



ASIC

Australian Securities & Investments Commission

REPORT 451

Book up in Indigenous communities in Australia: A national overview

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About this report

This report is for providers of book up in Indigenous communities and government and other agencies that work with Indigenous consumers (e.g. financial counselling services).

It presents the findings of a survey of financial counsellors and other stakeholders who work with Indigenous consumers across Australia on book up and other financial services. It also offers proposals for improving book up practices and access to financial services for these consumers.

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Information sheets: provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

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Disclaimer

This report reflects research undertaken for the Australian Securities and Investments Commission by Heron Loban. Heron was an academic at James Cook University at the time of undertaking this work.

This report does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this report are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

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Executive summary

Book up in Indigenous communities

- 1 Book up is an informal form of credit sometimes used by Indigenous consumers, particularly those living in regional and remote communities across Australia.¹ Book up is most commonly available at general stores for the purchase of inexpensive items, like groceries, although it is sometimes also used to purchase more expensive items, including cars.
- 2 Book up providers allow customers to obtain goods or services immediately, and pay for them later. Providers will often require customers to leave their debit card at the store. In some cases, the provider will also ask a customer to provide their personal identification number (PIN). This allows a provider to use the debit card and PIN to make deductions against the outstanding amount when funds become available in the customer's bank account.
- 3 Depending on how book up is offered, the transactions may be regulated in different ways, including under the *Australian Securities and Investments Act 2001* (ASIC Act), the *National Consumer Credit Protection Act 2009* (National Credit Act) and the ePayments Code 2011 (ePayments Code). At minimum, a book up provider must provide book up services in a manner that is not unconscionable, nor misleading or deceptive, under the Australian Consumer Law.²
- 4 Some providers will also need an Australian credit licence (credit licence) and, if so, must comply with responsible lending standards and provide certain disclosures to their customers.

Our survey of book up practices

- 5 In 2014, as part of our ongoing consumer protection role, the Australian Securities and Investments Commission (ASIC) commissioned Heron Loban, a Senior Lecturer in Law at James Cook University to:
 - (a) investigate the prevalence, impact and persistence of book up nationally;
 - (b) identify current key issues of concern with the practice; and
 - (c) assess how significant an issue book up is compared with other financial services problems faced by Indigenous consumers.

¹ Book up is also known by a number of other names, including 'book down', 'on the tick', 'on the slate', 'running a tab' and 'tiki'.

² The Australian Consumer Law is set out in Sch 2 to the *Competition and Consumer Act 2010*.

- 6 Financial counsellors and other stakeholders who work with Indigenous consumers across Australia were asked, between April and July 2014, to complete a questionnaire about book up and other financial services. Eighteen responses were received. For more information on the methodology and a copy of the questionnaire, see Appendices 1 and 2 in this report.
- 7 This report builds on previous ASIC research and educational publications on book up, including:
- (a) *Book up: Some consumer problems*;³
 - (b) *Dealing with book up: Key facts*;⁴ and
 - (c) *Dealing with book up: A guide*.⁵
- 8 These publications suggest that where there are limited or no credit options available for Indigenous customers, book up can be a useful service. However, we think that to be fair, book up services should reflect our guidance in *Dealing with book up: Key facts*.
- 9 We consider that book up that does not follow these basic principles may do more harm than good, and in some circumstances may be unconscionable.

Key findings of the survey

- 10 The responses to the survey on book up indicated that:
- (a) the nature of the book up system is complex;
 - (b) book up practices vary from provider to provider;
 - (c) book up is still prevalent across Australia; and
 - (d) in some Indigenous communities book up is heavily relied on.
- 11 Respondents highlighted the continuing need for book up services in the communities where it exists, and situations in which book up might be considered to be beneficial for their clients. However, many respondents raised concerns that these services were causing problems for consumers.
- 12 Respondents also suggested that other financial services issues posed equal or more serious challenges to their clients, including funeral insurance products, consumer leases and access to superannuation.
- 13 The variability in views about book up reflected in this research appears to arise from differences in how book up providers provide their book up

³ ASIC, Report 12 *Book up: Some common problems* (REP 12), March 2002.

⁴ ASIC, *Dealing with book up: Key facts* (PDF, 1.59MB), October 2012.

⁵ ASIC, *Dealing with book up: A guide*, 2005.

services. Indigenous communities are heavily reliant on the integrity of a particular book up provider to ensure that book up is provided in an appropriate matter.

14 The key findings of the survey are summarised in Table 1.

Table 1: Summary of key findings

Topic	Key finding	Detailed findings
The prevalence of book up (see Section B)	Feedback from respondents indicates that book up is still found across most states and territories in Australia, predominantly in remote communities, and is entrenched in the communities in which it is found.	Assessing the true extent of book up is difficult due to its often 'covert nature'. Some respondents suggested that the use of book up might be decreasing in certain locations due to the operation of Outback Stores (which do not allow book up), in conjunction with government money management policies.
The impact of book up (see Section C)	Responses show that Indigenous consumers' relationship with book up is complex, and that while there are many problems arising from the use of the service, there are also benefits in having book up available.	The key problems raised by respondents focused on the way that some book up is provided and included: <ul style="list-style-type: none"> • the retention of customers' debit cards and PINs to withdraw money at the provider's discretion; • the failure of many providers to agree on terms and to provide documentation; • unauthorised family use of an individual customer's book up account; and • the cyclical nature of book up debt and its ongoing impact on a customer's budget and financial independence. The main benefit identified by respondents was that book up provides access to credit where nothing else is available, being a regular income smoothing mechanism and a shock absorber if a customer has an unexpected need for additional funds.
Factors that allow book up to exist (see Section D)	A number of inter-related cultural and environmental factors appear to provide the foundation for book up to establish itself and flourish in a community.	According to respondents, these factors include: <ul style="list-style-type: none"> • lack of access to appropriate alternative financial products and services in remote and regional communities (e.g. banking services, cash and credit); • low financial literacy and awareness of consumers' rights and providers' obligations; • reluctance to complain about poor book up service for fear of losing access to the service, as well as feelings of shame about using the service and seeking assistance; and • family sharing of an individual's book up account, leading to large debts and deep entrenchment in the system.

Topic	Key finding	Detailed findings
Other financial challenges (see Section E)	There are other financial challenges in addition to book up that prevent Indigenous consumers from enjoying full financial inclusion, with superannuation, consumer leases and funeral insurance most frequently cited as causing concerns.	<p>Other financial services issues faced by Indigenous consumers include access to appropriate banking and credit products, debt problems, product sale and design issues, high cost of products, low financial literacy and English skills, identification and documentary issues, low access to advocacy services and vulnerability to predatory sales.</p> <p>For superannuation, the primary issue was accessing superannuation and its related benefits (e.g. insurance). For consumer leases and funeral insurance, understanding, cost and appropriateness were the key issues.</p>
Proposals for change (see Section F)	Respondents recognised the need for book up, given that all people—both Indigenous and non-Indigenous—seek and use credit, with responses advocating a multi-pronged approach to improving the provision of book up services.	<p>Respondents acknowledged there is no ‘silver bullet’ to book up, as there is no one single problem or solution.</p> <p>Proposals for change included:</p> <ul style="list-style-type: none"> • better parameters for how book up should or should not be provided; • better access to mainstream financial services (e.g. automatic teller machines (ATMs)) in remote communities; and • an overarching need to improve Indigenous financial literacy and access to other resources (e.g. not-for-profit advocacy and financial counselling services).

