apply. Complaints relating to breaches of a code may be referred to an external dispute resolution scheme. Independent committees monitor and report on compliance with the code and determine code breaches that have been referred to them. ASIC indicated they could submit a "show cause" letter to a financial institution that has repeatedly been found to breach the code to ask why their licence should not be suspended or cancelled.

A relevant issue for this study is that the ABA’s Code of Banking Practice has scope to improve how they promote responsible credit lending provision. This was recognised in a recommendation in the recent review of the Code of Banking Practice:

- That a key commitment to responsible lending be included in the current Clause 2 of the Code, Our key commitments to you, along the following lines:
  - We will be responsible lenders in approving credit, offering credit limit increases, supporting customers facing financial difficulty; and promoting the responsible use of credit. (McClelland 2008, p. 41)

The reviewer went on to also recommend:

- That a separate clause on provision of credit be included in the Code, building on Clause 25.1 but expanded to include two parts, one relating to approval of an application for a credit facility and another relating to unsolicited or other offers of credit card limit increases... (McClelland 2008, p. 41)

In their response to the Final Report of the Code of Banking Practice, the ABA agreed with the inclusion of a commitment to responsible lending, although felt it should be included in respect of clause ‘25 Provision of credit’ and should ‘take into account the final form of the legislative and associated requirements for
responsible lending that have been proposed by the Government’ (ABA 2009). The ABA also had comments and concerns on specific recommendations, including the one requiring a separate clause on provision of credit (building on Clause 25.1). These comments and concerns are outlined in the ABA’s response to the final recommendations (ABA 2009).

On the provision of credit (Clause 25), the current Code of Practice (2004) states that:

25.1 Before we offer or give you a credit facility (or increase an existing credit facility), we will exercise the care and skill of a diligent and prudent banker in selecting and applying our credit assessment methods and in forming our opinion about your ability to repay it.

25.2 With your agreement, we will try to help you overcome your financial difficulties with any credit facility you have with us. We could, for example, work with you to develop a repayment plan. If, at the time, the hardship variation provisions of the Uniform Consumer Credit Code could apply to your circumstances, we will inform you about them.

The final wording of the revised code of practice was being determined in consultation with stakeholders at the time of writing. The Australian Government may wish to monitor the outcome to determine the level of protection these provisions may provide to susceptible individuals such as problem gamblers. These revisions may be superseded by planned government reforms in respect of the National Consumer Credit Protection Bill 2009, which includes responsible lending provisions. These reforms are discussed below and in Section 3.4.

**ATMs**

Existing measures to address problem gambling through the financial system include controls on ATMs in licensed venues. While the issue of ATMs was not a direct focus of this study’s terms of reference, given past efforts in this area and the opportunity to consult with financial institutions, feedback was sought on their role in licensed venues.

An interesting feature of the ATM environment in gaming venues is that the vast majority are operated by third-party ATM providers rather than by major financial institutions. Major financial institutions indicated that the main reason for this is that gaming venues are not an attractive site from a customer service perspective because of restrictions on access when venues are closed (that is, there is no 24-hour access to machines in venues) and the specific focus of these venues. (The fact that private sector third party providers have stepped in to provide ATM services in gaming venues indicates that the move is profitable.) Major institutions tend to place ATMs where they have an existing relationship with the customer.

Financial institutions were accepting of the fact that withdrawal limits on ATMs play a positive role in helping mitigate problem gambling by breaking the cycle of continuous gambling. However, financial institutions considered that such measures may only have a marginal impact. It was expressed that measures may also underestimate how resourceful problem gamblers are. For instance, problem gamblers may get around withdrawal limits and ATM bans by withdrawing more money before entering the venue or accessing ATMs on the street.

**Potential new measures to reduce the risk of problem gamblers accessing funds**

Suggestions on changes that could be implemented to reduce the risk of problem gamblers accessing accounts for money with which to gamble were raised with financial institutions. Some were identified by financial counsellors (for example, addressing financial literacy and placing financial counsellors in branches) and others by the researchers (for example, monitoring withdrawal patterns). When asked what measures could be implemented to reduce the risk of problem gamblers accessing accounts to gamble, financial institutions generally referred to existing measures such as withdrawal limits and financial hardship teams.

**Monitoring withdrawal patterns**

Although a severe option, the ability to monitor withdrawal patterns to identify problem gamblers was raised with financial institutions. While it is technically possible to monitor withdrawal patterns—in fact, financial
institutions have ‘obligations to monitor customers and their transactions on an ongoing basis’ under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 and have advertised their security monitoring services in some instances (for example, the ANZ Falcon monitoring system to detect credit card fraud)—there were significant barriers to implementing this option. Privacy laws and broader community concerns about privacy were considered to be significant barriers. Financial institutions are legally prevented from acting on identified withdrawal patterns for other than money laundering or counter-terrorism purposes. There may also be a significant public backlash if the institutions were perceived to be closely monitoring customers’ withdrawal patterns.

Monitoring withdrawal patterns would also run the risk of identifying a false-positive, that is, identifying someone as a problem gambler who is not a problem gambler. For example, it is possible that someone regularly withdrawing money from an ATM in a licensed venue or casino does so out of convenience because they work there or work/live nearby.

Another barrier is the practical difficulty of monitoring millions of transactions per day to identify an issue that affects only a small proportion of transactions and customers. Any technical solution or requirement may raise costs for other customers.

Financial literacy
Financial counsellors identified lack of financial literacy (that is, lack of budgeting skills and understanding of the costs associated with various financial products) as a factor contributing to the problems experienced by problem gamblers. They suggested that attempts to improve financial literacy may help to limit the financial difficulties experienced by problem gamblers.

One financial institution stated that financial literacy was a broader social issue rather than a specific measure that could be used to mitigate the negative effects of problem gambling. They observed that to the extent problem gamblers do not make rational decisions, efforts to improve financial literacy are unlikely to be of assistance. However, one government agency suggested that improved financial literacy may help partners of problem gamblers understand the financial risks they are exposed to and the existing options that are available to them, such as cash withdrawal limits, joint signatories for withdrawals and so on.

One financial institution indicated there was potential to increase the amount of information available on problem gambling and financial difficulties in branches. They noted that the government could, for example, develop a booklet on this issue that could be made available in branches.

Financial counsellors in branches
Related to the issue of financial literacy, as discussed in Section 4, some financial counsellors suggested that having financial institutions employ financial counsellors within branches may help to improve literacy and encourage early intervention. Financial institutions were surprised at this suggestion and doubted its effectiveness and appropriateness. They observed that there would be a conflict of interest in having financial counsellors located on-site when the institution was a creditor to the client. Customers might be reluctant to visit their local branch for financial counselling due to privacy concerns. Partly for these reasons it was felt that many financial counsellors would want to maintain their independence and would therefore be reluctant to adopt this arrangement.

Controls on the cardholder
The scope for implementing controls at the cardholder level was raised with financial institutions. For example, SACES brought up the possibility of a system whereby a problem gambler could voluntarily apply to a financial institution to prevent or curtail the use of their electronic card(s) with ATMs located in gambling venues (this suggestion was made in view of reinforcing existing self-exclusion schemes). While one financial institution indicated that such measures were currently possible, the ABA advised that while such a system was technically possible it was not practical. Such a system would require a database to be created of all ATMs
indicating the location of each one. Such a database may not be comprehensive under current regulations because not all ATM ‘deployers’ are regulated. Some ATM deployers that are not regulated currently ‘piggyback’ off their relationship with ATM acquirers who are regulated. A more significant concern is that this type of system would add an extra layer of complexity to the existing payments system and potentially have negative technical implications, such as increasing the time it takes to process transactions. It may also increase the risk of technical failures. To summarise, increased restrictions would potentially lead to increased costs for financial institutions and therefore ultimately their customers.

Also observed were possible concerns about anti-competitive behaviour associated with any system designed at the cardholder level to prevent access to ATMs located in gaming venues. This is because the overwhelming majority of ATMs in gaming venues are operated by third-party deployers rather than financial institutions. It was mentioned that the Australian Competition and Consumer Commission could construe any attempt to prevent the use of electronic cards with ATMs in these venues as unfairly targeting specialist providers (that is, reducing competition).

Particular concerns were raised about measures implemented at the cardholder level to limit the amount of money that can be withdrawn from gambling venues over a particular time period, say 24 hours. Such a system would require real time data to monitor withdrawal amounts over a particular time period and would present technical challenges. Technical challenges would, for example, include monitoring withdrawals against the different limits that would apply for gambling venues versus existing standard ATM daily withdrawal limits. They would also include the need to monitor withdrawals across different transaction platforms, such as ATMs, EFTPOS, over-the-counter and online transactions.

Victoria has introduced a withdrawal limit of $400 in any 24-hour period, since January 2010. Major financial institutions do not have a problem with this requirement since it is being implemented at the venue level not at the cardholder level.

**National voluntary register of problem gamblers**

One government agency suggested implementing a national voluntary register of problem gamblers that lenders would need to crosscheck before approving new credit products. Problem gamblers could apply to be included on the database or be referred (subject to their consent) to it through state-based problem gambling exclusion schemes. The disadvantage of such a system is that it relies on the problem gambler volunteering. Logistical and privacy concerns would also need to be addressed in setting up such a system.

The idea of a national database was identified late in the study’s consultation process and so was not tested extensively with financial institutions. The one representative institution it was mentioned to saw no immediate significant problems as long as privacy concerns and practical issues could be effectively addressed.

**National Consumer Credit Protection Bill 2009**

Government agencies and financial institutions noted that the National Consumer Credit Protection Bill 2009, which was proceeding through the legislative process at the time of writing, should provide additional protection to consumers to prevent them running up unsustainable debts. The Bill is an attempt to replace the state and territory-based Uniform Consumer Credit Code with a single consistent national scheme. It, and three related bills, were introduced to the House of Representatives on 25 June 2009. The Senate referred the bills to the Senate Economics Legislation Committee on 25 June 2009. The Committee was still conducting its inquiry at the time of writing this report.

Relevant aspects of the proposed Bill include responsible lending provisions and a broadening of regulatory coverage to include unregulated agents such as brokers and payday lenders who are not uniformly regulated under existing state and territory laws. Under the proposed consumer laws, ‘anyone who suggests credit to consumers or provides consumers with credit will need to hold an Australian Credit Licence’. The licensing
regime would be administered by ASIC with the power to cancel or suspend a licence to protect consumers from the risk of financial harm.

Under the proposed laws, lenders and others advisers who suggest credit (such as mortgage or finance brokers) will be subject to responsible lending requirements featuring two core elements:

- if a loan is considered unsuitable for a consumer
- if the consumer does not have the capacity to repay the loan, he/she will not be provided with the loan.11

Financial institutions felt that the main benefits of the proposed national credit laws would be in terms of broadening the ‘umbrella’ of regulatory coverage to include unregulated credit providers and advisers such as brokers and payday lenders. There were not expected to be significant changes for large mainstream institutions such as banks and credit unions since the laws would simply emphasise what major institutions ‘could be doing already’. We were told that the banks have an obligation under the existing Uniform Consumer Credit Code to ‘not finance people into hardship’.

Financial institutions and government agencies were quick to emphasise that the National Consumer Credit Protection Bill 2009 was a work in progress and that the extent to which it will increase protection for consumers would not be known until it passes through parliament (see endnote 9). The researchers also note that the Bill would probably have little to no impact on the extent to which problem gamblers access existing joint bank and home loan accounts to finance their gambling; its benefit would be in potentially limiting access to additional credit facilities.

Concerns about addressing problem gambling at the financial services level

Financial institutions raised serious concerns about implementing measures at the financial services level to address problem gambling. They feel that problem gambling is a complex social issue that would be better addressed using measures targeted closer to the source of the problem (that is, the gambling industry). Such measures may include changes to spin speeds, maximum bet limits and set breaks in relation to EGMs. While financial institutions acknowledged that they have a role to play in society, they did not consider it appropriate to implement significant measures at the financial services level to address a specific social policy issue that affects only a small proportion of the population and is not directly caused by the industry. The financial institutions felt that measures targeted at the financial system level would only have a marginal impact on addressing the issue of problem gambling.

3.2 Government organisations

Interviews were held with Treasury and ASIC on their responsibilities in this area.

Treasury told SACES that it has responsibility for payment systems—credit cards, cheques, EFTPOS and so on—and providing advice about the regulation of these systems. It plays a role in ensuring that competition in the market is effective, and in determining whether intervention is necessary to improve services.

Treasury observed that the implementation of protective measures and provision of support services for problem gamblers are a state and territory, rather than national, responsibility. In terms of contributing to potential policy actions, Treasury was waiting on the outcomes from the Productivity Commission’s update to its 1999 inquiry into Australia’s gambling industries.

ASIC has responsibility for regulating financial markets and financial services. As the financial markets regulator it has a responsibility to ‘assess how effectively authorised financial markets are complying with their legal obligations to operate fair, orderly and transparent markets’. As the financial services regulator ASIC has responsibility to ‘license and monitor financial services businesses to ensure that they operate efficiently, honestly and fairly’.14 ASIC would be responsible for licensing lenders and consumer credit brokering services under the proposed National Consumer Credit Protection Bill 2009.
ASIC observed that there is some limited protection provided for joint debtors under Clause 26.3 of the Code of Banking Practice, which states:

If you are jointly and severally viable under a credit facility, we will allow you to terminate your liability in respect of future advances of financial accommodation on giving us written notice. This right only applies where we can terminate any obligation we have to provide further credit to any other debtor under the same credit facility.

The ABA advised that this clause was in recognition of common law in respect of contracts and joint debtors.

ASIC also identified the additional protections that may flow from the proposed National Consumer Credit Protection Bill 2009. The implications of this bill are discussed above. ASIC also observed that under the current legislation, Australian Credit Licence holders would need to comply with other state and territory legislation, which would include gambling legislation. This potentially provides an avenue for states and territories to restrict lending to problem gamblers, although such a system would probably depend on problem gamblers coming forward on a voluntary basis.

ASIC plays a role in promoting financial literacy. This is achieved primarily through its FIDO website (<www.fido.gov.au>), which provides advice and tips on money management as well as information on financial products and services, including financial scams. The site currently receives about 1.5 million hits per year, equivalent to approximately 10 per cent of the Australian population (the actual number of persons using the site may be significantly lower than this due to multiple hits per person). It was felt that improvements in financial literacy would be most beneficial for a problem gambler’s spouse or partner—it would increase their awareness of the risks they are exposed to as a joint account holder and the options available to reduce these risks, including mitigating the financial impact of problem gambling once it is identified. ASIC indicated an interest in including case studies that focused on problem gamblers on the FIDO website. Case studies were considered to be one of the most effective ways to promote understanding of financial issues, products and services.

In terms of the potential for financial institutions to monitor withdrawal patterns, ASIC noted that financial institutions are required to track suspicious behaviour as part of anti-money laundering and counter-terrorism legislation. Financial service providers, including other ‘reporting entities’ such as gambling businesses, are required to report suspicious transactions to the Australian Transaction Reports and Analysis Centre. The issue of monitoring withdrawal patterns is discussed in Section 3.1.

