

CLUBS AUSTRALIA SUPPLEMENTARY SUBMISSION

SECOND CONSULTATION: REFORMING AUSTRALIA'S AML/CTF REGIME

Clubs Australia welcomes the opportunity to provide a supplementary submission on the second round of consultation for reforming Australia's anti-money laundering and counter-terrorism financing (AML/CTF) regime.

Clubs Australia lodged their initial submission on 12 June 2024 and is now providing additional feedback based on comments received from member clubs.

Clubs Australia represents over 5,000 licensed clubs that employ more than 140,000 people nationally. Clubs are not-for-profit, member-owned organisations that provide sporting and recreation infrastructure to their members and the wider community.

Clubs Australia recognises the importance of reforming the customer due diligence (CDD) framework, including reducing the exemption threshold for gambling services, to further prevent and deter money laundering.

Clubs Australia believes the technological changes to reduce the CDD exemption threshold must be thoroughly considered. For example, in NSW, over 90 per cent of EGMs have a cash input limit of \$5,000 or more, which has significant implications for implementing these reforms.

Gaming machines are subject to strict regulations in each jurisdiction, including cash input and betting limits.

Any changes to gaming machine technology systems will require approval from the relevant state and territory regulatory authority. A submission can only be made after the technology development has been completed and evaluated by an independent testing facility.

The state and territory approval process can take at least 16 weeks from lodgement. In some instances, jurisdictions rely on evaluations from other authorities, which extends the overall approval duration.

Additionally, some gaming machines may be incapable of being updated with new technology and would require replacement due to age. The club's ability to replace a gaming machine depends on its financial capability and the availability of replacements. For context, a new gaming machine could cost up to \$28,000.

Clubs Australia recommends allowing a sufficient implementation timeline to account for the cost and processes associated with technological changes.

We encourage the Commonwealth Government to work closely with regulators in each state and territory throughout this process.

Please find enclosed our initial submission for the second round of consultation on the AML/CTF reforms.

Clubs Australia appreciates the opportunity to provide a submission. For further information, please contact Alison Tehan, Deputy Executive Director, Clubs Australia, at atehan@clubsaustralia.com.au or 0455 284 411.