A Background to our survey

Key points

Book up is an informal type of credit used by Indigenous consumers, particularly those living in regional and remote communities, which allows customers to obtain goods or services immediately and pay for them later.

The origins of book up can be traced back to government policies and wage practices for Indigenous Australians during the 20th century.

Book up is regulated in different ways depending on the transaction, and providers of book up may need to hold a credit licence.

ASIC has issued guidance and educational publications on good practices for book up and has taken action in response to complaints about book up.

What is book up?

- 15 Book up is an informal type of credit commonly used by Indigenous consumers, particularly those living in regional and remote communities across Australia, where there is a lack of access to alternative financial products and services. Businesses providing book up include local convenience, grocery and clothing stores, food outlets, petrol stations, taxi services, and motor vehicle dealerships. Book up providers allow customers to obtain goods or services immediately and pay for them later.
- 16 Although book up practices vary from store to store, commonly providers:
- (a) require customers using book up to leave their debit card at the store at which the book up is taking place;
 - (b) sometimes ask a customer to provide their PIN;
 - (c) enter into a book up agreement verbally only, with little or no documentation involved;
 - (d) reduce outstanding balances by using the debit card and PIN to deduct payments as funds become available in the customer's account; and
 - (e) allow a customer to book up further items while previous book up debts remain outstanding.
- 17 Other features of a book up service vary more significantly between different providers. For example:
- (a) some providers do not charge for the service while others charge fees or increase the price for goods that are bought using book up;
 - (b) some providers keep clear and accurate records of amounts paid against a debt while others keep poor records or no records at all; and

- (c) some providers only allow book up on essential household items like food and clothing, while others provide book up for electrical goods or motor vehicles.⁶

When did book up start?

- 18 Book up can be traced back to at least the 1940s and linked to the control of wages in a number of Australian jurisdictions. For example, in the Northern Territory, a change to the law in 1949 introduced the requirement that Indigenous workers be paid a cash wage, rather than in rations. Many cattle station stores responded by giving store credit to their workers, instead of paying their wage in cash. Consequently, these workers were often tied to the store on the station on which they worked, did not have control over their wage and were unable to seek the best value for their money.⁷
- 19 This type of book up was seen by government officials as a tool that ‘assisted Indigenous people who were unable to manage their money’, and was essentially unpoliced.⁸ Similar examples are found across Australian jurisdictions: see Appendix 3 for more information about early book up practices. The effects of these regimes, and the practices to which they gave rise, continue today and explain why book up is unique to Indigenous communities.
- 20 These protectionist policies are documented in a report by the Senate Standing Committee on Legal and Constitutional Affairs, *Unfinished business: Indigenous stolen wages*,⁹ which outlines a broad range of practices relating to the regulation, control, mismanagement and taking of money belonging to Indigenous Australians. Some cases involved fraud while others reflect the civic status of Indigenous Australians at the time where individuals were either prohibited or curtailed from managing their own wages, benefits, property and financial affairs.

How is book up regulated?

- 21 There are two elements to a book up transaction. The first element is the sale of goods (e.g. the groceries that are being ‘booked up’). This is regulated under the Australian Customer Law. For non-financial services, the

⁶ This list contains examples of different forms of book up as observed by ASIC’s Indigenous Outreach Program and is not intended as an exhaustive list of the possible terms applying to book up arrangements.

⁷ T Anthony, ‘Unmapped territory: Wages compensation for Indigenous cattle station workers’, *Australian Indigenous Law Review*, vol 11, 2007, pp. 4 and 8.

⁸ Stolen Wages Taskforce, *Reconciling the past: Government control of Aboriginal monies in Western Australia—1905–1972*, Government of Western Australia, 2008, p. 100.

⁹ Senate Standing Committee on Legal and Constitutional Affairs, *Unfinished business: Indigenous stolen wages* (PDF, 1.12MB), Commonwealth of Australia, 2006, p. 54.

Australian Consumer Law is administered by the Australian Competition and Consumer Commission (ACCC) and state and territory Fair Trading Offices.

- 22 The second element of a book up transaction is the provision of credit to enable the purchase of goods. This is regulated under various laws administered by ASIC. Depending on the particular features of the book up offered, ASIC may regulate the book up transaction through one or more of the following:
- (a) the Australian Consumer Law provisions of the ASIC Act, as a financial product;
 - (b) the National Credit Act, as a consumer credit product; and
 - (c) the ePayments Code, as an electronic payment.

ASIC Act

- 23 Because book up involves a deferred debt for the purchase of goods, it is a regulated credit facility and a financial product under the ASIC Act.¹⁰ Book up providers are therefore subject to the Australian Consumer Law customer protection provisions of the ASIC Act, including the prohibition on engaging in unconscionable conduct,¹¹ misleading or deceptive conduct,¹² or the making of false or misleading statements.¹³

National Credit Act

- 24 The National Credit Act generally applies to book up if:
- (a) the provider allows customers to book up the cost of goods or services and the provision of credit exceeds 62 days and a charge¹⁴ is made for providing the credit; or
 - (b) the provision of credit does not exceed 62 days but the provider charges a fee that exceeds 5% of the amount booked up, or charges interest at an annual percentage rate in excess of 24%;¹⁵ or
 - (c) the book up arrangement involves the purchase of goods by instalments and the total amount payable exceeds the cash price of the goods.¹⁶
- 25 If a book up provider's arrangements are captured by the National Credit Act, the provider is considered a consumer credit provider and must hold a credit licence or be authorised as a representative of a credit licensee.

¹⁰ ASIC Act, s12BAA(7)(j); Australian Securities and Investments Commission Regulations 2001, reg 2B.

¹¹ ASIC Act, s12CB.

¹² ASIC Act, s12DA.

¹³ ASIC Act, s12DB.

¹⁴ In the case of account charges on continuous credit contracts, rather than interest rates, the National Credit Act applies if the account charges exceeds \$200 for 12 months after the continuous credit contract is made or \$125 for any subsequent 12 months: see reg 51 of the National Consumer Credit Protection Regulations 2010.

¹⁵ Sch 1 to the National Credit Act (National Credit Code), s6.

¹⁶ National Credit Code, s11.

Credit licensees must meet a broad range of general conduct obligations,¹⁷ including engaging in credit activities in an efficient, honest and fair manner, conducting their activities with competence, and being a member of an external dispute resolution scheme.

- 26 Credit licensees must also:
- (a) assess whether the credit is unsuitable for the consumer, including whether the consumer can meet the financial obligations without substantial hardship;¹⁸
 - (b) provide certain disclosures about the credit;¹⁹ and
 - (c) provide periodical statements of account containing prescribed information.²⁰

ePayments Code

- 27 ASIC is also responsible for administering the ePayments Code.²¹ This voluntary code regulates customer electronic payment transactions, including ATM, debit and credit card transactions, online payments, internet and mobile banking, and BPAY. Clause 20.1 of the ePayments Code covers book up arrangements and importantly provides:

If a subscriber and a merchant have a merchant agreement, the agreement must prohibit the merchant from holding a user's pass code as part of a book up arrangement.