In terms of other gambling issues, ASIC noted that online gambling is becoming a bigger issue, with the agency receiving an increasing number of complaints about online gambling websites. ASIC currently does not have any jurisdiction in this area and cannot act on these matters. Online gambling is considered to be an area needing further attention.

### 3.3 Consultation with Australian and New Zealand gambling jurisdictions

For completeness, SACES contacted the Australian and New Zealand gambling jurisdictions. The seven-question survey sent to them is in Appendix B. The questions asked respondents to talk about what is already in place, and what could be done, to assist problem gamblers, in the context of this study.

SACES received two written responses to the survey, from the Independent Gambling Authority (IGA) in South Australia and from the Department of Internal Affairs in New Zealand, with results discussed below.

The first question asked was what the gambling jurisdictions considered might be possible to address the issue of problem gamblers accessing joint bank and/or home loan accounts to fund their gambling habits. Suggestions included extending the services of credit reporting agencies, so that financial institutions would be required to report any gambling risk, which would then be placed on a person’s credit file. While it was considered that financial institution staff may require additional training to do this, it could be easily integrated
into work processes. However, this task was seen as a task as important as assessing credit-worthiness. It was noted that this would probably require the institutions and reporting agencies to amend their privacy policies.

Another proposal was for banks to limit access to an account to the responsible spouse, either by agreement or by order of an appropriate authority.

The jurisdictions were asked what they thought banks could feasibly do to protect spouses and families, and third parties to joint accounts, from problem gamblers withdrawing funds with which to gamble. Three related schemes were suggested:

- ATM cards could have differential limits depending on the location of the ATM
- online banking facilities could be reworked to require dual password approval for certain transactions for high-risk customers
- branch systems could have information screens alerting counter staff to risks associated with particular transactions for particular customers.

While in the main these features should be protective measures instigated by the gambler, they could also be activated by an outside authority (court, tribunal, gambling regulator).

With regard to arrangements around welfare or social security payments, the respondents were aware of Centrelink’s Centrepay scheme (discussed in Section 2). However, they noted that the scheme was not systematically or consistently applied in circumstances of identified problem gambling. It was also suggested that laws would allow guardians and administrators (that is, public trustees or those granted Power of Guardianship) of persons with relevant incapacities to have their money managed to ensure they have little left with which to gamble.

The arrangements around having wages, salaries or any form of income earned through employment paid directly to third parties to protect the problem gambler and their family were cited both for New Zealand and South Australia.

In South Australia the Problem Gambling Family Protection Order scheme was said to ‘provide for the attachment of wages and other payments in favour of family members’. This scheme enables third parties such as family members to make a complaint to the IGA about the family member’s gambling problem. It is also possible that the IGA may receive a complaint on behalf of the family from a person who is not a family member. Usually the IGA would conduct a hearing of a complaint made under the Family Protection Problem Gambling Orders Act 2004 before making such an order. The IGA may register a Problem Gambling Family Protection Order in court, which may then be enforced as an order of the court. Through this scheme the IGA has powers to make orders to address the person’s problem gambling behaviour, which can include barring them from entering gambling venues, requiring them to attend counselling, and having requirements about payment of wages.

In New Zealand, the service provided by counsellors was cited, whereby counsellors set up automatic payments for a range of key bills, including to landlords and utility companies, before the gamblers receive any of their money.

The respondents did not consider there would be any good reason not to implement a scheme directing payments to essentials in this way, although there was some concern over privacy issues. The New Zealand respondent told SACES that ‘Privacy laws are strict and unless they are amended or a person consented to the process, it would not be possible for a third party to provide any assistance’. 
3.4 Credit reporting

One of the most significant issues to emerge from the consultations was the relative lack of information contained in credit reports in Australia. It was observed that Australia was one of only three developed countries in the world that does not have comprehensive credit reporting. Credit reporting is defined on the Australian Law Reform Commission (ALRC) website as:

Credit reporting involves providing information about an individual's credit worthiness to banks, finance companies and other credit providers, such as retail businesses that issue credit cards or allow individuals to have goods or services on credit. Credit reporting is generally conducted by specialised credit reporting agencies that collect and disclose information about potential borrowers, usually in order to assist credit providers to assess applications for credit.

Due to legislative restrictions, existing credit reports only contain limited negative information on an individual's credit history, such as the number of credit applications and number of overdue accounts. They do not contain more comprehensive information such as credit limits—a vital piece of information for assessing an applicant's indebtedness—or any positive information such as successful account repayments. These restrictions were ultimately implemented due to privacy concerns.13

The relative lack of credit information is a significant gap in Australia's credit reporting system. A financial institution currently relies on an applicant providing accurate information on their credit liabilities. Where the applicant is an existing customer (which is typically the case) the financial institution can check existing records to confirm the applicant's credit limits and debt levels (at least to the extent that all of the applicant's exposures rest with the institution). However, where the applicant is a new customer, the financial institution relies on the information provided by the applicant and the limited information available in credit reports. Given the extent to which some problem gamblers are willing to conceal and mislead others about their gambling, and the range of credit facilities that are available, the current credit reporting and financial system is open to abuse by problem gamblers.

The financial organisations consulted indicated they are generally in favour of introducing comprehensive credit reporting despite previous reservations. They indicated it would help them understand and assess an applicant's overall debt levels, particularly with new customers. It is important to note that comprehensive credit reporting would not enable financial institutions to identify someone as a problem gambler. The researchers also noted that it would not guarantee that financial institutions would not provide finance to problem gamblers since the decision to provide credit ultimately rests with the financial institution. Nonetheless, it would provide a clearer picture of an applicant's overall financial position, which may help limit a problem gambler's access to additional credit.

The three main credit reporting agencies in Australia are Veda Advantage, Dun and Bradstreet, and the Tasmanian Collection Service. The largest is Veda Advantage (formerly Baycorp Advantage). According to the Veda Advantage website, the company provides 'insights into more than 16.5 million credit active individuals and 4.4 million companies and businesses'. It claims to 'report the credit status of the 60,000 individuals and businesses who apply for credit every day' in Australia and New Zealand. According to the ALRC, Veda Advantage has more than 5,000 subscribers from a range of industries including banking, finance telecommunications, retail, utilities, trade credit, government, credit unions and mortgage lenders.

The information held on a person's credit information file with. For example, Veda Advantage is as follows:

- consumer credit applications
- consumer authorised agent enquiries
- consumer current credit providers
- consumer overdue accounts—outstanding, finalised and arrears brought up to date
When a person signs an application for a loan or credit, it will be listed on their file for five years. When a bank or creditor accesses the database for an applicant, they can see how many applications the applicant has made in the last five years and the date of the application, but not if the applications were approved or declined and not the dollar amount. As stated on one credit agency—Veda Advantage—website: ‘Current federal legislation does not allow us to record whether the application was accepted, declined or has been paid in full.’ If a potential creditor wants to know if the applicant was accepted for any other accounts, they need to call the specific company applied to.

Records of credit applications are held for five years from the date of application. After this the information is automatically cleared from the database. Also, if an account falls into arrears for more than 60 days, the credit provider may choose to record this overdue account in that person’s credit file. This is listed as a payment default and stays on the file for five years. Information on court judgements is publicly available from the courts and is kept on file for five years, with the record updated to say whether the debt has been settled.

Most of the other information listed above also stays on the record for five years, with some exceptions. For example, if an overdue account is classified as a ‘clearout’, whereby the person has an overdue account, then changed address and not provided the creditor with a new address, then a clearout is listed on that person’s credit file for seven years. Even when overdue accounts have been settled, the record stays on the file for the specified period and the file is updated to note the status of the account.

Bankruptcy Act information is publicly available from the Australian Government’s Insolvency and Trustee Service Australia, which administers the national personal insolvency system, according to the Bankruptcy Act 1966. Bankruptcy Act information is kept on the credit file for seven years.

People may access their credit file for free. If they want to register for My Veda Alert, at an annual fee of $40, they will be quickly updated whenever there is an addition or update to the information held on the file, such as a default expiring or someone trying to apply for an account in their name. Those registered can also check that all details are correct and have details altered.

If someone wants an alert put on their account, known as a file note, they must contact Veda’s investigation branch. For example, if a person wants to ensure no one sets up an account in their name, they can request that a password be put on their file, which must be provided before any data is provided. This free service takes five working days or less to be activated.

It should be noted that there have been some doubts raised over the accuracy of credit reports. For example, as stated on the Caslon Analytics website (<www.caslon.com.au>):
In 2004 a small-scale study by the Australian Consumers Association found 17 of 50 credit reports were defective, with one or more mistakes that ranged from misspelt names, a list of jobs that the individual had not held and addresses that had not been lived at. A NSW Consumer Credit Legal Centre report regarding debt collection indicated that only 26 per cent of consumers (again from a very small sample) believed their credit report was accurate, with 31 per cent commenting they did not know how to dispute incorrect information, 23 per cent unsuccessfully disputing information and 17 per cent achieving a correction.

**Recommendations for reform of the credit reporting system**

The Australian credit reporting system is regulated by the Privacy Act. As such the ALRC stated in August 2008\(^4\) that:

> The Australian credit reporting regime is currently more restrictive than in most comparable countries in relation to the types of information that may be collected and disclosed.

ALRC President Professor David Weisbrot has stated that, currently, the Privacy Act only allows negative information to be recorded, such as defaults. This is not the case in other countries. With only negative information available, ‘this makes it difficult for Australians to build up a positive record of responsible borrowing behaviour over time’.

The Commissioner in charge of the ALRC Privacy Inquiry, Professor Les McCrimmon, said the credit industry was in favour of a much more comprehensive range of information to be collected and made available to creditors, such as credit balances and loan repayment histories. He stated that:

> The industry supplied the ALRC with the results of studies, surveys, reports and economic modelling suggesting that an increase in information available to lenders would facilitate better risk management practices—which in turn would open up the field to greater competition and drive down the cost of credit, especially for low risk and responsible borrowers.

However, consumer groups were concerned that this wider range of information may not be used only to facilitate responsible lending, and that it may indeed increase risks relating to security and privacy.

The ALRC carried out consultation and research and made a number of recommendations for a more comprehensive credit reporting regime, specifically that the following additional items of information be held in people’s credit files by credit reporting agencies:

- type of each current credit account opened (for example, mortgage, credit card, personal loan)
- date on which each current credit account was opened
- credit limit of each current account
- date on which each credit account was closed.

SACES was also told in its consultation with financial counsellors that the Australian Financial Counsellors and Credit Reform Association was pushing for standardised financial information; that is, what data are provided to applicants when they apply for a product.

In August 2008 the Australian Government announced it would respond to the ALRC’s recommendations in two stages with those relating to credit reporting being addressed in the first stage. The Government was still formulating its response at the time of writing. While the Department of the Prime Minister and Cabinet (PM&C) was unable to discuss the potential nature of the Government’s response, it did emphasise that the original aim was to release draft legislation on the first stage reforms by the end of 2009. PM&C also advised that:

> … the approach being taken is to consider the merits of the ALRC recommendations and that changes or non-acceptance will generally only occur where there is evidence or public interest considerations which are contrary to the ALRC’s findings.

PM&C went on to note that:
... generally the consumer credit industry are in favour of the ALRC’s recommendations (especially in light of the responsible lending obligations in the National Consumer Credit Protection Bill 2009) and consumer and privacy advocates reluctantly support based on responsible lending obligations being in place (noting their concerns that greater access to information could also lead to more predatory lending) and acceptance of other ALRC recommendations which would enhance privacy protections around sharing of more comprehensive credit reporting information.  

3.5 Summary

Financial institutions identified a range of options currently available to customers that would minimise the risk of problem gamblers accessing funds from joint bank and home loan accounts to gamble. These measures include adjustable daily cash withdrawal limits, co-signatories to approve withdrawals, provision of separate statements to each co-signatory, and combinations of these measures. However, these measures rely on the customer taking the initiative to instigate them.

A number of key issues make it difficult for financial institutions to identify customers who are problem gamblers and implement measures to reduce the risk of problem gamblers from using funds from joint bank and home loan accounts. These issues include:

- the guarded and deceptive behaviour of problem gamblers that makes it difficult for financial institutions to identify a gambling problem
- the inherent trust within relationships and lack of personal responsibility taken for financial management that allows a partner with a gambling problem to go along undetected
- privacy restrictions and concerns that prevent financial institutions from monitoring withdrawals patterns and acting on suspicions about customers who are gamblers
- practical limitations of options due to resource and technical limitations, which in part reflects that only a very small proportion of customers are problem gamblers.

Despite the significant barriers, financial institutions and government agencies identified the relative lack of information in credit reports as a factor that could be improved to reduce problem gamblers’ access to credit. Expanding the range of information provided in credit reports to provide a more complete picture of an individual’s overall indebtedness would potentially help prevent problem gamblers from accessing additional credit. This is significant to the extent that problem gamblers tend to finance their gambling in the early stages by using a number of credit cards obtained from various institutions rather than through joint accounts and home loans. Financial institutions were generally in favour of introducing more comprehensive credit reporting.

The proposed National Consumer Credit Protection Bill 2009 was identified as being relevant to the issue of problem gamblers accessing various lines of credit. The plan to implement responsible lending provisions and extend regulatory coverage to include all credit providers may help limit problem gamblers’ access to additional funds. However, the effectiveness of the Bill will not be known until it is passed (see endnote 9).

Potential measures to help with problem gambling identified by government organisations include establishing a national voluntary register of problem gamblers that lenders would have to crosscheck before approving new credit products, and improving financial literacy. While there was doubt over how effective improvements in financial literacy would be for problem gamblers due to their lack of rational decision making, it was noted that such improvements may help partners of problem gamblers to understand the financial risks they were exposed to and the options available to them.

Finally, online gambling was cited as an issue of growing concern worthy of further investigation.
4 Findings from consultation with financial counsellors and gambling counsellors

4.1 Introduction

Financial counsellors and gambling counsellors were contacted to take part in joint focus groups, face-to-face interviews, telephone interviews or emailed surveys. These counsellors all had direct experience with problem gamblers, their financial issues and patterns of behaviour, and all were keen to contribute to this research. Twenty-two completed surveys were received and interviewees exceeded 30.

It should be noted that many of the financial counsellors consulted specialised in clients with gambling problems and many gambling counsellors helped gamblers with their finances or were also financial counsellors. Therefore, a distinction has not been drawn in this section between these groups—they are all referred to as counsellors. The counsellors referred to those they help as clients and/or customers, so this terminology is used in this section.

FaHCSIA provided SACES with the data presented in Table 2, which shows the reasons presented by clients for seeing an Australian Government financial counsellor. While 118 specifically cited gambling as a reason, it should be noted that gambling is widely underreported, as gamblers tend to prefer to keep their gambling activities secret. It should also be noted that clients often cited more than one reason for seeing a counsellor, so the subtotal does not refer to 10,296 clients. The true figure would be notably lower. Therefore, the apparent 1 per cent of clients citing gambling as a reason is likely to be a substantial underestimate.