- 28 The inclusion of this clause in merchant agreements has had limited effect. ASIC understands that subscribers to the ePayments Code consider that terminating a merchant agreement based on this clause requires procedural fairness, and therefore evidence that PINs have been held. Evidence of this is difficult to obtain. Further, without communication between merchant providers about the termination of merchant agreements, book up providers can obtain merchant facilities from another provider.

ASIC's work on book up

Guidance and other publications

- 29 Where there are few or no credit options available, book up may be a useful and, in some cases, vital service for Indigenous communities.

¹⁷ National Credit Act, s47.

¹⁸ National Credit Act, s128.

¹⁹ National Credit Act, s126; National Credit Code, s16.

²⁰ National Credit Code, s33–34.

²¹ Previously known as the EFT Code of Conduct.

- 30 However, we believe that book up services should reflect ASIC guidance about book up in our publications, *Dealing with book up: Key facts* and *Dealing with book up: A guide*.
- 31 These guidelines include recommendations to:
- (a) display book up terms and conditions in the store in a way customers can see and understand them;
 - (b) give customers a written agreement that includes terms and conditions and lists any interest or charges that apply;
 - (c) give customers an itemised receipt and/or statement for goods they have bought;
 - (d) give records of book up transactions, including any interest or charges for the book up and the remaining debt owing;
 - (e) not insist on keeping debit cards as a condition of book up, but if a customer asks in writing for a debit card to be kept, store it in a safe and secure place;
 - (f) not ask for or keep a customer's PIN;
 - (g) not allow customers to book up more than they can pay back;
 - (h) allow customers to look at their records at any time; and
 - (i) keep accurate records of purchases and money owing in a safe and secure place.
- 32 We think that book up that does not follow these principles is problematic, and in some circumstances might be unconscionable. In particular, store owners who hold customers' debit cards and PINs, and withdraw all or nearly all of a customer's money from their bank account on or around the day they are paid, are potentially engaging in unconscionable conduct.²²
- 33 The quality and fairness of a book up service or experience will therefore vary based up on the processes and practices of the book up provider in question.

Other work

- 34 Along with other agencies, ASIC has been involved in community education about book up and the promotion of good book up practices for some time.
- 35 ASIC's Indigenous Outreach Program also periodically receives complaints about book up. Our approach to these complaints depends on the particular conduct and the community circumstances. The types of action we might take include:
- (a) engaging with the provider to educate them about fair book up practices and the legal requirements relating to the provision of book up; and

²² *Australian Securities and Investments Commission v Kobelt* [2014] FCA 737: see Media Release (14-119MR) [ASIC seeks orders against book up provider for unconscionable conduct and Credit Act breaches](#) (28 May 2015).

- (b) taking regulatory action where appropriate, including enforceable undertakings or litigation.

36 Table 2 summarises our work to date on book up.

Table 2: ASIC's work on book up

Year	Guidance or action
2002	We commissioned a comprehensive report on book up prepared by Gordon Renouf— <i>Book up: Some consumer problems</i> , published in March 2002.
2005	We published <i>Dealing with book up: A guide</i> , a comprehensive resource for people working on developing responses to book up in communities.
2006	We published <i>Dealing with book up: Key facts</i> , a concise publication on book up for consumers and agencies seeking to address book up issues.
2010	After ASIC obtained jurisdiction over consumer credit, we undertook a campaign to advise book up providers of the credit licensing regime and the potential need for some providers to hold a credit licence.
2012	We revised <i>Dealing with book up: Key facts</i> to incorporate legislative changes in the National Credit Act and the Australian Consumer Law.
2014	We commenced civil penalty proceedings against Lindsay Kobelt for alleged breaches of the ASIC Act relating to unconscionable conduct and breaches of the National Credit Act relating to unlicensed conduct.

B Finding 1: The prevalence of book up

Key points

Book up is often seen as a taboo topic, with many Indigenous consumers with book up problems reluctant to seek help.

Some book up providers do not keep records or provide receipts. In many communities, book up is therefore a form of 'covert' credit and assessing the true extent of its use is difficult.

The information provided by respondents is anecdotal, but provides a best estimate about the extent and prevalence of book up in the communities in which the respondents work.

Where does book up occur?

37 Our survey indicates that book up is a national issue. Responses to the survey were received from all states and territories, except Tasmania and the Australian Capital Territory. Of responses received, book up was reported in all but one jurisdiction, Victoria, where it could not be confirmed: see Table 3.

Table 3: Prevalence of book up by state and territory

State or territory	Book up reported
Australian Capital Territory	No responses received
New South Wales	Yes
Northern Territory	Yes
Queensland	Yes
South Australia	Yes
Tasmania	No responses received
Victoria	Uncertain
Western Australia	Yes

38 The survey indicates that book up exists predominantly in remote communities. However, book up can also be found in and around regional towns and, in one instance, a capital city.

Isolated and remote communities but in particular communities where there is a high population of [Aboriginal and Torres Strait Islander] people. (Respondent 9)

Based on my knowledge it is mostly used in remote communities as options are limited for Indigenous communities. (Respondent 1)

How common is book up?

- 39 Respondents were asked a series of questions aimed at determining (in their best estimate) the prevalence of book up in particular communities.²³ In particular, they were asked to estimate:
- (a) what percentage of people they thought would be using the book up offered in their communities;
 - (b) the frequency at which people were using book up in their communities; and
 - (c) how many providers they knew of who offered book up.
- 40 The responses suggest that where book up is provided it can be deeply entrenched within a community economy. The estimates provided were fairly consistent with a range of between 40–60% of the community using book up. In two instances, however, estimates with a range of 90–100% were given.
- 41 Frequency of use varied significantly, with respondents giving examples of people using book up as frequently as daily, to as infrequently as just once a year. For providers offering book up, the response varied from two to nine different providers in any one community.
- Everywhere on the sly ... Book up in local shops no longer happens ...
Taxi ... drivers use book up on the sly and also sell grog via book up.
(Respondent 5)

Is the use of book up increasing or decreasing?

- 42 Some respondents suggested that the use of book up might be diminishing in certain locations since our previous report in 2002, and suggested that this was due to two main factors: the success of the Outback Stores model and implementation of the Federal Government's money management policies.²⁴
- 43 Outback Stores²⁵ is a business that operates primarily through the Northern Territory, as well as in select locations in Western Australia and South Australia. The business objectives are to ensure food security to communities and provide sound governance and financial management in the stores. After stores are commercially self-sufficient, profits are used to benefit the local community. Stores managed by Outback Stores do not provide book up.
- Since Outback Stores have gone to remote areas in central Australia, they do not do book up ... (Respondent 11)

²³ The prevalence of book up is difficult to document as it is a 'taboo' topic and many Indigenous consumers with book up issues are reluctant to seek assistance.

²⁴ Outback Stores and income management programs are only present in limited locations so will have had no impact on prevalence of book up in other areas of Australia.

²⁵ <http://outbackstores.com.au/about/>.

44 Respondents also noted that the implementation in specific locations of income management programs appeared to have reduced the prevalence of book up. Income management is a government policy aimed at assisting Centrelink benefit recipients with money management by changing the way payments are received and prioritising certain expenses (i.e. rent, bills, food and education).²⁶

... with the introduction of income management and the BasicsCard the number of traders that are using [book up] has reduced substantially. (Respondent 13)

... not sure how popular book up is now since the introduction of Outback Stores, money management workers [and] BasicsCard ... (Respondent 11)

²⁶ www.humanservices.gov.au/customer/enablers/centrelink/income-management/about-income-management.

C Finding 2: The impact of book up

Key points

Respondents were asked whether they had seen problems with book up and what they were.

The responses suggested that Indigenous consumers' relationship with book up is complex.

While there were many problems arising from the use of book up, there were also benefits in having book up available. Views on this question tended to vary depending on the policies and processes of the book up provider with whom the respondent had experience.

When might book up be useful?

- 45 Respondents believed that book up was useful in the context of customers requiring small amounts of credit to be used as a personal income smoothing mechanism,²⁷ where there was no alternative credit available or in preference to payday loans.
- 46 They indicated that book up could also be useful in situations where customers had an unexpected need for additional funds. Examples included using book up to buy clothes for funerals or where grandparents are asked to care for a number of small children unexpectedly, and therefore need to buy extra basics like food.
- For many people it will be difficult for them not to use book up as they use it as a way of budgeting. (Respondents 9)
- Book up is not always bad as long as the process is fair and just. For some [Indigenous Australians], it is the only form of credit and preferred to payday loans. (Respondent 11)
- The placing of children with the grandparents can be due to a number of factors whether this is unexpected, due to an emergency or for cultural reasons. (Respondent 2)
- 47 It was clear from the responses that the convenience and immediacy of book up makes the service attractive to its customers.²⁸
- Clients that I work with have issues with book up as it is a way for them to get clothes and shoes for their children and themselves. And to get products sooner they readjust their Centrelink payments to deduct often whole amounts (i.e. pay \$250.00 from a \$400 payment) so they can go in again

²⁷ An income smoothing mechanism is one in which a customer uses credit to level out differences in income and expenses over a particular period.

²⁸ Further investigation is needed to properly understand what drives these factors (i.e. it is unclear whether it is cultural or related to accessibility of services).

quickly and purchase other goods and are without further funds for food for the family until their next payment. (Respondent 1)

It is the convenience of book up that makes it attractive to people and they then become dependent upon it. They can go to a certain trader and get [an] item without thinking about the consequences or even knowing if they can afford it. (Respondent 13)

One store delivers a box of groceries and a bit of cash to elderly people in the community—I haven't found out if he has their key cards but it would be very likely. The elderly people want this service. (Respondent 16)

- 48 Respondents noted that book up serves a purpose for Indigenous consumers, and the community often supports the service, even where it might be problematic.
- Yes, we have some communities that have book up ... The problem is that people like the book up as it serves a purpose for them. (Respondent 9)
- ... book up is just another option for Indigenous [Australians] to get what they need or want and it doesn't matter who runs it as long as it is available. (Respondent 13)

What are the problems with book up?

- 49 It was clear from the responses that significant problems with book up practices persist. Most respondents had seen poor book up practices and were highly critical of current arrangements,²⁹ with some commenting that they had rarely or never seen a good example of book up.³⁰
- 50 The key problems with book up practices identified by respondents included:
- (a) keeping customers' debit cards and PINs to withdraw money at the provider's discretion;
 - (b) failure to agree on terms and provide documentation;
 - (c) family use of an individual customer's book up account; and
 - (d) the cyclical nature of book up debt and its ongoing impact on a customer's budget and financial independence.
- 51 Some of these problematic features are in conflict with ASIC guidelines for book up practices.

Keeping customers' debit cards and PINs

- 52 It is a very common practice among book up providers to hold a customer's debit card and PIN. This is done so that the book up provider can deduct repayments from a customer's account at the provider's discretion.

²⁹ Most of the respondents in this survey were financial advocates who by the nature of their work regularly see people who have problems with their finances. In the course of their work, they are unlikely to hear from people with a good experience of book up. Therefore, their responses are likely to be 'skewed' towards the problematic aspects of book up.

³⁰ Respondents 1, 5 and 10.

- 53 As a result of this practice, the customer:
- (a) cannot shop with other stores for purchases and is vulnerable to price exploitation;
 - (b) only has their debit card returned at the provider's discretion and has no access to cash while this is the case;
 - (c) has their funds withdrawn from their account, often without permission or consultation; and
 - (d) risks having more money withdrawn than agreed on a particular occasion, or more money withdrawn in total than was originally owed, which can put a customer into hardship.
- the provider [is] selling goods at vastly inflated prices which are attractive to customers as they can leave a key card (debit card) and go with the goods instantaneously... they are tied to one store which holds their key card (debit card) ... their accounts are debited for far more than they anticipate ... I have personally had contact with clients who have been surprised to discover that their accounts were depleted due to unexpected withdrawals by book up providers. (Respondent 18)
- ... withdrawing money without reference to a properly recorded debt ... (Respondent 8)

Failure to agree to terms and provide documentation

- 54 Generally, there is no agreement about the amount of money to be booked up (e.g. no limit on the amount that will be lent and no discussion about affordability) or how or when the book up debt will be repaid. Customers are rarely provided with receipts or account statements.
- 55 As a result, the customer, who generally has limited access to bank records, is unaware of the amount of debt that they owe and how much they have repaid. Due to the discretionary nature of the timing of funds withdrawal by the provider, they are also likely to be unaware of how much money is still in their account. Lastly, failure to keep records makes it very difficult for consumer advocates or regulators to establish the extent of a customer's debt and repayment history; This lack of evidence can have an impact on a customer's legal rights.
- ... lack of communication between store [and] customer. (Respondent 11)
- ... the provider refusing to document how much the customer owes. (Respondent 18)
- ... customers [are] not given the opportunity [to] sign for their goods when they book up. (Respondent 9)

Family use of the book up account

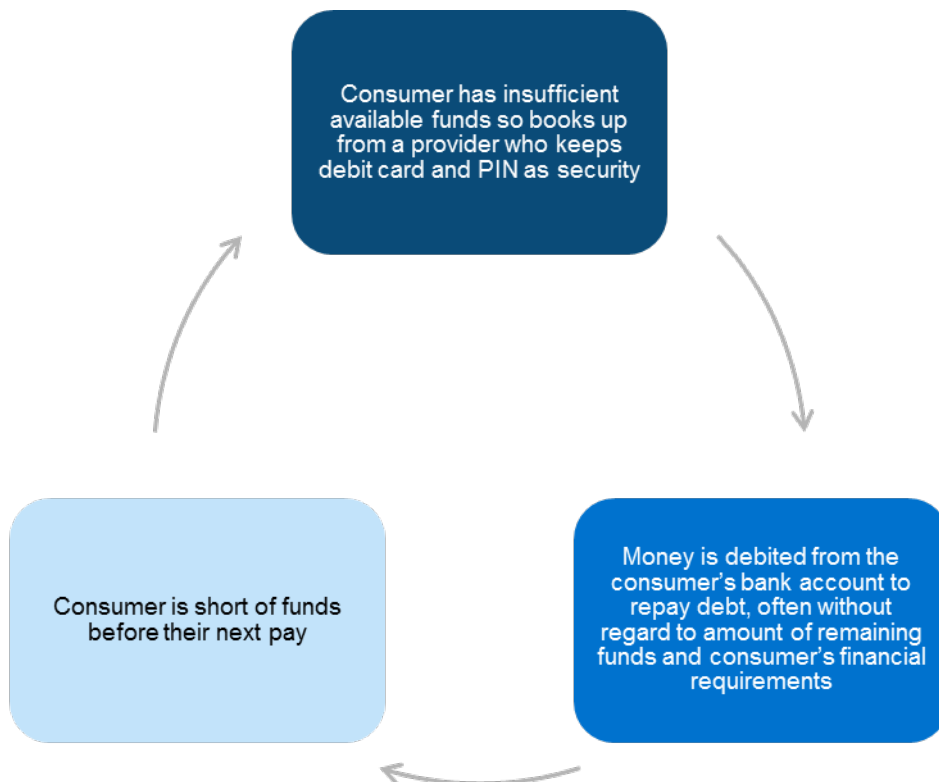
- 56 Respondents spoke of providers allowing relatives to book up on customer's account without authorisation. The customer whose book up account is shared loses money and has no control over their budget.