The Community impacts of electronic gaming machine gambling study (SACES 2005b) suggests that the figure of problem gamblers seeing financial counsellors is much higher. In the study, referred to above, SACES researched gambling habits in Western Australia, Victoria and South Australia. SACES surveyed financial counsellors in Victoria and South Australia and reported that 33.6 per cent of people experiencing financial hardship in these two states had gambling problems, compared to 19.9 per cent in Western Australia. The proportion of their clients who had been referred to financial counsellors by gambling counsellors was estimated at 44.1 per cent in Victoria and South Australia, compared to a much lower 8.9 per cent in Western Australia.

When asked whether gambling contributed to financial hardship, an overwhelming majority of the Victorian counsellors in the 2005 study said it was (Yes: 31, No: 3) and the South Australian counsellors agreed (Yes: 35, No: 5). The picture was reversed in Western Australia, where the answers were Yes: 2, No: 15. The difference between Western Australia and the other two states reflects the banning of EGMs outside of casinos. As demonstrated in the 2005 study, EGMs are the most addictive form of gambling and cause the most severe financial problems for gamblers.

The 2005 study also found that 72 per cent of Victorian financial counsellors surveyed considered gambling-related financial problems to be more severe in terms of harm to individuals and to their families than other forms of hardship. Homelessness, for example, was found to be more common among clients with gambling problems. Two main reasons were provided for this observation (p. 113):

... in many cases the individual is already vulnerable and isolated and gambling opportunities by their nature, act to compound this isolation and vulnerability. The activities are solitary, devoid of interpersonal relationships with a capacity to reinforce anxiety and depression. Gambling is also highly addictive for some.
... the individual will attempt to hide the consequences of excessive gambling, will steal and/or borrow from family and friends or commit crimes in order to continue gambling. These behaviours are very rare for clients who seek help from financial counsellors due to other misfortunes or bad decisions such as bankruptcy, over-commitment on credit cards, long term low income or temporary problems with utilities, car repossession, mobile phone accounts, etc.

Table 2: Number of clients by reason for seeking Australian Government financial counselling 1 July 2008 to 31 December 2008

<table>
<thead>
<tr>
<th>Reasons for seeing a financial counsellor</th>
<th>Number of clients citing this reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit/debt issues/payment arrears (for example, credit card, fines, personal loan)</td>
<td>1,994</td>
</tr>
<tr>
<td>Inadequate income</td>
<td>1,117</td>
</tr>
<tr>
<td>Bankruptcy</td>
<td>921</td>
</tr>
<tr>
<td>Changed personal circumstances (for example, loss of job, illness, death)</td>
<td>875</td>
</tr>
<tr>
<td>Budgeting</td>
<td>840</td>
</tr>
<tr>
<td>Utilities (for example, water, gas, electricity, telecommunications)</td>
<td>681</td>
</tr>
<tr>
<td>Housing</td>
<td>660</td>
</tr>
<tr>
<td>Taxation issues</td>
<td>543</td>
</tr>
<tr>
<td>Financial literacy</td>
<td>350</td>
</tr>
<tr>
<td>Relationship issues (for example, separation/divorce)</td>
<td>343</td>
</tr>
<tr>
<td>Mental illness</td>
<td>286</td>
</tr>
<tr>
<td>Government payments (for example, pensions, benefits, allowances)</td>
<td>248</td>
</tr>
<tr>
<td>Contract dispute</td>
<td>236</td>
</tr>
<tr>
<td>Business failure (own business)</td>
<td>219</td>
</tr>
<tr>
<td>Disabilities (including intellectual disabilities)</td>
<td>127</td>
</tr>
<tr>
<td><strong>Gambling</strong></td>
<td><strong>118</strong></td>
</tr>
<tr>
<td>Alcohol/other drugs</td>
<td>113</td>
</tr>
<tr>
<td>Other (a)</td>
<td>625</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>10,296</strong></td>
</tr>
<tr>
<td>Unknown</td>
<td>480</td>
</tr>
</tbody>
</table>

(a) ‘Other’ includes: family violence, child support issues, government income management measures (compulsory and voluntary), concessions/grants, fines, motor vehicle accident, superannuation, income management, deceased estates and other unspecified.

Note: Clients often cited more than one reason for seeing a counsellor so the subtotal does not refer to 10,296 separate clients.

Source: FaHCSIA.

In this study, the questions put to counsellors covered five main areas and are reviewed in order below. The face-to-face interviews, focus group discussions and emailed surveys followed the same pattern of questions, with more detailed discussion possible in interviews.

First, counsellors were asked about their general introduction with clients and how much the clients revealed about their gambling problems and the impact of gambling on their finances. The second set of questions
covered the sources of funds used for gambling, including whether the counsellors observed a pattern in their clients’ use of funds for gambling over time. Thirdly, questions were asked to establish the main consequences of problem gambling on the financial problems facing the clients. Ideas relating to possible assistance or interventions by financial institutions and case studies completed the interview schedule.

These initial three areas all provided context and background to feed into a discussion around:

- the types of assistance and intervention currently available for problem gamblers, both through counsellors and financial institutions
- the potential forms of assistance and intervention that counsellors and financial institutions could offer.

The counsellors also provided SACES with seven case studies on people’s financial difficulty as a result of problem gambling. The case studies were from several states in Australia, as well as New Zealand and the United Kingdom.

This section relates the case studies to the findings from the consultations with counsellors. All names relating to the case studies have been changed to protect the identity of the people involved. The consultations produced a large number of suggestions and views, which are presented here under 11 group headings in Section 4.7. The numbers of responses to each question varied, as not everyone answered every question.

The authors do not necessarily agree or disagree with the suggestions and views presented in this section.

### 4.2 Counsellors’ general introduction with clients

The first hurdle for a problem gambler in attempting to address their financial problems resulting from gambling is to admit they have a gambling problem. The next hurdle is to admit the problem to a spouse, partner or third party. In the interviews, counsellors indicated they need to gain the trust and respect of their clients before their clients would provide sensitive financial and personal information. Admitting the problem and its true extent can take several sessions with a counsellor because financial and gambling problems are often associated with feelings of guilt and shame. Financial counsellors specialising in gambling would already be aware that gambling is an issue for the client because of their specific role.

Of the survey’s 22 respondents, all but two said they would ask the client if the source of their financial difficulties was related to problem gambling. As mentioned earlier, this may take several sessions with a counsellor to be determined.

Counsellors said that when they take on a new client, they draw up an income–expenditure statement, requiring the client to provide information about all areas of their finances. Counsellors generally notice if there is a ‘black hole’ in the finances, that is, a gap between income and expenditure with nothing to show for it. The question about gambling is in the entertainment element on the statement, which also covers alcohol, drugs, parties, gifts and entertainment activities (such as going to the cinema).

SACES was told that some financial counsellors would ask about a gambling problem, but some may not, depending on their willingness to ask as well as their experience in identifying the problem. But in general, problem gamblers present with certain patterns of financial behaviour and if asked the right questions at the right time, they can be supported in talking about their problem. One counsellor who worked with Indigenous communities in mining areas said that within the context of financial literacy programs, which tend to be conducted in groups, people tend to open up and be more willing to talk about their gambling.

At the extreme, some people brought unopened mail to their meetings with the counsellors, having been afraid to open it themselves. Some told the counsellors that they used separate mail boxes to hide their mail from other family members. One counsellor talked about a client with five credit cards and earning a high income, who kept his finances secret from his partner by setting up a post office box for his mail. In some cases, a partner is happy for their spouse to take over the finances and so will not see problems until a crisis is reached.
In the SACES 2005b study, financial counsellors told SACES that:

Financial institutions are ‘less understanding’ of those who experience debts and financial problems from gambling, while the individual gambler is said to experience ‘personal shame and does not want others to know about gambling behaviours’.

Thus it can be seen that financial counsellors play an important role in helping problem gamblers admit their problem and be honest about their finances, which is the first step in taking control and responsibility for a gambling problem.

4.3 Sources of funds and the gambling problem timeline

Counsellors were asked which accounts problem gamblers tend to access for funds for gambling. They told SACES that this information is fairly accurate, because the clients are asked in detail about their accounts to draw up the income–expenditure statement. The most common responses to the survey (with numbers of respondents in brackets) are below:

- personal accounts in the client’s name only (18)
- credit cards (18)
- home loan accounts solely in the client’s name (15)
- joint accounts with spouses or de facto partners (13)
- joint accounts with business partners (10)
- joint home loan accounts (10).

As revealed from the survey, credit cards and personal accounts were a key source of funds with which to gamble. Access to joint bank and home loan accounts was also significant. In the interviews, counsellors reported people having five or more credit cards was a common occurrence. The most extreme case cited was a problem gambler who had 14 cards with a total balance of more than $300,000. SACES was also told it was not unusual to see problem gamblers with two or three credit cards from the same bank.

The survey also asked about other sources of finance, and most respondents provided some, with the main other sources named (in order of frequency) as: payday lenders; pawn shops; other money lenders (one mentioned loan sharks); borrowing from family, friends and employers; store cards; and selling capital items such as downsizing cars. One respondent said they had a client who ‘begged the local doctor for cash’. In addition, a small proportion mentioned criminal activity in the form of theft from employers, fraud, embezzlement, theft from the Australian Government in seeking more payments than they should be receiving, and selling stolen goods. Case studies 1 and 2 illustrate some of this behaviour.

**Case study 1**

This story appeared in a newspaper in the United Kingdom in June 2009. John, a security guard aged 39 years, was married with two children. His gambling led him to borrow from loan sharks, put money onto credit cards and steal £12,000 from his employer, the total debt amounting to £40,000. The wife was unaware until they were nearly made homeless, with the employer going to court, resulting in them having to sell their home to pay back the employer.
Case study 2
Marie was married and a stepmother to two children. She was employed and found to have misappropriated funds at her place of employment. Her husband found out when the police arrived. During the three months until the case went to court, she got a similar employment position and did the same again. Her house had to be sold to pay debts before she went to court for the first offence. She received three years to be served without release. During her first year the second case came up and she was given two years to be served with the original sentence. There was still an outstanding debt so restitution was ordered. Her marriage broke up and she lost contact with her children. Since her release she has found it extremely hard to find employment.

Counsellors also cited examples of people using redundancy and superannuation payments (see case studies 3 and 4). A common theme, in the case of couples, was the problem gambler accessing the accounts of the spouse without the spouse’s knowledge (see case studies 4, 5 and 6).

Case study 3
Miranda, a single lady aged 55 years, was made redundant and received her superannuation in a lump sum of $120,000. Before this, she had been a recreational gambler on EGMs for many years visiting a local club, but not having problems paying rent and bills. She started going to the club more often for social interaction and lost her $120,000 within two and a half months. She was not eligible for Centrelink payments after this ran out and went to a financial counsellor. She went into bankruptcy and is now living with family.

Case study 4
A married lady in her mid-50s with four children, two still at home, Jane let her husband Colin manage the family’s finances. Eleven years earlier, Colin had been made redundant and received a $200,000 redundancy package. Jane was working and the couple also had a landscaping business, bought following Colin’s redundancy. Jane’s first shock was finding a letter from the bank threatening foreclosure on their house. The house was worth $600,000 and Colin had had the mortgage increased two years earlier. He had recently been telling Jane that he wanted to increase it again. Colin assured her he was in control of their finances. Jane then discovered he had borrowed money from her mother and brother, telling them not to tell Jane as it would worry her. Colin also owed money to an elderly neighbour. In addition, he owed money for a car bought for his son and had four credit cards with large balances. The total sum of his losses was $360,000. His gambling choices were EGMs and the Totalisator Agency Board (known as ‘the TAB’).

Case study 5
Bob, in his mid-40s, was married with two children and had been a well-paid civil servant, although he had acquired no assets and was living in rented accommodation. He gambled at the TAB. He sourced funds for gambling from his wages, three credit cards, two personal loans and had accrued debts of more $1,000 with his local dairy and takeaway stores for cigarettes and food. He told the counsellor he was unable to pay his power bill or to pay for educational and sports opportunities for his children. His total debt of $50,000 was currently accruing interest. His relationship was suffering and he was suicidal.

Case study 6
Laura was in her 70s and a full-time care giver for her sick husband. She had gambled on the EGMs for many years. She paid for her gambling with funds from her husband’s sickness benefit and her care giver’s benefit. She also asked for money from her General Practitioner and owed him $700. The couple own a flat that she had not been able to afford to maintain or afford to heat. Laura took out a loan for home maintenance but could not make the repayments because of her gambling. Her family has ostracised her.
The patterns of use of funds with which to gamble over time varied, with the range of situations covering all ages, genders, backgrounds, locations and socioeconomic groups. Respondents to the emailed survey mostly stated there was a pattern, although five answered there was not. In their comments most respondents talked about gamblers accessing the easiest funds first, where there is ready access to cash that they are not being asked about, before moving onto other sources. While everyone's personal experience will differ, it is important to understand general patterns and tendencies in terms of the nature of financial activity of problem gamblers, so that it is then possible to formulate ways in which to prevent people from getting into financial difficulty through gambling.

Counsellors were asked in the survey about the ultimate consequences for problem gamblers, specifically whether they knew of problem gamblers experiencing the following (with numbers of respondents in brackets):

- being unable to pay for basic living costs such as rent and bills (21)
- acquiring funds from sole or joint accounts without the knowledge of their spouse or de facto partner (19)
- acquiring funds without the knowledge of the joint account holder (for example, business partner, spouse or de facto partner) (19)
- losing their home through their gambling (17).

All of the counsellors had worked with people experiencing difficulty paying for basic living costs. Almost all of them had seen people who had taken funds from joint accounts without the knowledge of the joint account holder, and most had seen people who had been accessing accounts, sole and joint, without their partner knowing. Case study 7 provides an example of the partner being willing to provide credit in her name because she was unaware that the money was being used to gamble. Partners tend to be trusting and this lack of awareness was a common observation. Nearly all counsellors had worked with people who had lost their home through gambling. These experiences were substantiated further in the reference groups held with counsellors.

Case study 7
Simon was 22 years of age and living with his parents. He was referred to a financial counsellor by his brother who was a gaming manager in a sports club. Simon started gambling at the TAB on sports when he was 18 years old, although he had gambled a small amount before this while still at school, using an adult to place bets on his behalf. This was using his own funds. Simon is employed full time and has been using his income to gamble. His estimated total loss over the whole period was $200,000. He did not have any major problems with debts, but his major concern was his girlfriend. He had asked her for money and owed her $62,000, which he had used to gamble. He asked her to get credit cards for him in her name because he no longer had access to credit—however, this was not because he had been turned down for credit. He had accessed funds through two personal loans totalling $25,500 with two different banks and could take out no more funds this way. One bank took him to court for non-payment of the loan. He is believed to now be making payments.

Simon had been with his girlfriend for six-and-a-half-years and he wanted the relationship to survive. The girl’s parents were sympathetic and wanted to help him. They refinanced the mortgage on their own home to pay off their daughter’s debts, and then made a formal agreement with Simon to repay the money over time. Simon stopped coming to see the counsellor after six months and the counsellor believes he has stopped gambling, having successfully completed a program with a therapeutic counsellor. He has barred himself from all TABs—including pubs—in the metropolitan region by going to the TAB headquarters.

The pattern of accessing funds to gamble will also depend on the set-up between partners. With some partners, one takes on full responsibility for all finances and the other is happy to let them do so. Some have only joint accounts where either can sign, some have joint accounts where both must sign, some have separate accounts.
The counsellors said that whatever the source, people get comfortable in their own source of money. Gamblers can often manage their financial issues over long periods of time and continue to keep their gambling problems secret, as demonstrated in case study 4.