- ... people booking up charges on a relative’s account without authorisation. (Respondent 12)
- ... providers allowing other family members to use a person’s key card (ATM card) without them being present. (Respondent 18)

Cyclical nature of book up debt

- 57 Book up often becomes cyclical in nature, entrenching the practice within the community economy and in an individual’s budget.
- 58 Customers who are ‘trapped’ within the book up cycle have a lack of knowledge about their debt due to lack of records. They also have a lack of control of their finances due to the holding of their debit card and withdrawal of funds by the provider. This makes is very difficult for the consumer to budget, repay the debt (particularly if it has been allowed to grow), and regain control of their finances: see Figure 1.

Figure 1: The book up debt cycle



Source: ASIC

- 59 If a customer completely pays off the debt and has their debit card returned, they are nevertheless likely to re-enter the debt cycle. This is because the factors that have led them to use book up have not changed. In particular, they are likely to have a low income and have no alternative credit option when an unexpected financial event occurs.
They lose control of their finance. (Respondent 17)

Once you have booked up beyond the amount of your next pay, it is hard to get out. (Respondent 11)

...the provider advancing far [too] much credit to the customer, in relation to their ability to pay, such that they are likely to be indebted to that store for significant amounts of time... they are allowed to get into enormous amounts of debt when they cannot realistically afford to pay.
(Respondent 18)

When it's time to pay, sometimes the traders become ruthless and can take the majority, if not all the client's money, which then requires turning to utilise other services for help because they don't have any funds left to pay for other things such as power, rent or even food for their families. Also, if other financial products or services are applied for, the book up amount is not disclosed and this can adversely affect the customer's ability to repay the new facility. (Respondent 13)

D Finding 3: Factors that allow book up to exist

Key points

A number of inter-related cultural and environmental factors appear to provide an environment in which book up can establish itself and flourish in a community.

These factors include:

- a community's location and the lack of better alternatives;
- low financial literacy and consumer awareness;
- the reluctance of consumers to complain; and
- family sharing and community trust.

Location and lack of better alternatives

60 A key component in the prevalence of book up is the lack of access to a range of better financial products that can be accessed easily, quickly and at low cost. Many respondents commented on the lack of access to banking services, cash and credit in remote communities.

A number of communities report that ATMs often break down or run out of money. Community members don't have access to cash and are forced to rely on purchasing through the local convenience store, at inflated prices, or book up. (Respondent 7)

It is very hard [for] ... remote people to gain access to other financial services and easy to go with what they know. It's difficult as you can see things happening out remote that are not right, but ... there is nowhere else they could go. (Respondent 16)

61 A number of respondents mentioned that payday loans are available in their communities, but noted that these tended to be very high cost. They also had the effect of leading people into a cycle of debt, with people taking out a first loan to bridge an income gap, and then requiring a second loan to pay off the first one and its associated fees.

... these loans are an integral part of their living income [and] expenses [as] people are unemployed [and] on a low government income. (Respondent 4)

62 Other respondents noted the availability of Centrelink lump sum advance payments as a very useful service. This advance has eligibility and availability criteria and therefore might not be an option for many people.³¹

63 Lack of access to appropriate financial products and services also has a much broader impact on Indigenous consumers beyond specific issues

³¹ In this case, the lump sum is an advance on an upcoming payment (rather than access to more funds) and as such can result in the person finding themselves short of money again the following payday.

related to book up. For a further discussion of the other financial challenges facing Indigenous Australians, see Section D of this report.

Low financial literacy and consumer awareness

- 64 Respondents also cited the limited financial literacy of remote customers using book up services, combined with the lack of information regarding customer's rights and trader obligations as relevant to the persistence of book up.
- Indigenous people in remote communities also don't have the financial literacy to know whether they are being ripped off or not. (Respondent 3)
- [It is important that Indigenous people are given] a better understanding of the risks involved and education on how to budget money better to make it last the fortnight. (Respondent 5)
- Also the culture is very immediate, if you need something it is now and there is no real concept of planning for the future. (Respondent 16)

Reluctance to complain

- 65 Respondents noted that many Indigenous consumers were reluctant to complain about book up for various reasons. Some consumers with low financial literacy may not realise they are entitled to complain because they do not understand their rights. Others are aware that the service is poor, but are afraid that if they complain about the book up the provider will no longer offer the service. This will then leave people in the position of having no access to credit. It is a case of customers believing a 'bad' credit service is better than none.
- Clients won't complain, otherwise they will lose access of getting items, when they have run out of money. (Respondent 4)
- 66 Stores offering book up also often have a strong relationship with the community and are trusted, and relied on, by customers. This is particularly so where there are no other service providers located nearby and is an additional reason why customers might be reluctant to speak to regulators about the arrangements, regardless of the unsatisfactory terms of the book up provided.
- ... many people build a relationship with the store managers.
(Respondent 16)
- 67 Lastly, respondents noted that some customers who are caught up in the book up cycle do not complain because they feel ashamed about their lack of understanding of the service. This may be due to the provider's business behaviour, or may be a result of the customer's limited education and other vulnerabilities.

... community members are preyed upon due to their lack of education on their rights, reading ability, and [a sense of] shame. There is no end date to book up. (Respondent 10)

I've heard a store in [location] is shaming people who don't pay their loans and cancelling their key cards by putting a photo up of them in the 'shame files'. (Respondent 15)

Community members are left vulnerable and shamed to ask for assistance in case the shop keeper stops booking up food the family then goes without food. [It is a] very intimidating process. (Respondent 10)

People don't seek help from police or lawyers due to shame factors and the stereotyping of Indigenous people. (Respondent 7)

Family sharing and community trust

68 Family obligations in giving and sharing are a strong part of the culture of many Indigenous communities. These obligations sometimes extend to the sharing of money, and at times involve the extended family using a person's book up account to buy their own groceries or products. This can be a key factor in the longevity of the book up cycle.

[The] expectation from the non-Indigenous community is to keep money and spend wisely to make ends meet yet in this community it's about culture and community so obligations override living without money ... Remote shop owners are very aware of the family dynamics within traditional community and know they can get multiple book ups within one family ... Auntie books up and then her son/niece ... to feed the one family and [the book up provider] consistently [makes] deductions on the one family which often places them in financial crisis due to all deductions coming out on the whole family's fortnight payments. (Respondent 1)

E Finding 4: Other financial challenges

Key points

While book up was the focus of the study, respondents were also asked to comment on other financial challenges facing Indigenous consumers.