With regard to the consequences of problem gambling, counsellors were also asked whether they had observed increased demand for Australian Government services as a consequence of problem gambling, for example, Emergency Relief Assistance, Centrelink claims and requests for financial assistance. Two-thirds (13) of respondents said that they had seen this happen, while five said they had not. When asked to explain further, they cited the following:

- general requests for financial assistance
- money required for food, food grants, food banks
- accommodation grants, housing grants, increased call on Housing New Zealand (in New Zealand)
- needing money for clothing, phone, electricity
- increased requests for benefits to Work and Income New Zealand
- some people have lost their jobs due to gambling and have had to claim Centrelink benefits
- emergency relief schemes (food vouchers/parcels)
- Centrelink loans
- increased call for advocacy and budgeting advice.

**The gambling problem timeline**

The findings from interviews, particularly with counsellors, revealed a pattern in the access of funds with which to gamble. The pattern is referred to in this report as the 'gambling problem timeline'. (Note that it is not referred to as the problem gambling timeline, rather it is designed to encompass the range of financial sources accessed for gambling purposes from the recreational gambler not experiencing any issues due to their gambling, right through the spectrum where gambling activity becomes a serious problem.) For every person, what constitutes a level of severity of their gambling will vary. The sums of money involved in each person's gambling activity will vary widely, as will the impacts on people's lives. The Productivity Commission's 1999 report, *Australia's gambling industries*, referred to the 'gambling continuum', along which there are levels of gambling severity—from level 1 gambling (no problems) to level 3 gambling (severe problems). As they state (p. 6.20), "Ultimately, precise tests of problem gambling are impossible, because the phenomenon itself lies on a continuum of differing degrees of severity".

The problem gambler starts out as a recreational gambler and at some point their gambling behaviour becomes problematic, and the gambling problem timeline illustrates how the funds are sourced as the gambling behaviour becomes more severe. The severity of the gambling problem relates to the time and/or money spent on gambling.

The generally accepted national definition of problem gambling in Australia is: 17

> Problem gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community.

Consistent with this national definition in this timeline and illustrated in Figure 1, the recreational gambler at time $T_0$ does not experience difficulties relating to limiting their time or money spent on gambling activities and there are no significant adverse consequences from their gambling. Then over a period of time—which may vary from days to years depending on each person's individual situation and triggers—the person spends more time and/or money gambling and moves along the timeline. The severity of the consequences of their gambling intensifies along the timeline until they reach $T_1$, which is the end point, where the problem gambling is most...
severe. As illustrated by the case studies above, some problem gamblers cover the path from T₀ to T₁ in a very short time—in the third case study the time period from starting to move away from T₀ was just a couple of months until the problem was severe and T₁ was reached, and in another case study it was 11 years.

The gambling problem timeline presented in this report with regard to financial behaviour is consistent with the gambling continuum concept. The timeline illustrates the path, in terms of financial activity, from controlled and non-problematic gambling to the point at which there are serious problems, which may be characterised by any combination of serious financial difficulty, bankruptcy, health problems (including mental health), relationship breakdowns, and criminal activity to access funds.

The second component of the timeline is the ease of access to funds with which to gamble. This pattern emerged from discussions with the counsellors. The counsellors told SACES that in general problem gamblers access the most easily available funds first. This could be incomes (salary or wages), redundancy and superannuation payments, savings, or loans that are paid off and it is possible to redraw the funds. This also includes line of credit home loans, existing credit cards and store cards. This is consistent with the findings in the SACES 2005b study, which found that gambling debts are initially associated with a reduction in assets rather than a build-up of credit liabilities through the misuse of credit. Furthermore, gamblers tend to be secretive about their gambling and are keen not to draw attention to their spending activity. The use of funds early in the timeline are therefore essentially ‘invisible’ to those around the problem gambler.

Further along the timeline, as the gambler moves away from T₀ towards T₁, typical financial behaviour includes increasing limits on existing loans and credit cards and then taking out additional loans and credit to cover the costs of existing loans or credit cards. Counsellors said that by this point, there is generally concern about paying for basics such as rent and bills and food, and the extra finance may be needed to service payments towards existing debt—referred to as ‘recycling debt’ by one financial counsellor. This appears to be the point at which payday lenders are approached, who lend money on a short-term basis, taking payment on the customer’s payday. The interest rates on these loans are often extremely high, and substantially higher than loans from the main financial institutions. Other loans may also be sought at this stage, often from institutions other than the gambler’s main provider or, in some cases, loan sharks.

Figure 1: The gambling problem timeline

<table>
<thead>
<tr>
<th>Time/severity</th>
<th>T₀</th>
<th>T₁</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of access to funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>Easy, invisible</td>
<td>Problematic, visible</td>
</tr>
<tr>
<td>Savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lump-sum payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Readily available credit (existing credit cards, line of credit, loans)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase credit limits</td>
<td>Less liquid assets</td>
<td>New credit cards</td>
</tr>
<tr>
<td>Borrow from friends, family, employer</td>
<td>New loans</td>
<td>Sell capital items</td>
</tr>
<tr>
<td>Joint bank accounts</td>
<td>Home loans</td>
<td>Non-bank lenders</td>
</tr>
<tr>
<td>Criminal activity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Counsellors said that once problem gamblers are in serious financial difficulty, they tend to seek access to funds from joint bank and home loan accounts. Along the way, many ask for loans from friends, family and employers, and a minority turn to criminal activity, such as theft and fraud. The sourcing of funds becomes more and more visible and less easy for the gambler to access.

Figure 1 illustrates how the invisibility and ease of access to funds decreases as the gambling becomes more problematic. However, what is of most interest for this report is the point at which joint bank and home loan accounts are targeted. It appears there are a number of stages that the gambler goes through before targeting these sources, particularly with using their own funds, savings, multiple credit cards, and loans from family and/or friends. The situation is blurred by the line-of-credit home loan. This pre-approved loan is immediately available and so may be targeted earlier in the gambling problem timeline than other types of home loans that do not have such an easy redraw facility.

It was generally agreed among the financial counsellors surveyed for this report that home loans would be accessed later in this gambling problem timeline—closer to T1 than T0, particularly if the loans are held jointly with a spouse or partner. As illustrated in case study 4, accessing home loans can be the point at which a partner first becomes aware of the problem. However, as also noted in that case study accessing a joint home loan does not always signal the end of the timeline. It may take several more years until the problem becomes apparent to the spouse or partner. As in case study 4, for example, the one partner had increased the mortgage two years earlier to fund gambling behaviours, and was looking to raise the mortgage a second time, after reaching the point of not being able to service all debts and the bank then threatened foreclosure.

Many of the problem gamblers discussed with counsellors were long-term gamblers, although there were also a number who developed a gambling problem in a short space of time. At one extreme, for example, it took Miranda (case study 3) just three months to develop her problem, while in another case it took 11 years. It was noted in the SACES 2005b study that ‘a distinguishing feature of gambling debts is that they can build fairly rapidly and may continue to grow as other assets are pawned or sold’ (p. 111).

The duration of the timeline in part reflects the trigger or problem resulting in the person reaching serious financial problems from their gambling. One respondent to the survey stated ‘large sums of money would appear to be an issue’. This appears to be the case for Miranda—prior to her redundancy she was a recreational gambler, managing her funds. Another trigger, illustrated in the case studies, was redundancy, meaning that gamblers had more time on their hands. Counsellors said many people in this situation find themselves with little to fill their time. They miss the social interaction of the workplace and seek it through clubs and hotels. These are useful details for understanding problem gamblers that may be relevant in formulating policy proposals for financial institutions.

### 4.4 Assistance offered by financial counsellors

The role of financial counsellors is to assist people experiencing financial difficulty, and there are specific financial counsellors who deal only with problem gamblers. They have an advocacy, advisory and educational role as well as being counsellors. They build rapport with clients and the main information tool is the income–expenditure statements. This exercise helps client realise exactly what they spend their money on and this is assistance in itself. This can be the first step in problem gamblers admitting their problem and understanding their finances.

The counsellor would then offer to assist the problem gambler in controlling their finances. In the case of a couple, there were examples where the non-problem gambler of the two has assisted in setting up controls on their finances, including putting accounts in their name.

The survey asked if counsellors would normally contact any of the following on behalf of the problem gambler to assist with their financial situation (with numbers of respondents in brackets):
Most counsellors said they would normally contact financial institutions and utilities on behalf of the client, and this was substantiated in the interviews. Around half said they would contact landlords and councils. Around one-quarter would contact employers.

The ‘other’ category included contacting Insolvency and Trustee Service Australia about insolvency and medical providers. One financial counsellor had contacted a loan shark who was charging 217 per cent interest and negotiated to have it reduced to 0 per cent.

Financial counsellors offer practical assistance in contacting organisations on behalf of their client, including financial institutions and other creditors. Negotiation, advocacy and mediation are their key roles. The reference groups told SACES that the financial counsellor will first encourage the client to talk to the organisations themselves. If the client will not do so alone, the financial counsellor will organise a three-way conversation on speaker phone—with the bank, client and counsellor—so all parties understand the process and so the client feels supported by the counsellor. We were told that there are people in hardship teams in banks who the financial counsellors often deal with.

A concern put forward by counsellors was the lack of training in financial literacy, which they believe should be addressed. The counsellors consider that many of their clients do not understand many areas of their own finances. For example, some were paying high interest rates to payday lenders, not realising the true cost of the loans. Financial counsellors teach people, including gamblers, what these products and services really mean.

Counsellors made it clear that whatever system is set up for the problem gambler, whether it be through them or through their spouse or partner, it is ultimately a voluntary decision. The counsellors ‘cannot take over someone’s life’, so their influence is limited. The problem gambler can walk away from help at any point. However, as the counsellors indicated, when a problem gambler sees a counsellor it is ‘after the event’, when the person has hit serious financial problems and is desperate for assistance. They do not normally, therefore, walk away from help.

Another issue that came up several times in the reference groups was the reluctance of clients to admit their gambling problems if they were also bankrupt—aggravating bankruptcy by gambling is classed as criminal activity and the gambler could ultimately be imprisoned. In addition, SACES was told that when a person borrows money to gamble, it is legally the same as stealing and is enforceable in court.

One issue that was raised several times during discussions was the public’s lack of awareness about the services offered by financial counsellors. The counsellors we spoke to said they offer very similar services to MyBudget but do not charge any fees—they are not allowed to charge for their services, as part of their membership requirements under the ASIC code. Despite this, many clients had MyBudget listed as a creditor when they set up their finances with the counsellors.

### 4.5 Links between counsellors and financial institutions

Question 7 of the survey asked counsellors if they have formal or informal links with financial institutions on behalf of their clients, particularly problem gamblers and, if so, what was the nature of the links.
Thirteen of the 22 respondents had links and nine did not. The common explanation for those who did was to have a relationship with the hardship section of the financial institution—banks and credit unions have these sections. The counsellors in the reference groups said they tended to deal with most problems for the client through the hardship section. Those working in these sections are not counsellors, however. The counsellors in the consultations expressed concern that those working in the hardship sections need training about life experiences. The counsellors said that in some banks the hardship teams are known as customer relationship departments. Once a relationship with the creditor is established, however, it is a role of the counsellors to keep the creditor informed through this channel.

4.6 Awareness of measures by financial institutions

In the survey, counsellors were asked if they were aware of any measures implemented by financial institutions for problem gamblers to have part of their incomes diverted to pay rent, bills and other essential items. These types of services are reviewed in Section 2, particularly the Centrelink (Centrepay) service and MyBudget. This question was asked to establish if financial institutions might support similar activity and whether it was something counsellors might help clients with.

In response to the survey, in Australia, Centrepay was cited by five respondents and in New Zealand, counsellors were aware of such a service being offered by Work and Income New Zealand. Five said they thought there was something that financial institutions could do to help clients at the client’s request, although they did not elaborate. One mentioned the Public Trustee. Seven said they were not aware of such services and of these, two said they were against such measures because they would then invite discrimination against the gamblers for their gambling.

When asked about other measures implemented by financial institutions that may assist problem gamblers, several counsellors talked about credit reporting agencies. The financial institutions do (or should do) a credit check with a credit reporting agency when a customer applies for a loan or credit increase, or for a new loan or credit facility. The counsellors believed that for a small fee (some said $20 and others $40) the customer could voluntarily have a warning put on their credit report so when a credit check is being done, the financial institution doing the check would be told not to allow the customer to be given additional finance. However, we were also told that these warnings were not always heeded and the credit facilities were offered anyway. The system followed by Veda Advantage, Australia’s largest credit reporting agency, is discussed in Section 3.

4.7 Suggested assistance/intervention

The surveys and reference groups brought up a large number of suggestions that financial institutions could implement to assist the problem gambler. These are grouped under 11 headings.

The role of financial counsellors

Financial counsellors highlighted to SACES how important their role was in building rapport with their clients and offering a service that financial institutions do not tend to offer. With the significant amount of guilt and shame often associated with financial difficulty (and not just related to gambling), many people find it difficult to admit they have a problem and acknowledge the extent of their problems—first to themselves and then to anyone else. Yet this is the first step in addressing their financial difficulties and the extent of their gambling problem.

The financial counsellors want their role to be more widely offered and publicised by financial institutions. They believe there are too few financial counsellors and that the numbers of people looking for their type of service is increasing. They suggested increasing funding to train more financial counsellors; having permanent financial counsellor positions in financial institutions; and educating the public about the services they offer.
SACES was told that many clients presenting to counsellors had used MyBudget and were not aware that similar services are offered for free by financial counsellors.

Concern was also expressed that because the financial counsellor role is classed within community services, the salaries are much lower than if the role were to become more widespread and integrated into the private sector. Integrating into the private sector would help attract greater numbers of counsellors.

An additional suggestion was to educate the public to change how they think about financial counsellors, so they might consider consulting someone when applying for a loan or making other changes to their finances, before experiencing difficulty. In this way, the financial counsellor would become part of a prevention strategy for people getting into serious financial difficulty, rather than being there solely to pick up the pieces after this point has been reached. The counsellor who suggested this likened this preventative approach to visiting the dentist on an ongoing basis to prevent needing major treatment at a later date.

**Improving financial literacy**

The lack of financial literacy among clients was a key concern for many counsellors. Some people are simply not good at managing their own finances, and examples included people in trouble who did not even want to open their mail. Many clients do not fully understand the implications of the interest rates they are paying on credit cards or loans. The counsellors often have to go back to basics with the client to establish their income streams and expenditure and help them understand their basic financial situation. The financial counsellors achieve this by using income–expenditure statements. In applying this main tool, the client is asked exactly what they spend their money on and are asked to give full details of every area of their finances. Those who do not know how to budget receive help from the counsellors in this area. SACES was told that often people can feel harassed by creditors and have a fear of statements and bills. Early on, they begin to shy away from their mail and from addressing the reality of their finances.