In addition to various financial services issues, superannuation, consumer leases and funeral insurance were the financial products most frequently cited as being problematic.

Financial services issues

- 69 In the questionnaire, respondents were asked what they saw to be the four main financial services problems in Indigenous communities. Almost unanimously, the respondents identified a difference between the financial issues facing Indigenous consumers who live in regional and capital cities compared to those living in remote and rural locations.
- 70 Table 4 summarises the key financial services issues identified by respondents, including relevant comments.

Table 4: Key financial services issues in Indigenous communities

Issue	Challenges cited
Banking	<ul style="list-style-type: none"> Limited access to financial institutions and their services, particularly face to face Inappropriate products and fees Difficulties in advising of lost debit cards and accessing replacements <p>The same goes to the financial institutions, the remote communities find it very hard to cancel direct debits; from charities or other debtors. As they are requested to go into a branch, which becomes too hard; so they don't worry about it. (Respondent 4)</p> <p>I see a lot of selling of savings accounts by banks with remote people; the bank will set up a savings account and create a periodic transfer which causes unnecessary fees. I see remote people that are on Centrelink set up with accounts with account fees—they should have fee-free accounts. (Respondent 16)</p>
Credit and debt	<ul style="list-style-type: none"> Lack of access to safe credit or any credit, and in some cases use of payday lenders, 'unjust credit', 'unethical credit', and high interest loans Customers who have accumulated debt are often not eligible for cheaper credit options Issues relating to multiple loan contracts from one provider Debt collection <p>There is very little risk [associated with book up] of being disqualified due to a poor credit history. (Respondent 18)</p> <p>Even if they wanted to access a loan, often it is difficult due to the lack of local outlets (e.g. a bank can be 5–6 hours away). (Respondent 18)</p>

Issue	Challenges cited
Inappropriate sales and products	<ul style="list-style-type: none"> • Product appropriateness, including cultural appropriateness • Knowledge, suitability and usefulness of products • Low knowledge of the product purchased and the contract • Contractual issues, including signing contracts without understanding them, and predatory approaches by salespeople • Difficulties in resolving complaints due to remoteness • High price of products sold • Lack of choice, resulting in 'a captive audience' vulnerable to inappropriate products and sales techniques <p style="margin-left: 40px;">Yes, remote communities are often thought of by the sellers of financial products to be easily bullied into buying products and handing over bank details etc. (Respondent 15)</p> <p style="margin-left: 40px;">I see problems with high prices for those in remote communities. They don't have the option of choosing cheaper products, as it may be the only store in town. (Respondent 4)</p>
Financial literacy	<ul style="list-style-type: none"> • Low financial literacy • Low understanding of credit, what it means and how it works <p style="margin-left: 40px;">Remote people do not understand loans, interests or banks. They are unaware of other types of loans, or if they are, did not fully understand the terms and conditions of repayment. (Respondent 18)</p>
Cultural and logistical	<ul style="list-style-type: none"> • Identification issues (e.g. customers who have different spelling of names and differing dates of birth on paperwork) • Propensity for some Indigenous consumers to be particularly vulnerable to inappropriate entry into credit contracts <p style="margin-left: 40px;">It is much easier for them to go to a store, leave a key card and just keep paying, as they can get the goods they need right now without complicated application or ID procedures. (Respondent 18)</p> <p style="margin-left: 40px;">As remote communities are generally only serviced by either telephone or internet, there is a blasé attitude shown by call centre employees or web sites as to the client's lack of understanding of their products and service. Cultural differences are not taken into account either. (Respondent 13)</p> <p style="margin-left: 40px;">Yes, initial identification and communication is difficult for people living remote. People find it very hard to communicate with the banks and with limited access to telephones, language barriers. (Respondent 16)</p>
Language	<ul style="list-style-type: none"> • Some Indigenous consumers not speaking English as a first language • Lack of translated information and resources relevant to the communities <p style="margin-left: 40px;">... proximity and accessibility are huge issues, especially when English is not a first or commonly used language in everyday life. However, [Indigenous] people in cities lack financial knowledge as it is often couched in technical English which they may not be familiar with. (Respondent 18)</p>

Issue	Challenges cited
Access to advocacy and financial counselling services	<ul style="list-style-type: none"> Access to financial counselling services, legal services and support services is limited, meaning that contracts are signed and budgets deteriorate without assistance <ul style="list-style-type: none"> Many small and remote communities have access to financial services on a fly-in fly-out service so that may not see anyone with their issue/s until it becomes a severe crisis. In all communities there is still the idea of discrimination and therefore people do not have the face to face contact with services even if it just around the corner. (Respondent 9) In a city there are more service providers; they are in contact [with] who they can ask and it's usually resolved quickly. (Respondent 15) People who are based in regional areas and capital cities are not fully immune to these problems [lack of understanding and cultural differences], but at least they have access to services that can assist them if need be. (Respondent 13)
Other	<ul style="list-style-type: none"> Income managed money and discrimination

Financial product issues

- 71 While book up was listed as an issue of concern by respondents, superannuation, consumer leases and funeral insurance were the financial products more frequently cited as raising concerns.
- 72 Table 5 summarises the key financial product issues raised by respondents.

Table 5: Key financial product issues in Indigenous communities

Product	Challenges cited
Superannuation	<ul style="list-style-type: none"> Superannuation generally was cited as a challenge <ul style="list-style-type: none"> ... many of my clients are unable to access their limited superannuation ... due to: Not understanding the forms, [being] unable to obtain the information requested due to remoteness, [a] lack of service providers to get the information required. (Respondent 2) Significant problems related to hardship release and access to related insurance products
Consumer leases	<ul style="list-style-type: none"> Understanding the contract <ul style="list-style-type: none"> ... seeing a shift from the original form of book up to [finance with] credit providers and rental agencies, with little understanding and comprehension of terms and conditions of those contracts which can place indigenous people in defaults resulting in negative credit history ... can impact on people when trying to secure rental housing, apply[ing] for low income no interest loan programs or future credit. (Respondent 12) High cost <ul style="list-style-type: none"> People living on remote communities may not have the option of shopping locally for more affordable credit arrangements and may not have transport so prefer to have items delivered which increases overall cost of goods by credit and/or hire purchase agencies. (Respondent 12) Awareness of rights under warranties Accessing rights under warranties due to distance between consumer's home and the shopfront, making it prohibitive for the consumer to return products

Product	Challenges cited
Funeral insurance	<ul style="list-style-type: none">• Understanding funeral insurance, including funeral plans and life insurance• High cost ... most clients have funeral or life insurance and end up paying far more for these products [compared to] the cost of funerals. In many cases clients don't understand the product as 'insurance' and think they are saving the money. (Respondent 8)• Product appropriateness
Other	<ul style="list-style-type: none">• Car and boat finance• Electricity and rental arrears• Fines and telecommunications debts

F Finding 5: Respondents' proposals for change

Key points

Respondents recognised the need for book up, given that all people—both Indigenous and non-Indigenous—seek and use credit.

They also acknowledged that there is no 'silver bullet' to solving the problems with book up, as there is no one single problem or solution.