Financial counsellors teach clients about budgeting and act as role models in developing financial skills. In helping the clients communicate with their banks and other creditors, the counsellors also help people to learn how to deal with finances in the longer term and teach clients not to be afraid of financial institutions. The counsellors also teach about the products clients are using, who clients should speak to and what they can expect from the financial institutions.

The counsellors also told SACES that those working in hardship teams in banks also need training in real life situations. These team members need to understand the various levels of financial literacy and ensure that their clients understand what they are being told and the conditions attached to the products they are using.

**Ease of accessing credit**

There was a great deal of concern among counsellors about the ease with which their clients have been shown to access more and more credit over time, with apparently few credit checks. The extreme example noted earlier is of a client who held 14 credit cards with a total balance of more than $300,000 owing on them when they presented to the financial counsellor.

As discussed earlier, credit cards tend to be accessed relatively early in the gambling problem timeline. The greatest concerns among counsellors were that financial institutions were not conducting credit checks properly, approving credit to clients irrespective of their overall financial position, and sometimes offering unsolicited increases in credit facilities. Some clients even had more than one card with the same institution.

The counsellors made a number of suggestions for financial institutions to consider:

- stop providing unsolicited credit cards
- stop providing unsolicited increases in credit limits on cards
do not approve increased credit facilities of any kind without carrying out sufficient credit reference checks, including consulting credit reporting agencies, analysing clients’ employment status, and income and expenditure streams

ensure limit set on credit cards is an actual limit that cannot be possibly exceeded without full credit checks.

The counsellors felt strongly that financial institutions generally needed to adopt much more responsible lending practices, including reviewing how much money they are lending to people—not just to gamblers but to everybody.

Interviewees talked about the National Consumer Credit Protection Bill 2009, discussed in Section 3, which if passed will tighten up legislation on how banks will have to assess and identify people suffering financial hardship (see endnote 9). This will ensure that financial institutions cannot be so liberal with offers of credit.

Credit reporting agencies
Related to the previous point about the ease of obtaining credit, counsellors also called for unified credit reporting and more information to be made available so financial institutions can make better decisions about risk when people apply for loans. Financial institutions should have a consistent and reliable database to access. For this to happen, all financial data of relevance to a person's credit history—good and bad—should be routinely collated by credit agencies. This would, however, require the cooperation of all financial institutions in passing on relevant information. Regulations would need to be introduced and enforced to ensure this happens.

Counsellors raised the point that credit reporting agencies can help people, including problem gamblers, in financial difficulty in a number of ways. For example, a problem gambler might ask that a warning be put on their credit account so that when they apply for new credit, the potential creditor is warned not to exceed a certain amount, or to make certain types of checks, or impose another condition nominated by the client. If a partner or associate of a problem gambler is concerned that the gambler might use their name to access credit, then they too may choose to have a password put on their credit record, so no new credit can be approved without the password being provided.

On speaking to Veda Advantage, we discovered that facilities already exist to put some of the suggestions made by counsellors in place, such as putting a file note on a person's credit record. There was also the concern that these warnings should be heeded (by financial institutions and other lenders of credit) and not overlooked when the records were consulted.

Keeping partners informed
One of the concerns of this report is the accessing of joint accounts by problem gamblers without the knowledge of other account holder(s). Counsellors suggested that banks should ensure they do not divulge information about any type of joint account, including a home loan, without all parties present. This included not approving additional credit facility against loans, or cash withdrawals, without all parties approving.

A simple suggestion by several counsellors who had seen examples of couples where one took total control of the finances, was for the bank to send separate statements to each named person on an account. Making the partner aware of transactions on a joint account would limit the problem gambler’s ability to access it.

One counsellor had a client who was having his mail sent to a post office box so his partner could not see the statements for their joint account. Another counsellor had a client who knew when the statements were due and would make sure that on those days he would be home early to intercept the mail, again to keep the truth about the joint account from his partner.

We were also told about a woman who extended the limit on her partner’s credit card, and exceeded it, spending it on gambling. Between her and her partner they were now $500,000 in debt. The counsellors said this woman had been permitted to extend her partner’s credit limit without the partner being contacted. In another example, a man had been able to access a joint account using only a driver’s licence as identification,
when in fact he did not have a card for the account he was accessing. He told the teller he had lost his card.
The suggestions resulting from this example were to always inform a client of any application for credit
changes and to ensure that a person approves any withdrawals and changes to their own account.

In these types of examples, banks should be encouraged to be more vigilant with the use of joint accounts and
to always ensure that co-signatories are informed of activity on the account. In terms of accessing a partner’s
account on which the partner is not a co-signatory, this should not be permitted without the approval of the
partner.

Other actions banks could take
Counsellors stated that all financial institutions should make sure that people understand financial products
before their application is processed and that they understand they can seek ongoing advice.

Counsellors suggested that banks could allow customers to set their own daily limits for cash withdrawals
through ATMs or EFTPOS, the main ways problem gamblers access cash to gamble. This was also suggested
by financial counsellors interviewed for the 2005 SACES study—Community impacts of electronic gaming
machine gambling—which highlighted the link between EGM gamblers and the availability of cash facilities
through ATMs at gambling venues. Some counsellors involved in this report for FaHCSIA thought that some
financial institutions did allow this facility. Counsellors want the banks to ensure that customers know that
these kinds of facilities are available.

One example provided was of a credit union teller who saw from a customer’s statements that they regularly
accessed an ATM in a gambling venue. This raised alarms about the customer having a gambling problem,
however, under the Privacy Act this teller was not allowed to do anything about the issue. The teller did tell the
credit union’s financial counsellor that if that customer applied for further funding, the credit union should be
more rigorous than banks, and bring the behaviour to the attention of the person making the final assessment
on the application. The counsellor suggested that this safeguard was seen at credit unions but not at banks,
and thought it a good idea for banks to follow a similar policy. The teller said this was an issue talked about at
the National Consumer Congress in March 2009 in Adelaide—‘A Fair Marketplace?’ being the theme.

Counsellors felt that there should be more face-to-face contact with customers at their local branch. It was
a strongly held view that many bank employees could know by the pattern of withdrawals who problem
gamblers are or at least who is experiencing financial difficulty.

Banks have a role as part of the community
In the interviews counsellors said that financial institutions have mainly business incentives and are most
concerned with risk management when dealing with clients. Some, however, disputed the fact that banks
do not have a duty of care to their customers. While legally this is the case, many felt strongly that financial
institutions need to recognise they are part of the social network of their clients. There was a strong view that
there was too much inaction by banks and financial regulators and that privacy issues are used as the basis for
such inaction.

One relevant example raised by a counsellor was a woman who received a redundancy payment of
$125,000 and lost it in three months through gambling. She was repeatedly taking out up to $5,000 a day,
all from the same hotel, and this would have shown on her bank statement to be from an ATM in a gambling
venue. The bank’s financial adviser got her to set aside $60,000, but when she went back within a month, she
accessed all of that amount, with no question. The counsellor said someone in a social capacity would have
been able to talk to the client and assist her at various points along the gambling timeline—long before she
went through all of her redundancy money. The bank could have talked to her, and maybe recommended she
talk to someone like a financial counsellor or a gambling counsellor, and offered practical help in addressing
her problem.
**Lump-sum payments**

Numerous examples were provided in the surveys and interviews of people’s gambling problems appearing to be at least partially triggered by the payment of a large sum of money, such as through redundancy, superannuation or Centrelink payments. This was certainly a factor in case studies 3 and 4. One financial counsellor raised this issue as his main concern, recommending that SACES:

> ... consider also the possible blocking of lump-sum compensation payments from WorkCover, not only to problem gamblers but a range of people. I have found that in the case of a gambler, the person spent the money very quickly only to find that she has nothing left, large debts and unable to get into the Centrelink income support system. This situation is having a negative impact on herself and family who are having to subsidise the client’s daily living expenses. They are also low income people and can’t afford this. Other clients are demonstrating a similar pattern but are being duped by third parties, thus spending their payouts early and not having any income at all.

Citing this example and others, counsellors suggested it may be helpful to offer financial counselling to people made redundant or who come into a large sum of money in some other way, whether there is an apparent gambling problem or not. They also suggested that in some cases the payment of the lump sum might be reconsidered and paid over time or put into an account with limitations on access. These ideas were not fleshed out, however, because they were more of an observation.

**Limits on ‘other’ financial institutions**

In addition to the main banks, credit unions and building societies, problem gamblers can turn to a number of other finance providers for money and they are known to do so when they have exhausted their borrowing ability at their existing financial institution(s). These other finance providers include credit providers, payday lenders, loan sharks and pawn shops. The role of these providers in giving credit to problem gamblers must be recognised, especially since they typically charge far higher interest rates in return for asking for much less financial information from the applicant.

The South Australian counsellors talked about their state’s payday lenders and said they need to be brought into line with the payday lenders in other states. In South Australia there are no caps on payday lenders and some charge up to 600 per cent. The counsellors linked this concern to the financial literacy argument, because they consider that their clients often do not understand the real interest rate terms of their relationship with payday lenders. Other states such as Victoria have capped the payday lending rate at 48 per cent and the counsellors stated that the National Consumer Credit Protection Bill 2009 (discussed in Section 3) would introduce the same limits in South Australia. This was not verified by the researchers. The Explanatory Memorandum of this Bill indicates that Phase 2 of the implementation and development plan (July 2009 to December 2010) for the new national consumer credit regime will focus on conduct obligations for specific activities. It is expected that this will include payday loans. While capping payday lender interest rates is seen as a step in the right direction in protecting financially vulnerable people, the counsellors are calling for the whole network of ‘other’ lenders to also be reviewed and to apply and enforce regulations on them.

**Location of ATMs**

ATMs were talked about as being part of the gambling problem timeline, with many problem gamblers accessing their gambling funds largely from ATMs at gambling venues. Counsellors said it was common practice to withdraw $200 amounts. There was support for removing ATMs from gaming venues, as one way to break the link by enabling a person to think more clearly when away from the gambling environment. Victoria is to remove ATMs from gaming venues in 2012, and they have already been banned in Tasmania. The 2005 SACES study—Community impacts of electronic gaming machine gambling—also presents suggestions from surveyed financial counsellors who supported the removal of ATMs from gambling facilities. This issue is discussed further in Section 3.
Pre-commitment

Another suggestion discussed in the reference groups and proposed in the surveys, was to conduct further research on pre-commitment. As with the ATMs, and the banks asking questions of problem gamblers withdrawing funds, pre-commitment is another way of attempting to help problem gamblers break the link and be more able to make rational spending decisions when away from the gambling environment. A range of options are reviewed in Section 2.

There was not widespread support for pre-commitment among the counsellors consulted, with some being sceptical about its effectiveness. Smart card schemes were discussed as was the idea of needing to have a USB to use EGMs or access internet gambling. The counsellors accepted that this would be likely to assist some problem gamblers but not all, unless the system was national and across all forms of gambling. The counsellors were unsure how this type of scheme would operate and this detracted from them fully supporting such a scheme.

4.8 Summary

Financial and gambling counsellors see clients when they have advanced along the gambling problem timeline, having moved away from T₀ where there are no problems resulting from a person’s gambling, and approaching the end point (T₁) when they are in serious need of assistance. The late point at which counsellors become aware of a person’s financial problems through gambling limits how much they can do to help problem gamblers. Therefore many of their suggestions and recommendations, as presented above, relate to measures that could be implemented earlier in the gambling problem timeline. Financial counsellors have a community care role. They are also bound by ASIC rules that limit their involvement in this process.

One of the main areas of concern and consequent suggestions for action relates to the availability of credit. Counsellors want financial institutions to apply stricter credit checks before approving applications for loans or credit cards, and they also want more comprehensive credit reporting. The consensus is that the ease of accessing credit is integral to the problem of getting into debt through gambling over time, and that greater protection is needed.

Counsellors believe their own role is not understood or promoted widely enough, and this is important given the lack of financial literacy among many of their clients. Therefore, the counsellors suggested measures to promote their services, to improve financial literacy and to train people in financial institutions to help clients know what kinds of literacy and counselling services are available.

Some specific practical suggestions such as banks limiting daily cash withdrawals were found to be in place in some banks and not in others. Some suggestions made are likely to be dealt with by the National Consumer Credit Protection Bill 2009, such as limits on interest rates charged by payday lenders. Other suggestions may not be practical due to cost or privacy concerns, but all are presented in this section, and discussed in light of the consultation with financial institutions in Section 5.
5 Conclusions and recommendations

This report has investigated the financial behaviour of problem gamblers, in terms of the types of accounts they access to obtain funds with which to gamble, and the timeline and patterns of access. The feedback from counsellors and others, supported by case studies, has shown that the gambling problem timeline varies extensively according to each individual's circumstances. Nevertheless, patterns of accessing funds have been highlighted in this report and can be used to inform policy recommendations.

The information from interviews and surveys with various groups of stakeholders guided the researchers towards relevant literature and research previously carried out in this area. As discussed in Section 2, limited information could be provided by gambling researchers and by the jurisdictions. Still, the hands-on experience of financial counsellors and gambling counsellors provide real-life examples of problem gamblers accessing funds to gamble. The response rate from these contacts was very high and a large number of suggestions were made on what could be done to protect problem gamblers, their partners/spouses and their families. SACES also carried out extensive consultation with a range of financial institutions, including major banks, as well as with government organisations.

The measures already in place to help problem gamblers and their families—through counsellors, government and financial institutions—are discussed in the preceding sections of this report. Some suggestions and recommendations made during research overlap with existing measures, for two main reasons. First, some financial institutions offer some of the services and/or protections cited and some do not; and second, some of the measures suggested may already be in place but not implemented in practice (for example, checking credit history before approving a credit application). Therefore, such measures are included in the ‘suggested’ category as well as in the ‘existing measures’ category.

Section 5.3 pulls together the information from Section 5.1 and Section 5.2 and summarises the measures the financial services sector could implement to reduce the risk of problem gamblers withdrawing money from joint bank and home loan accounts to gamble (Terms of Reference 1), the measures that already exist (Terms of Reference 2) and, given the significance of other financial sources for problem gamblers, measures relating to these other sources. Finally, Section 5.3 discusses potential areas for further research (Terms of Reference 3).

5.1 Counsellors

Suggestions by counsellors are summarised under the following 11 headings. As stated in Section 4, these are the suggestions put to the researchers by the counsellors. Some may be in place in some instances, and some may not be practical or feasible. This is explored further in Section 5.3.

The role of financial counsellors

- financial institution staff to promote the role of financial counsellors to their customers
- change the mindset of using financial counsellors to being a preventative measure, not just a crisis management measure
- support the training of financial counsellors
- employ financial counsellors at financial institutions.

Improving financial literacy

- train people on hardship teams in financial institutions to understand customer needs in understanding financial information, products and processes
have financial institution staff promote financial literacy programs.

**Ease of accessing credit**
- stop providing unsolicited credit cards
- stop providing unsolicited increases in credit limits on credit cards
- ensure that approval of increased credit facilities of any kind is subject to sufficient credit reference checks, including through consulting credit reporting agencies, and analysing clients’ employment status as well as income and expenditure streams
- ensure that the limit set on credit cards is a genuine limit
- adopt more responsible lending practices
- implement the improved protection to come via the National Consumer Credit Protection Bill 2009
- enforce codes of practice
- enforce regulatory measures already in place.

**Credit reporting agencies**
- unify credit reporting systems
- increase the range of information supplied to credit reporting agencies about a person’s credit history— to better inform decisions
- ensure that file notes and passwords on credit files are heeded.

**Keeping partners informed**
- do not approve additional credit facilities for, withdrawals from, or changes to a joint account without the authority of both or all co-signatories
- ensure that each named account holder is sent statements individually
- ensure that no one can access accounts in the name of their spouse or partner without the approval of the account holder
- offer password protection to account holders so no one else can withdraw money from, or make changes to, their account.

**Other actions banks could take**
- ensure that customers understand the products they are signing up to
- offer advice and financial counselling services on an ongoing basis
- allow customers to set daily cash withdrawal limits
- enable the ‘teller warning system’ to assist problem gamblers in breaking the link
- train staff to notice patterns in financial behaviour, such as withdrawing cash repeatedly from ATMs in gambling venues
- ensure more face-to-face contact with customers at branches.
CONCLUSIONS AND RECOMMENDATIONS

Banks have a role as part of the community
- ensure financial institutions recognise they are part of a person’s social network
- offer specific advice and services to customers who seek assistance.

Lump-sum payments
- ensure financial institutions offer advice to customers who have come into large sums of money (for example, people who have recently been made redundant), or refer them to financial counsellors.

Limits on other financial institutions
- set limits on interest rates
- carry out credit checks to the same standard as the main financial institutions.

Location of ATMs
- remove ATMs from gambling venues.

Pre-commitment
- conduct further research on pre-commitment—unsure of the role of financial institutions.

5.2 Financial institutions and government organisations

Financial institutions and government organisations identified measures currently available to assist problem gamblers. However, there were concerns that financial institutions were generally unable to identify problem gamblers and faced significant barriers to implementing measures to prevent problem gamblers from accessing joint bank and home loan accounts. The four key limitations and barriers repeatedly raised are summarised below:

- Privacy—privacy laws prevent banks from asking a customer if they have a gambling problem. Financial institutions are legally prevented from acting on identified withdrawal patterns if it is not considered to be related to money laundering or for counter-terrorism purposes. There is a risk of negative public opinion if financial institutions are perceived to be monitoring customer withdrawal patterns.

- Guarded and deceptive behaviour—people are typically guarded about sharing information about gambling or finance problems in general, including because of shame, guilt, and the fact that gambling has legal implications. Such feelings give rise to deceptive behaviour in some circumstances as the problem gambler tries to hide their problem.

- Relationships and personal responsibility—problems associated with guarded and deceptive behaviour tend to be reinforced by the nature of relationships, which imply inherent trust between partners. An individual may not question their financial situation or be happy to leave overall financial management to their partner. The effectiveness of measures, such as sending financial account statements to all signatories of a joint account, may be limited by the extent that people choose not to be actively involved in managing their financial affairs, including reading account statements and accessing online statements.

- Practicality—practicality issues were raised regarding monitoring account transactions; identifying gambling issues; applying limits to accounts and to ATMs; and so on.

Nonetheless, financial institutions and government organisations identified a range of possible measures and issues (Terms of Reference 1) that are relevant to problem gamblers accessing financial products and services. These are summarised below:
Financial institutions are generally in favour of introducing comprehensive credit reporting. Existing credit reports currently contain limited negative information on an individual’s credit history. They should contain more comprehensive information, such as credit limits, and positive information, such as successful account repayments.

Financial problems are most common with credit cards and personal loans so these are the areas to target first.

Financial institution staff need access to consistent and correct credit information to make optimum credit checks when assessing loan and credit applications.

Financial institutions should avoid offering line of credit and/or credit card products to anyone who appears to have problems managing their finances. They should instead offer loans on a principal plus interest basis.

Improved financial literacy may help partners of problem gamblers to understand the financial risks they are exposed to and the options available to them.

Information on problem gambling and financial difficulties should be made more available within branches. ASIC also plays a role in terms of promoting financial literacy.

A national voluntary register of problem gamblers should be introduced, which lenders would need to crosscheck before approving new credit products.

The issue of online gambling was cited by government organisations as an area needing further attention.

Financial institutions generally opposed some suggestions, as follows:

Financial institutions are concerned about focusing on measures at the financial service level, believing that problem gambling should be addressed primarily by the gambling industry itself.

ATM withdrawal limits are seen as a helpful measure for problem gamblers, but in a limited way. There are practical problems in applying too many limits at the cardholder level.

Employing financial counsellors at financial institutions is considered not to be feasible or desirable.

The measures already in place (Terms of Reference 2), as cited during the research, are as follows:

The National Consumer Credit Protection Bill 2009 includes responsible lending provisions and it broadens regulatory coverage to include unregulated agents such as brokers and payday lenders. The effectiveness of the Bill will not be known until it is passed (see endnote 9).

Codes of practice provide some protection for customers.

Some joint accounts require all co-signatories to approve withdrawals, some do not. Joint signatories are more common with business accounts.

Offering of varied daily cash withdrawal limits.

Increasing prevalence of electronic banking, which provides access to persistent online statements, addresses the need for separate statements to the extent that each co-signatory has access to (that is, has a password) and actively monitors online statements. Separate printed statements remain an option for those who do not use electronic banking.

Flexibility in products and services. For example, couples can choose to have their salaries paid into a joint account and require that both approve withdrawals. Funds can then automatically be paid into separate accounts for everyday use. This option is already available for any customer and is potentially a choice available to the problem gambler and their partner.

Initial questioning of a customer, which may raise issues about where the person’s funds are being spent.
CONCLUSIONS AND RECOMMENDATIONS

- Recommending that a customer who suggests they have a gambling problem talk to someone, such as the Salvation Army or UnitingCare Wesley (this option is available through some banks).

- Services such as Centrelink's Centrepay and Rent Deduction Scheme assist problem gamblers in receipt of Australian Government allowances, benefits and pensions in controlling their finances.

- South Australia's IGA has a protection order scheme to protect the family of problem gamblers (see Section 3.3).

5.3 Summary of proposed and existing measures and further research

A range of options for how the financial sector can help prevent problem gamblers from gambling with money withdrawn from joint bank and home loan accounts were identified by various stakeholders consulted. Naturally, there were differing opinions on the effectiveness and feasibility of these options. Given the original Terms of Reference (1 and 2), the researchers have considered the scope for implementing solutions at the financial sector level and have identified what are potentially the most practical options—based on research, feedback, and the measures already in place. Further areas for research (Terms of Reference 3) are considered in the last section.

The pattern of accessing funds at various stages along the gambling problem timeline has implications for targeting solutions at joint bank and home loan accounts. The feedback from surveys and interviews indicates that problem gamblers tend to finance their gambling in the early stages by running down their savings and increasing their credit card debt, whereas using joint bank and home loan accounts tends to appear in the later stages of the gambling problem timeline. This raises the question of whether interventions should be targeted earlier—at these other more liquid sources of funds—and whether this would have a positive impact on the later accessing of accounts.

There are significant barriers to adopting measures at the financial services level to prevent problem gamblers from gambling with money withdrawn from joint bank and home loan accounts. The typically guarded and deceptive behaviour of problem gamblers makes it difficult to identify them early in the gambling problem timeline. This behaviour, combined with the inherent trust that usually exists between joint account holders (particularly relatives and spouses), leaves those who hold joint accounts with problem gamblers open to financial risk, especially when they do not devote sufficient attention to money management. It is unreasonable to expect financial institutions to act as substitutes for this role. Moreover, privacy laws and broader community attitudes towards privacy prevent financial institutions from implementing targeted or intrusive solutions.

There are also practical and efficiency concerns associated with implementing measures at the financial institution level. To the extent that problem gamblers represent a very small proportion of a financial institution's total customers, then any measure applied at the financial sector level is likely to be poorly targeted. There are also legitimate concerns here about the appropriateness of targeting solutions at the financial sector to address a specific social issue rather than targeting closer to the source (that is, the gambling sector). Any broad brush or intensive solution, such as the monitoring of patterns of financial behaviour to identify gambling activity, would have the potential to raise costs for financial institutions, which would then potentially be passed on to customers. Such solutions may consequently have implications for the efficiency of the financial system.

Despite these concerns, some feasible and practical options have emerged from the research and consultations on what could be done and a number of measures are already implemented by financial institutions. These are discussed in the following section.
Proposed measures
Consistent with the Terms of Reference, this section identifies measures the financial services sector could implement to reduce the risk of problem gamblers withdrawing money from joint bank and home loan accounts to gamble and, given the significance of other financial sources for problem gamblers, measures relating to these other sources are also included. These measures were taken from interviews with stakeholders.

There is a need to further discuss some of the suggestions—some of which are considered to be feasible and/or appropriate and some which are not—before arriving at a final summary in response to the Terms of Reference.

The suggestions requiring further discussion are:
- comprehensive credit reporting
- the proposed National Consumer Credit Protection Bill 2009
- improve financial literacy
- establishing a national voluntary register of problem gamblers.

One of the most viable measures would be to adopt more comprehensive credit reporting. Consultations with financial institutions revealed that credit reports provide only limited information on an applicant’s credit history and position. Given that the case studies have shown that problem gamblers often finance their gambling by using a number of credit cards obtained from various institutions, greater credit information—particularly a list of all credit liabilities and overall credit limits—would potentially help prevent problem gamblers from gaining access to large amounts of additional credit. There are other advantages of this option:

- It appears to have the general support of the financial sector as well as gambling and financial counsellors.
- It would be targeted towards the earlier stages of the gambling problem timeline, thus potentially helping to expose the gambling problem at an earlier stage.
- Its general nature means it would potentially help people who are suffering financial difficulties in general, not just those with problems primarily attributable to gambling (for example, unemployment, drug abuse and alcoholism).
- It would complement the responsible lending provisions contained in the proposed National Consumer Credit Protection Bill 2009 (the lack of information on overall credit limits is a considerable gap in the current credit reporting environment, particularly to the extent that an applicant can lie about their credit liabilities).

One disadvantage with more comprehensive credit reporting is that it may do little to minimise the abuse of existing joint bank and home loan accounts. In fact, to the extent that it prevents access to credit cards, personal loans and other similar forms of credit, it could encourage problem gamblers to access joint bank and home loan accounts sooner in the gambling problem timeline. Significant privacy and security concerns also need to be addressed in any expansion of credit reporting information.

The proposed National Consumer Credit Protection Bill 2009 may provide some additional protection for problem gamblers depending on the final state of the legislation and regulations (see endnote 9). Several issues emerged during the consultations for this report that are relevant to this legislation. First, as stated above, more comprehensive credit reporting would seem to complement the responsible lending provisions that are currently part of the Bill. Second, payday lenders exploiting problem gamblers by charging extremely high interest rates was identified by financial and gambling counsellors as an issue. Consideration should be given to pursuing maximum limits on interest rates that can be charged by payday lenders as part of any regulations implemented.
CONCLUSIONS AND RECOMMENDATIONS

The exact nature and effectiveness of the National Consumer Credit Protection Bill 2009 will only become evident once it is passed and in operation (see endnote 9). This will determine how it will impact upon credit reporting and how tightly financial institutions will be tied to reporting, and accessing, accurate credit information. It would be useful to determine if the Bill is effective in limiting the availability of credit to problem gamblers (particularly from lenders at the periphery such as payday lenders) after it has been in operation for some time. This could be determined through future consultations with financial counsellors.

Another viable option to assist problem gamblers and/or their families or partners in the longer term would be to improve financial literacy within the community. To the extent that people are at financial risk due to joint accounts held with problem gamblers, then improvements in financial literacy may help to increase awareness. This may be particularly beneficial in situations where the partner of a problem gambler suspects a gambling problem. The most effective option for improving financial literacy is uncertain, though potential (non-exclusive) options include, among others:

- implementing financial literacy teaching at school level, given the extent to which financial literacy is a broader social issue
- including detailed case studies of problem gamblers and their experiences on ASIC’s FIDO (financial tips and safety checks) website (ASIC has expressed an interest in doing this).

An interesting suggestion arising from the consultations is the possibility of establishing a national voluntary register of problem gamblers, which financial institutions would be required to crosscheck when assessing applications for credit. This measure could be quite useful in improving the enforcement of existing self-barring mechanisms. However, it would do little to address problem gamblers accessing existing joint bank and home loan accounts because it would rely on the problem gamblers themselves coming forward to seek help. It would be unlikely, therefore, to capture the majority of problem gamblers.

The summary of measures that could be implemented, as recommended by the financial institutions and government organisations, is as follows:

- The introduction of more comprehensive credit reporting was generally favoured by financial institutions. Existing credit reports contain limited negative information on an individual’s credit history. They should contain more comprehensive information such as credit limits, and positive information such as successful account repayments. Financial institution staff need access to consistent, correct and comprehensive credit information to make optimum credit checks when assessing loan and credit applications. It should be noted that these changes would be targeted towards the earlier stages of the gambling problem timeline.

- The responsible lending provisions that are currently part of the National Consumer Credit Protection Bill 2009 would provide some additional protection for problem gamblers depending on the final state of the legislation and regulations (see endnote 9).

- Financial institutions should avoid offering line of credit and credit cards products if the person applying seems to have problems managing their finances. Instead it would be preferable to offer loans on a principal plus interest basis.

- More information should be provided on problem gambling. It was recommended that detailed case studies of problem gamblers and their experiences be included on ASIC’s FIDO (financial tips and safety checks) website (ASIC has expressed an interest in doing this).

- A longer-term proposal is to improve financial literacy within the community, both at school level and for adults. This may directly help problem gamblers and may also help partners of problem gamblers to understand the financial risks they are exposed to and the options available to them.
Suggestions by counsellors of what could be done are summarised as follows:

- More comprehensive and unified credit reporting systems had the general support of the gambling and financial counsellors, as did the improved protection to come through the National Consumer Credit Protection Bill 2009 with relation to more responsible lending practices.

- Approval of increased credit facilities of any kind should be subject to sufficient credit reference checks by financial institutions, including consulting credit reporting agencies, analysing a client’s employment status, as well as their income and expenditure streams.

- Not to approve additional credit facilities for, withdrawals from, or changes to a joint account without the authority of both or all co-signatories.

- Ensure that each named account holder is sent statements individually.

- Ensure that no one can access accounts in the name of their spouse or partner without the approval of the account holder.

- Offer password protection to account holders so no one else can withdraw money from, or make changes to, their account.

- Allow customers to set daily cash withdrawal limits.

- Stop providing unsolicited credit cards, unsolicited increases in credit limits on credit cards and ensure that the limit set on credit cards is a genuine limit.

- Set limits on the interest rates charged by other financial providers such as payday lenders.

- Remove ATMs from gambling venues and/or limit access to a single withdrawal per day.

Current measures

The measures currently in place that can assist problem gamblers, which were put forward by the financial institutions and government organisations, are summarised as follows:

- Banks offer varied daily cash withdrawal limits.

- Some joint accounts require all co-signatories to approve withdrawals, some do not. Joint signatories are more common with business accounts.

- Separate statements are already available with electronic banking. This partially addresses the issue of each co-signatory to a joint account seeing regular statements.