When talking about change, responses reflected the need for a multi-pronged approach to improving book up services, including:

- better parameters for when book up should or should not be provided;
- better access to mainstream financial services (e.g. ATMs and other credit options) in remote communities; and
- an overarching need to improve Indigenous financial literacy and access to other resources (e.g. not-for-profit advocacy and financial counselling services).

While only some of these proposals fall within ASIC's remit as a regulator, ASIC will continue to work with industry and the not-for-profit sector to encourage continued focus on these issues.

Improving book up practices

- 73 One respondent suggested that setting parameters around the delivery of book up would decrease problems. Suggested parameters included that:
- (a) the debt is not secured (e.g. by PIN, debit card or otherwise);
 - (b) the provider keeps good accounts that are clear, accurate and available to customers on request;
 - (c) statements of account are provided regularly;
 - (d) there are limits on amount of book up (e.g. \$200); and
 - (e) the account can only to be used by authorised people.³²
- 74 All of these suggestions for improving the provision of book up services are consistent with ASIC guidelines for good book up practices.³³ ASIC will continue to work to encourage providers to meet these standards.

³² Respondent 8.

³³ ASIC, *Dealing with book up: Key facts*.

Improving access to alternatives

- 75 Respondents suggested that there need to be alternatives to book up and other short-term high-cost credit like payday lending. That is, there is a need for appropriate credit alternatives, for customers who would ordinarily use book up and payday lending out of necessity rather than suitability. No interest loans schemes (NILS) were highlighted as a successful program in providing suitable credit to Indigenous consumers.
- 76 The availability and accessibility of ‘safe’ credit, banking services, cash and other financial products and services across the board was seen as essential.
- [banking facilities play] a large role. Because if they can get their money from these facilities, then they don’t need to use the community stores to get cash. (Respondent 6)
- It is very hard [for] remote people to gain access to other financial services and easy to go with what they know. It’s difficult as you can see things happening out remote that are not right, but ... there is nowhere else they could go. (Respondent 16)
- 77 While these suggestions do not fall within ASIC’s direct responsibility as a regulator, ASIC will work with industry and other key stakeholders to encourage improved provision of services to Indigenous consumers and communities.

Improving financial literacy and access to other resources

- 78 Financial literacy, education and customer awareness were seen as important parts of the solution to addressing Indigenous consumers’ problems with book up. Knowledge about book up providers’ obligations, as well as general knowledge about budgeting, finances and legal rights can help people make informed decisions about their money.
- A better understanding of the risks involved and education on how to budget money better to make it last the fortnight ... (Respondent 5)
- Financial literacy and awareness is providing people with information to allow them to identify suitable options and consider their rights and responsibilities regarding consumer protection, and enable people to consider sustainable budgeting and savings plans to avoid having to use less appropriate products or services in the future. (Respondent 12)
- It provides them with the skills to work to a possible fortnightly budget [and] may enable some to begin a saving plan. Access to information provides a skill base for [Indigenous] people to get out of the credit merry go round and plan for cash payments in future. [It] provides [Indigenous] people the opportunity to be ... responsible/in charge of their own financial affairs. (Respondent 2)
- 79 Better advocacy—including better advice, financial counselling and legal advocacy, particularly in remote locations—was also cited as a means to address book up and other financial services issues.

Financial advice and counselling is vital to these communities as it provides a service to not only advocate on behalf of clients and provide programs to address financial literacy in remote areas but to be part of the regulation and accountability process for bad book up practices.

(Respondent 1)

There is limited scope for banking services, such as setting up a savings account in remote areas, but after financial counselling and information sharing some people on communities have begun taking control of their money (spending/saving/credit). (Respondent 2)

We have found that through a combination of education, and starting to offer no interest loans, that some people are becoming interested in accessing more regulated credit. However, it has been critical to ensure that their understanding of the process is built in advance (e.g. by holding an information session about no interest loans, what they are and how they work). (Respondent 18)

G Conclusions

- 80 Most Australians use credit.³⁴ When provided fairly, and used sensibly, credit can be a vital part of a person's financial engagement—to see them through unexpected financial events, and to smooth their income between receiving payments.
- 81 Book up at its simplest is a form of credit. For this reason, there continues to be a demand for book up in under-served Indigenous communities where alternative forms of credit are not available, or where the alternatives are more costly or difficult to access.
- 82 How effective book up is, and on what terms it is provided, depend heavily on the policies and processes of the provider. There are many examples of providers offering book up in a way that does not meet ASIC guidelines. The worst of this conduct results in customers losing control of their debit cards, PINs and funds at the book up provider's discretion (and possibly without reference to an actual debt).
- 83 This does not mean that book up cannot be provided in a way that services the Indigenous community fairly. There are examples of stores that are providing book up in response to community demand, are not charging for it and are providing the service in a considered way, trying to fill the gap and not to harm the community.
- 84 Stores that follow ASIC guidelines are likely to be providing book up fairly. These guidelines ensure that a customer:
- (a) understands how the book up works;
 - (b) is not charged for using book up, unless the provider has a credit licence (and therefore must comply with the requirements of such a licence);
 - (c) understands how much money they owe, and what for;
 - (d) continues to have access to their own money because they hold their own debit card and PIN; and
 - (e) is only provided with an amount of book up that they can afford to repay.
- 85 Financial literacy can also play a role in improving the provision of book up and other financial products. Effective financial literacy initiatives may equip Indigenous consumers with the confidence and knowledge to protect themselves and their community against unfair book up practices and more predatory practices in general.

³⁴ Australian Bureau of Statistics, '[What types of debt do households have?](#)', *Release 4102.0—Australian Social Trends*, 12 June 2014.

- 86 Financial literacy strategies need to be provided in a culturally appropriate way, including translation of materials into Indigenous languages, and by involving community members. These strategies must also acknowledge the diversity of needs across Indigenous communities.
- 87 Better access to alternative products and to advocacy services also remains a key need for Indigenous consumers. The responses highlighted the crucial role played by advocates in communities, where lack of awareness of consumer rights and/or reticence to complain leaves a consumer without recourse. Respondents highlighted the need for good and fair credit products.

Next steps

- 88 ASIC's Indigenous Outreach Program will continue to work in remote and regional Australia to improve the provision and understanding of good book up practices. In doing so, ASIC will work with Indigenous communities to provide education about book up, using the ASIC resource *Dealing with book up: Key facts* and its outreach function. ASIC's Indigenous Outreach Program will also, where appropriate, work with providers to help them meet ASIC's guidelines for providing book up. Where providers' book up practices fail to meet legal requirements, and those providers are not amenable to changing them, ASIC will consider enforcement action to prevent poor practices adversely impacting Indigenous communities.

Appendix 1: Research methodology

- 89 Financial counsellors working with Indigenous consumers across Australia were the target for this survey. The method of data collection was through a questionnaire completed by the respondents: see Appendix 2. Throughout the process, additional stakeholders were identified and participated in the survey, including managers, chief executive officers and lawyers. Completed questionnaires were received between April and July 2014.
- 90 Contact was made with financial counsellors through a range of means. Financial counsellors and organisations with financial counsellors who worked with Indigenous consumers and communities were emailed. Phone calls were made either initially or to follow up. Finally, an email was distributed through a network email of Financial Counselling Australia (the peak body for financial counsellors) to financial counsellors working with Indigenous consumers. The stakeholders contacted and invited to participate in the research included both Indigenous and non-Indigenous people and Indigenous and non-Indigenous organisations.
- 91 This approach proved successful, with eighteen completed questionnaires returned. This is a significant number of responses given the small number of people who work in financial counselling with Indigenous consumers. Table 6 shows the spread of responses across state and territory jurisdictions.