- Couples can choose to have their salaries paid into a joint account and require that both approve any withdrawals. Funds can then automatically be paid into separate accounts for everyday use. This is already available as a choice, including to problem gamblers and their partners.

- Existing codes of practice provide some protection for customers.

- The National Consumer Credit Protection Bill 2009 includes responsible lending provisions and broadens regulatory coverage to include unregulated agents such as brokers and payday lenders. The effectiveness of the Bill will not be known until it is passed (see endnote 9).

- If a customer suggests having a gambling problem, some banks refer them to appropriate help services, such as the Salvation Army or UnitingCare Wesley.

- Services such as Centrelink’s Centrepay and Rent Deduction Scheme assist problem gamblers in controlling their finances.

- South Australia’s Independent Gambling Authority has a protection order scheme to protect the families of problem gamblers.
Areas for further research

Further research would be required in a number of areas if these recommendations were to be implemented. Particularly, privacy issues are a grey area that limit the ability and willingness of financial institutions to intervene in anyone’s finances or attempt to determine if customers are having financial difficulties for whatever reason, including gambling.

The location of ATMs in gaming venues and limiting cash withdrawals in certain venues and for certain customers has been raised. There have been some moves to limit withdrawal limits. In Victoria, for example, since January 2010 ATMs have a $400 withdrawal limit in any 24-hour period, so this is clearly a feasible step for other states and territories to take. AIRG, which represents operators of most of the independently operated ATMs in Australia, suggested in their submission to the Productivity Commission’s 2009 gambling inquiry that research be conducted into whether there is a link between the location of ATMs in hotels/pubs and clubs and problem gambling. The AIRG stated that:

> Only a detailed, exhaustive qualitative research programme could hope to determine if any direct link existed. The researchers are aware of studies conducted into the relationship of ATMs and problem gambling, almost all of which have methodological weaknesses. The 2009 Productivity Commission’s gambling study contains a draft finding (9.1) that easy access to ATMs/EFTPOS facilities appears to increase spending by problem gamblers. (p. 9.12)

Further research in this area would be constructive in reaching agreement and action (if deemed appropriate) on this issue.

The growth in online gaming, including sports betting and wagering, was raised with the researchers as a topic for further research. The Productivity Commission’s Draft Report (2009) concluded that sports wagering is growing rapidly while ‘online gaming could amount to 4 per cent of gambling expenditure’ (p. xix).

Another initiative would be to develop several informative case studies on problem gamblers and their experiences, including steps that could be undertaken to minimise financial difficulties. These could be included on ASIC’s FIDO website. ASIC has expressed an interest in this initiative.
Appendix A: Summary of the Terms of Reference

Background
A number of studies have documented the financial impacts of problem gambling, such as borrowing money from multiple sources, leading to very serious consequences such as bankruptcy and being unable to afford daily essentials.

Research has indicated that between 15 and 20 per cent of the homeless population are homeless because of a gambling addiction. Problem gambling affects not only the gamblers themselves but also those around them, particularly their families. The Productivity Commission (1999) estimated that, on average, for every problem gambler, seven people are adversely affected. However, other studies suggest that this number ranges from seven to 17 people.

This research will identify various options for how the financial sector can help prevent problem gamblers from gambling with money withdrawn from home loans or joint bank accounts. This work will be achieved through consultations with financial institutions, financial counsellors, gambling counsellors and relevant government departments.

Research to be undertaken
Broadly the requirement of the services is to:

- undertake consultations with financial institutions, financial counsellors, gambling counsellors and relevant government departments
- identify measures that the financial sector could implement to reduce the risk of problem gamblers from withdrawing money from home loans or joint bank accounts to gamble
- undertake a preliminary desktop literature review detailing the existing methods of obtaining (or blocking the withdrawal of) funds from home loans and joint bank accounts in Australia. This will include an analysis of measures, if any, used overseas to reduce the risk of problem gamblers from withdrawing money from these accounts to gamble.

A final report
The report will do the following:

Terms of Reference 1
- detail measures that the financial services sector could implement to reduce the risk of problem gamblers withdrawing money from home loans or joint bank accounts to gamble

Terms of Reference 2
- provide an overview detailing the existing methods of obtaining (or blocking the withdrawal of) funds from home loans and joint bank accounts in Australia and an analysis of measures, if any, used overseas to reduce the risk of problem gamblers from withdrawing money from these accounts to gamble

Terms of Reference 3
- identify further areas for research.
Appendix B: Surveys

Survey of financial counsellors

1. Do you ask clients if the source of their financial difficulties is related to problem gambling?
   - Yes ☐
   - No ☐

2. Do problem gamblers mainly source funds for gambling from any of the following (tick all that apply):
   - Personal accounts in their name only ☐
   - Joint accounts with spouses or de facto partners ☐
   - Joint accounts with business partners ☐
   - Home loan accounts solely in their name ☐
   - Joint home loan accounts ☐
   - Credit cards ☐
   - Other—please specify ____________________________

3. Do problem gamblers follow a typical pattern in terms of running down their savings and accessing debt financing facilities through financial institutions, which culminates in financial stress and/or bankruptcy?
   - Yes ☐
   - No ☐

   If yes, can you identify critical stages in this pattern of accumulating debt (which sources do they access, for example, credit accounts, home loans and lines of credit, and in what order)?

4. Do you know of any problem gamblers experiencing the following (tick all that apply):
   - Losing their home through their gambling ☐
   - Acquiring funds from sole or joint accounts without the knowledge of their spouse or de facto partner ☐
   - Acquiring funds without the knowledge of the joint account holder (for example, business partner, spouse, de facto partner) ☐
   - Being unable to pay for their basic living costs such as rent and bills? ☐

5. Have you observed increased demand for Commonwealth Services as a consequence of problem gambling, for example, Emergency Relief Assistance, Centrelink claims and requests for financial assistance?
   - Yes ☐
   - No ☐

   If yes, please state what you have observed.
6. Do you contact any of the following on behalf of the problem gambler to assist with their financial situation (tick all that apply):

☐ Financial institutions
☐ Employers
☐ Landlords
☐ Councils
☐ Utilities
☐ Other—please specify ________________________________

If you have ticked any of the boxes above, please describe the nature of your role.

7. Do you have any formal or informal links with financial institutions with regard to your clients, particularly problem gamblers?

☐ Yes
☐ No go to question 8.

If yes, what is the nature of these links?

8. Are you aware of any measures by financial institutions for problem gamblers to have their incomes diverted to pay rent, bills, etc. before they receive the remainder?

9. Are there measures that you consider financial institutions could implement in order to assist problem gamblers?

10. Can you provide SACES with a case study(s) giving examples of serious loss of assets, income, home, homelessness, or implications for spouse and/or family as a result of problem gambling?

   If yes, please describe these requirements below or attach to return email.

Thank you for completing the questionnaire. Please return the questionnaire to SACES by emailing it to <michael.oneil@adelaide.edu.au>.
Survey of gambling researchers

1. Are you aware of any research that has been done to determine how problem gamblers access funds with which to gamble?
   Yes ☐
   No ☐ go to question 3.
   If yes, can you please provide references?

2. Do problem gamblers follow a typical pattern in terms of running down their savings and accessing debt financing facilities through financial institutions, which culminates in financial stress and/or bankruptcy?
   Yes ☐
   No ☐ go to question 3.
   If yes, can you identify critical stages in this pattern to build up of debt (that is, which sources do they use, for example, credit accounts, home loans, lines of credit—and in what order)?

3. Do you know of any policies or practices that are used by financial institutions to guard against people accessing debt financing to gamble?
   Yes ☐
   No ☐ go to question 4.
   If yes, please describe the policies or practices used by financial institutions.

4. Are you aware of any practices of financial institutions to protect third parties such as co-signatories to joint accounts from being affected by problem gamblers?
   Yes ☐
   No ☐ go to question 5.
   If yes, please describe these practices.

5. In respect of your country, what feasible measures do you think could be introduced to protect third parties to joint accounts from having monies withdrawn by problem gamblers?

6. Are you aware of any formal or informal links between gambling/financial counsellors and financial institutions to protect problem gamblers, spouses and/or family?
   Yes ☐
   No ☐ go to question 7.
   If yes, what is the nature of these links?
7. Do you perceive any privacy issues associated with gambling/financial counsellors passing on information about problem gamblers to financial institutions?

Yes ☐

No ☐ go to question 8.

If yes, what is the nature of these privacy issues?

8. With regard to welfare or social security payments, are you aware of any arrangements whereby problem gamblers can have payments made directly to third parties to protect the problem gambler and their family?

Yes ☐

No ☐ go to question 9

If yes, please describe these requirements.

9. With regard to wages/salaries/income earned in the course of employment, are you aware of any arrangements whereby problem gamblers can have payments made directly to third parties to protect the problem gambler and their family?

Yes ☐

No ☐

If yes, please describe these requirements.

10. Please feel free to provide any other comments in relation to the study/survey.

Thank you for completing the questionnaire. Please return the questionnaire to the Centre by emailing it to <michael.onell@adelaide.edu.au>.
Survey of Australian gambling jurisdictions

1. With regard to problem gamblers accessing joint bank accounts and/or home loans to fund their gambling habits, what do you consider might be possible in the Australian context to address this issue?

2. Do you consider there is anything that banks could feasibly undertake to protect spouses and families, and third parties to joint accounts, from problem gamblers drawing funds from accounts to gamble?
   - Yes □
   - No □

   If yes, please state what you consider could be feasible:

3. With regard to welfare or social security payments, are you aware of any arrangements whereby problem gamblers can have payments made directly to third parties to protect the problem gambler and their family?
   - Yes □
   - No □ go to question 4.

   If yes, please describe these requirements.

4. With regard to wages/salaries/income earned in the course of employment are you aware of any arrangements whereby problem gamblers can have payments made directly to third parties to protect the problem gambler and their family?
   - Yes □
   - No □ go to question 4.

   If yes, please describe these requirements.

5. Do you as a regulator have the authority to implement orders to have payments made directly to third parties to protect the problem gambler and their family?
   - Yes □
   - No □ go to question 6.

   If yes, please describe what types of authority or orders you as a regulator have:

6. Would there be any reason not to implement such a scheme (perhaps on the request of a problem gambler, spouse, or third party)?
7. Do you perceive any privacy issues associated with regulators implementing orders to manage problem gamblers’ financial arrangements for their own protection?

Yes ☐

No ☐

If yes, what is the nature of these privacy issues?


8. Please feel free to provide any other comments in relation to the study/survey.

Thank you for completing the questionnaire. Please return the questionnaire to the Centre by emailing it to <michael.onell@adelaide.edu.au>.
Appendix C: Interview schedules

Interview schedule for financial institutions

› Are financial institutions able to determine if one of their customers has a gambling problem? Does the potential for problem gambling related issues arise in the initial risk assessment process or ongoing monitoring?

› Where financial institutions are able to identify a customer with a gambling problem, what measures, if any, do financial institutions take to address the issue?

› What measures are available for customers who self-identify as problem gamblers?

› Does your financial institution have a formal policy in place regarding problem gamblers?

› What sort of protections do financial institutions have in place to protect joint account holders? Is there significant variance in the quality of protective measures across financial institutions?

› What might be possible in the Australian context to address the issue of problem gamblers accessing joint accounts to fund their gambling habits? Are there any additional specific measures that could be implemented? Potential for preventative measures versus corrective measures once the financial situation has deteriorated significantly?

› Would there be any reason not to implement such a scheme (perhaps on the request of a problem gambler, spouse or third party)?

› Are there any privacy issues associated with financial institutions implementing measures to manage problem gamblers' financial arrangements for their own protection?

› Are there any other financial services or solutions that could be accessed or implemented to address the financial issues associated with problem gambling, for example, financial counsellors, budget management organisations?

› Is there a typical pattern for problem gamblers in terms of how they run down their savings and access debt financing facilities?

› Perception of the effectiveness of protection measures at the financial services level versus at the venue or personal level, for example, public awareness, counselling, nature of gaming machines including spin speeds, note acceptors, etc.?

› The role of restrictions on access to funds from ATMs in gambling venues? Are there technical limitations to implementing cash limits, impact on other venue customers, perceived effectiveness of these measures?
Interview schedule for financial counsellors and gambling counsellors

General introduction

- What questions do you ask the client about their finances?
- What proportion of your clients are having financial difficulties due to problem gambling?
- Do you require that the client discloses to you whether they have a gambling problem?

Sourcing the funds

- Do you ask problem gamblers where and how they sourced their money to fund their gambling?
- In your experience, what proportion of problem gamblers source these funds from:
  - personal accounts in their name only
  - joint accounts with spouses or de facto partners
  - joint accounts with business partners
  - home loan accounts solely in their name
  - joint home loan accounts
  - credit cards
  - are partners usually aware that this is happening?
- Do you know of any examples of: (i) problem gamblers who have used funds from a business (sole or joint) account to fund their gambling?; (ii) problem gamblers withdrawing funds dishonestly from a business account to fund their gambling?
- Do problem gamblers follow a typical pattern in terms of running down their savings and accessing debt financing facilities through financial institutions, which culminates in financial stress and/or bankruptcy?
- Can you identify critical stages in this pattern of accumulating debt? (Which sources do they access, for example, credit accounts, home loans and lines of credit, and in what order? Do you think that most problem gamblers tend to withdraw small amounts over an extended time period or larger sums over less frequent time periods? What are the most commonly observed patterns of withdrawal?)
- Have problem gamblers generally applied to raise the limits on their accounts, or is it mostly funds withdrawn from redraw facilities or line of credit accounts, where the loan has already been approved and partially repaid?

Consequences

- Do you know of any examples of problem gamblers being unable to pay for their basic living costs, such as rent and bills?
- Do you know of any problem gamblers experiencing the following:
  - being unable to pay for their basic living costs such as rent and bills
  - losing their home through their gambling
  - acquiring funds from sole or joint accounts without the knowledge of their spouse or de facto partner
  - acquiring funds without the knowledge of the joint account holder (for example, business partner, spouse, de facto partner)
Do you know of any examples of problem gamblers who have lost their jobs/income because of their gambling, because of theft/embezzlement or otherwise?

What have you observed in terms of the impact on the call for Commonwealth Services resulting from the consequences of problem gambling, for example, Centrelink claims and requests for financial assistance?

Assistance/intervention

Would you consider contacting any of the following on behalf of the problem gambler to assist with their financial situation:
- financial institutions
- employers
- landlords
- councils
- utilities
- other?

Do you advise clients to inform their banks of their gambling problem? Do you have any formal or informal links with financial institutions with regard to your clients, particularly problem gamblers? Is this step considered a normal part of the counselling process or would it be discretionary?

What measures by financial institutions are open to problem gamblers to have their incomes diverted to pay rent, bills, etc. before they receive the remainder?

Are there any other measures that you think financial institutions could implement in order to assist the problem gambler?

Case studies

Can you provide the Centre with case studies giving examples of serious loss of assets, income, home, homelessness, or implications for spouse and/or family?
Appendix D: Contributors to the research

Canada, United Kingdom, United States of America, Germany
Seventeen international researchers were surveyed—Canada (7), United Kingdom (8), United States (1) and Germany (1).

New Zealand
Five regulators and researchers were surveyed from New Zealand.