Table 6: Survey responses by state or territory

State or territory	Number of responses
Australian Capital Territory	0
New South Wales	2
Northern Territory	9
Queensland	2
South Australia	2
Tasmania	0
Victoria	1
Western Australia	2
Total	18

Appendix 2: Survey questionnaire

You can print out this page and fill in by hand or you can type your answers into the boxes. Please use as much space as you need to answer the questions.

If you would prefer to complete the form with the researcher to answer any questions you may have please contact Ms Heron Loban, James Cook University.

Background and role

1. What is your role? (e.g. financial counsellor)

Issues

2. What do you see as the four (4) main problems for Indigenous people with financial services and products? (e.g. superannuation)

(a) Which of these is the biggest problem and why?

(b) Is book up a problem you have come across?

(c) How often do you see Indigenous people with book up problems? (e.g. once a month)

(d) Why do people have problems with book up? Please give any examples or case studies.

Regional and remote

3. Do you see different problems with financial products and services for Indigenous people living in remote areas compared to Indigenous people living in regional areas or capital cities?

(a) If they are different, why is this?

(b) Based on your knowledge and experience, where is book up used?
e.g. remote communities, regional towns, capital city

(c) Based on your knowledge and experience, where is it *mostly* used?
e.g. remote communities, regional towns, capital city

Cultural issues

4. Do you see any difference in the way Indigenous people use book up when it is an Indigenous community business (e.g. a community run store) compared to when it is a private business run by a non-Indigenous person (e.g. a taxi)?

(a) What are the differences?

(b) Why are there differences?

Services

5. What role does access to information and services such as financial advice and banking facilities play in Indigenous people's use of book up?

Appendix 3: Early book up practices

- 92 The existence of book up in some remote and regional Indigenous communities has historical origins in 20th century government protectionist policies for Indigenous Australians as well as in the payment of wages by cattle stations to their Indigenous workers in ‘store credit’ rather than cash.
- 93 In its report for the Western Australian Government, the Stolen Wages Taskforce found that a similar practice existed in that state to that in Northern Territory around the same period. However, it reported that the practice of book up existed before this type of wage scheme in 1950.³⁵
- 94 A case study in 1982 of a cattle station in Western Australian found that obtaining credit at the community store was commonplace.³⁶ In this case study, the term ‘book up’ was not used but the custom at the store involved a person being able to obtain credit for groceries at the store. It was cited as being used in times when a person was short on cash but required groceries and was therefore given credit by the store.
- 95 The case study further explained that before welfare cheques were given to Indigenous Australians, any money owing to the store was first deducted and only the balance given to the person. In a later review into stolen wages for the Federal Government by the Senate Standing Committee on Legal and Constitutional Affairs, an Indigenous worker recounted that he would ‘book down’ items such as clothes in the station store.³⁷
- 96 The experience in Queensland was similar. Research conducted in the 1970s examined the comings and goings at a community store in an Indigenous community, at that time referred to as a ‘mission’.³⁸ In this research, the process of receiving welfare cheques was explained as follows:
- Social security cheques are opened and cashed by mission staff, and the rent, bills and other costs deducted, that is unless people object to this (as a number do).
- 97 However, because of its close proximity to a non-Indigenous town, the members of the community had access to more than one store. The community store and two other stores were accessible and at one time all offered book up. It was noted in the research that people would book up their limit at one store and then go to the next store to book up there. Interestingly, a number of people shopped exclusively at the non-community store for

³⁵ Stolen Wages Taskforce, *Reconciling the past: Government control of Aboriginal monies in Western Australia—1905–1972*, Government of Western Australia, 2008, p. 100.

³⁶ K Palmer, ‘An Aboriginal cattle station: Economy of a community in the north of Western Australia’, *The Aboriginal component in the Australian economy*, EA Young and EK Fisk (eds), Australian National University, 1982, pp. 52 and 56.

³⁷ Senate Standing Committee on Legal and Constitutional Affairs, *Unfinished business: Indigenous stolen wages*, Commonwealth of Australia, 2006, p. 54.

³⁸ C Anderson, ‘The Bloomfield community, North Queensland’, *The Aboriginal component in the Australian economy*, EA Young and EK Fisk (eds), Australian National University, 1982, pp. 118–119.

several reasons, one of which was that the rules around book up were less strict than at the community store.

- 98 Another researcher has also written extensively on stolen wages in Queensland after reviewing government records on Indigenous communities.³⁹ From early 1900 through to the 1960s book up was pervasive. Deducting amounts from the wages of Indigenous workers before they received their wage for items bought from the station store on credit such as food was also common practice. Protectors who acted as the government officials in charge of Aboriginal and Torres Strait Islander people and communities were aware of the lack of accountability of credit practices at station stores but found it difficult to know how best to police it.

³⁹ R Kidd, *Black lives government lies*, privately published, 2000, p. 40.

Key terms

Term	Meaning in this document
ASIC	Australian Securities and Investments Commission
ASIC Act	<i>Australian Securities and Investments Commission Act 2001</i>
ATM	Automatic teller machine
Australian Consumer Law	Sch 2 to the <i>Competition and Consumer Act 2010</i> .
book up	An informal form of credit sometimes used by Indigenous consumers, particularly those living in regional and remote communities across Australia Note: Book up is also known by a number of other names, including 'book down', 'on the tick', 'on the slate', 'running a tab' and 'tiki'.
credit licence	An Australian credit licence under s35 of the National Credit Act that authorises a licensee to engage in particular credit activities
credit licensee	A person who holds an Australian credit licence under s35 of the National Credit Act
ePayments Code	ePayments Code 2011 (previously known as the EFT Code of Conduct)
National Credit Act	<i>National Consumer Credit Protection Act 2009</i>
National Credit Code	National Credit Code at Sch 1 to the National Credit Act
PIN	Personal identification number
REP 12 (for example)	An ASIC report (in this example numbered 12)

Related information

Headnotes

book up, credit, credit licence, debt, financial counselling, financial literacy, financial products, financial services, income management, Indigenous consumers, misleading or deceptive conduct, unconscionable conduct

Legislation

ASIC Act, s12BAA(7)(j), 12CB, 12DA, 12DB

Australian Securities and Investments Commission Regulations 2001, reg 2B

Competition and Consumer Act 2010, Sch 2

ePayments Code

National Consumer Credit Protection Regulations 2010, reg 53

National Credit Act, s35, 47, 126, 128

National Credit Code, s6, 11, 16, 33–34

Cases

Australian Securities and Investments Commission v Kobelt [2014] FCA 737

Reports

REP 12 *Book up: Some consumer problems*

Media releases

14-119MR *ASIC seeks orders against book up provider for unconscionable conduct and Credit Act breaches*

Other publications

C Anderson, 'The Bloomfield community, North Queensland', *The Aboriginal component in the Australian economy*

T Anthony, 'Unmapped territory: Wages compensation for Indigenous cattle station workers', *Australian Indigenous Law Review*

ASIC, *Dealing with book up: A guide*, 2005

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