Australian regulators
Eight regulators were surveyed and/or interviewed from Australia—one from each state and territory.

Researchers
Eight Australian researchers and members of state working parties on gambling issues were consulted during the course of this research.

Organisations
Fifteen organisations from Australia were interviewed and several of these also responded to a survey prepared by the researchers:

- Abacus–Australian Mutuals
- Australian Securities and Investments Commission
- Australian Bankers' Association
- Australia and New Zealand Banking Group
- Centrelink
- Commonwealth Bank of Australia
- Department of the Prime Minister and Cabinet
- Independent Gambling Authority South Australia
- MyBudget
- National Australia Bank
- Office of the Privacy Commissioner
- Public Trustee South Australia
- Responsible Gaming Networks
- Savings and Loans
- Westpac Banking Corporation

Financial and gambling counsellors
Some 27 financial and gambling counsellors attended focus groups conducted in New South Wales, Victoria and South Australia and several supplied written comments/submissions and case studies to the research team. Five gambling and financial counsellors from New Zealand contributed to the study.
Appendix E: Deduction services available under Centrepay

**Ambulance**
Organisations that charge ambulance fees or associated costs (that is, payments for services provided by The Flying Doctor Service, emergency helicopter transfer service, and so on).

**Boarding**
Used for the payment of services such as ‘room’ only to ‘high level’ care, which includes the provision of meals with shared facilities. In states where state accreditation legislation exists, these entities must be registered and appropriately accredited.

**Centrelink financial services**
Payments customers are directed by the courts to pay Centrelink for damages caused to property.

**Clothing and footwear**
Items include retail clothing and footwear.

**Community group loan repayment**
Repayment of loans to community organisations for assistance with:
- the purchase of household items
- proof of identity
- assistance with money management
- Family Income Management Scheme
- no interest loans not covered under the Good Shepherd Foundation model.

**Child care services**
Registered carers and FaHCSIA-approved providers of child care services (that is, child care gap fees, after school and holiday program fees and occasional care).

**Caravan park fees**
Caravan parks that provide rental accommodation.

**Court fines**
Includes payment of compensation to victims of crime. Note: Family Tax Benefit is not accessible for the payment of court fines.

**Court**
Used to pay the cost of infringement notices before the matter is listed in court, for matters such as speeding and parking infringements that are overdue. Note: Family Tax Benefit is not accessible for the payment of court infringements.
**Indigenous community housing**  
For payment of accommodation.

**Real estate agents**  
Agents who collect rent on behalf of home owner.

**Education fees**  
All education associated expenses to any registered educational provider, including training, tutoring and workshops.

**Electricity**  
Organisations that charge for provision of electricity.

**Funeral benefits fund**  
Organisations that satisfy financial regulations as to their ongoing stability that allow customers to save for future funerals, for example, Aboriginal Community Benefit Fund and Foresters (which have prudential regulations to protect customers) but not funeral homes like White Ladies as these may be subject to take-overs or bankruptcy. Funeral homes that allow for all manner of existing funeral-related debts to be paid off.

**No interest loans**  
Only for organisations that satisfy the criteria of the Good Shepherd Youth & Family Service of Victoria, in relation to interest free loans.

**Food provision**  
For specific programs that provide nutritional benefits (such as schools providing meals to students and Meals on Wheels). Community stores for the retail of groceries and personal items, excluding alcohol and tobacco products.

**Gas**  
Organisations that charge for the provision of mains and/or bottle gas.

**General community housing**  
Includes disability housing. Used to cover the cost of temporary (including shelters) or permanent accommodation provided by community organisations. Rent only, no loans, board and lodgings or private rent.

**General community housing loan**  
Used to cover low interest housing loans issued by community organisations.

**Home care services**  
Organisations that supply and charge for costs associated with home care services (that is, domiciliary care, household maintenance, gardening, pest control services, home security services, technical aids and home modifications to assist mobility).

**Indigenous housing loan**  
Used to cover low interest housing loans issued to Indigenous customers by community organisations.
Indigenous short-term housing
Organisations that provide short-term accommodation for Indigenous Australians.

Insurance services
Organisations that provide insurance cover for houses, home contents, life/income protection, vehicles, boats, private health and so on. This service was not approved for use as at February 2009.

Professional services
Organisations that charge for professional services (that is, tax agent fees, legal/solicitor costs, Compensation Report costs and Births, Deaths and Marriage Reports).

Local council community service
Used for covering the costs of community services provided by local councils/shires.

Council services
Organisations and local councils/shires that charge for land, water and sewerage rates and services.

Medical services and equipment
Includes expenses for prescription-only drugs, optical, dental, hospital, veterinarian and Family Planning Clinic fees. Also includes medical equipment (for example, crutches, wheelchairs, oxygen tanks and inhalers).

Motor vehicle registration
Including registration for caravans, boats and trailers, as well as Compulsory Third Party Insurance.

Property management
Used for the payment of rent/rent arrears where customers reside in units/complex managed by an onsite property manager who handles the trust account for payments of rent.

Private landlords
Landlords who charge rent for private accommodation. Includes board and lodgings.

Retirement and nursing home fees
Retirement villages, nursing homes, lifestyle villages and hospices that charge fees for residence.

Special interest loans
Loans approved for the purchase of home (that is, Tassie Home Loan, Adelaide HomeStart and ATSIC Home Loan). These are special loans that have been approved through Centrepay as opposed to normal mortgage/bank repayments.

School nutrition program
Used for children enrolled in schools that provide an approved school nutrition program.

Social and recreational commitments
Payment of fees or donations. Includes sporting activities and equipment, lessons (for example, football or piano), church donations, sponsorships.
Short-term accommodation
Organisations that provide short-term accommodation for non-Indigenous Australians, including sheltered accommodation, rehabilitation and hostels.

Sewerage
A service for the provision of sewerage where it is provided by specific water authorities to householders to separate the provision of water.

Telecommunications
Organisations that provide telecommunications services.

Tools of trade
The basic equipment required for an occupation. A tool kit can contain items such as, trade tools, tool box, books/training manuals.

Travel and transport
Includes payment for:
- return to country
- general transport costs
- furniture removalists
- storage and removal
- motor vehicle and boat repairs
- the purchase of fuel.

Water
Organisations that provide water and/or sewage services.

Work uniform clothing and footwear
For expenses associated with work uniform, protective clothing, footwear and so on.

Household goods
Organisations that provide for rental of household goods (such as personal computers, washing machines and refrigerators), and rent-to-buy schemes where there is no accumulation of debt. Includes repair services for appliances.

Interest bearing loans are excluded.

The brochure detailing the scheme can be found at:
Appendix F: The main measures included in the Northern Territory Emergency Response

**Coordination**
- government business managers to live in and work with communities
- community engagement, including the employment of Indigenous engagement officers
- ombudsman support to the Northern Territory Emergency Response (NTER)
- NTER Taskforce (to 30 June 2008)
- logistical support from the Australian Government Department of Defence (for initial implementation)

**Law and order**
- more police in remote communities
- bans on alcohol and pornography in prescribed areas
- expanded night patrol services
- additional legal services and interpreter services
- child abuse intelligence desk (through the Australian Crime Commission)

**Supporting families**
- new and improved safe houses for families experiencing violence
- additional child-protection workers and Aboriginal family and community workers
- children's services and family support
- diversionary activities for young people

**Welfare reform and employment**
- income management of half of people's welfare payments to ensure children's needs are met
- licensing of community stores
- creating jobs in communities outside of Community Development Employment Projects
- increased participation in remote areas including Work for the Dole activities
- community employment brokers in communities

**Improving child and family health**
- health checks and follow-up treatment for children
- specialist support for children who have been abused
- extra drug and alcohol rehabilitation and treatment services
Enhancing education

- extra teachers
- extra classrooms
- expansion of literacy programs
- Quality Teaching Package
- school breakfast and lunch program
- school boarding facilities (outside of the NTER framework)

Housing and land reform

- five-year leases on Aboriginal townships
- community clean ups
- building new houses, upgrading houses and new arrangements for the management of public housing in communities (outside of the NTER framework)

## List of shortened forms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ABA</td>
<td>Australian Bankers’ Association</td>
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<tr>
<td>AFA</td>
<td>Australian Family Association</td>
</tr>
<tr>
<td>AIRG</td>
<td>ATM Industry Reference Group</td>
</tr>
<tr>
<td>ALRC</td>
<td>Australian Law Reform Commission</td>
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<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
</tr>
<tr>
<td>ATM</td>
<td>automatic teller machine</td>
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<tr>
<td>EFTPOS</td>
<td>Electronic Funds Transfer at Point of Sale</td>
</tr>
<tr>
<td>EGM</td>
<td>electronic gaming machine</td>
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<tr>
<td>FaHCSIA</td>
<td>Department of Families, Housing, Community Services and Indigenous Affairs</td>
</tr>
<tr>
<td>HSBC</td>
<td>Hong Kong and Shanghai Banking Corporation</td>
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<tr>
<td>IGA</td>
<td>Independent Gambling Authority</td>
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<tr>
<td>IPART</td>
<td>Independent Pricing and Regulatory Tribunal</td>
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<tr>
<td>ITSA</td>
<td>Insolvency and Trustee Service Australia</td>
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<tr>
<td>NTER</td>
<td>Northern Territory Emergency Response</td>
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<tr>
<td>RGN</td>
<td>Responsible Gaming Networks</td>
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<tr>
<td>SACES</td>
<td>South Australian Centre for Economic Studies</td>
</tr>
<tr>
<td>USB</td>
<td>Universal Serial Bus</td>
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</tbody>
</table>
Endnotes


3. The company's name is KPMG (not an acronym)—the initials are taken from the four partners who merged their own independent accounting firms.


5. Australian Ministerial Council of Gambling definition of problem gambling: 'Problem gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others, or for the community', reference 'Problem gambling and harm: towards a national definition', Gambling Research Australia report prepared by SACES, December 2005, p. i.


9. Since the date of writing, the Bill has been enacted and was given Royal Assent on 15 December 2009 (see the National Consumer Credit Protection Act 2009).


15. Shadbolt, E 2009, Re: More comprehensive credit reporting, email to A Kosturjak, 30 July.

16. This secrecy and deception was mentioned many times by counsellors and is a common finding in the gambling literature. See, for example, the Productivity Commission report (1999) ‘Problem gamblers often share a common set of characteristics, such as ‘chasing’ losses, lying about their gambling and lack of control’, p. 6.1.

References and further reading


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— 2006, Review of privacy-credit reporting provisions, Issues Paper no. 32, ALRC.


Downs, C (principal investigator) (unfinished study), ‘Gambling and debt: can a reciprocal link be established? A Pathfinder Study’, Manchester Metropolitan University, United Kingdom.


New Focus Research 2004, Experiences of problem gamblers, their loved ones and service providers—Stage 2, Department of Justice (Victoria), Melbourne.


——1999, Australia’s gambling industries, Australian Government.


Productivity Commission 2009 submissions from: Responsible Gaming Networks; Queensland Gambling Help Network; Victoria Local Government Association; Livingstone and Woolley; Livingstone, Woolley & Keleher; Australian Family Association; P Delfabbro; ATM Industry Reference Group.


United Kingdom Gambling Commission 2008, ‘Cashless and card-based technologies in gambling’, paragraph 1.9, p. 6, table 4, p. 36, paragraph 5.16, p. 38.


Vaughan, J 2009, ‘Xenophon says handout money was poured into pokies’, Adelaide Now, 19 January.

Occasional Papers

1. *Income support and related statistics: a ten-year compendium, 1989–99*
   Kim Bond and Jie Wang (2001)

2. *Low fertility: a discussion paper*
   Alison Barnes (2001)

3. *The identification and analysis of indicators of community strength and outcomes*
   Alan Black and Phillip Hughes (2001)

   J Rob Bray (2001)

5. *Welfare Reform Pilots: characteristics and participation patterns of three disadvantaged groups*
   Chris Carlile, Michael Fuery, Carole Heyworth, Mary Ivec, Kerry Marshall and Marie Newey (2002)

   Peter Whiteford and Gregory Angenent (2002)

7. *Income support customers: a statistical overview 2001*
   Corporate Information and Mapping Services, Strategic Policy and Knowledge Branch, Family and Community Services (2003)

8. *Inquiry into long-term strategies to address the ageing of the Australian population over the next 40 years*
   Commonwealth Department of Family and Community Services submission to the 2003 House of Representatives Standing Committee on Ageing (2003)

9. *Inquiry into poverty and financial hardship*
   Commonwealth Department of Family and Community Services submission to the Senate Community Affairs References Committee (2003)

10. *Families of prisoners: literature review on issues and difficulties*

11. *Inquiries into retirement and superannuation*
    Australian Government Department of Family and Community Services submissions to the Senate Select Committee on Superannuation (2003)


13. *A compendium of legislative changes in social security 1983–2000*  
    Bob Daprè (2006)

14. *Evaluation of Fixing Houses for Better Health Projects 2, 3 and 4*  
    SGS Economics & Planning in conjunction with Tallegalla Consultants Pty Ltd (2006)

15. *The ‘growing up’ of Aboriginal and Torres Strait Islander children: a literature review*
    Professor Robyn Penman (2006)

16. Aboriginal and Torres Strait Islander views on research in their communities  
    Professor Robyn Penman (2006)
17. *Growing up in the Torres Strait Islands: a report from the Footprints in Time trials*
   Cooperative Research Centre for Aboriginal Health in collaboration with the Telethon Institute for Child Health Research and the Department of Families, Community Services and Indigenous Affairs (2006)

18. *Costs of children: research commissioned by the Ministerial Taskforce on Child Support*
   Paul Henman; Richard Percival and Ann Harding; Matthew Gray (2007)

   John Scougall (2008)

20. *Stories on 'growing up' from Indigenous people in the ACT metro/Queanbeyan region*
    Cooperative Research Centre for Aboriginal Health in collaboration with the Telethon Institute for Child Health Research and the Department of Families, Housing, Community Services and Indigenous Affairs (2008)

21. *Inquiry into the cost of living pressures on older Australians*
    Australian Government Department of Families, Housing, Community Services and Indigenous Affairs submissions to the Senate Standing Committee on Community Affairs (2008)

22. *Engaging fathers in child and family services: participation, perception and good practice*
    Claire Berlyn, Sarah Wise and Grace Soriano (2008)

23. *Indigenous families and children: coordination and provision of services*
    Saul Flaxman, Kristy Muir and Ioana Oprea (2009)


25. *Stronger Families in Australia study: the impact of Communities for Children*

26. *Engaging hard-to-reach families and children*
    Natasha Cortis, Ilan Katz and Roger Patulny (2009)

27. *Ageing and Australian Disability Enterprises*

28. *Needs of clients in the Supported Accommodation Assistance Program*
    Australian Institute of Health and Welfare (2010)

29. *Effectiveness of individual funding approaches for disability support*

30. *Families' experiences of services*
    Morag McArthur, Lorraine Thomson, Gail Winkworth and Kate Butler (2010)

31. *Housing costs and living standards among the elderly*
    Bruce Bradbury and Bina Gubhaju (2010)

32. *Incentives, rewards, motivation and the receipt of income support*
    Jacqueline Homel and Chris Ryan (2010)