



Clubs Australia

14 February 2025

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To whom it may concern,

Consultation on the new AML/CTF Rules: First draft of consultation on Exposure Draft Rules

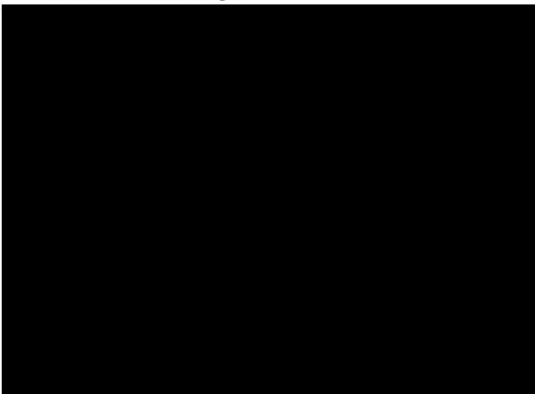
Thank you for the opportunity to comment on the first draft of the new Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Rules.

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

Clubs Australia supports the AML/CTF Rule reforms, but highlight the need for sector-specific guidance, scalability for small clubs, and clearer definitions for effective compliance and minimising administrative burdens.

Should you require any further information from Clubs Australia regarding this submission, please do not hesitate to reach out at [REDACTED]

Yours sincerely,



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A: Summary of Clubs Australia's Key Themes

Clubs Australia has some concerns with the AML/CTF General Rules Exposure Draft but believes many of these will be able to be addressed through sector-specific guidance material that will accompany the new AML/CTF regime.

Attachment A contains Clubs Australia's detailed responses to the consultation questions. Below is a summary of our key recommendations:

- **AML/CTF Programs**

Clubs Australia recommends a minimum 90-day period to implement change following material updates or annual reviews of AML/CTF programs. This time is required for clubs that may need to seek external advice, obtain Board approval and implement changes such as updating policies, procedures and training. AUSTRAC should provide clear examples of what would be considered a 'material change,' and include exemptions for low-risk scenarios following adverse independent evaluations.

- **Reporting Group**

Clubs Australia recommends the option to allow reporting groups to combine or be established in certain circumstances, for the purpose of information-sharing, or streamlined compliance. This also ensures the traditional reporting group structure is maintained whilst providing clubs with the flexibility to form alternative groups.

- **Customer Due Diligence**

Clubs Australia calls for a more manageable approach to Customer Due Diligence (CDD) for low-risk Clubs. This would ensure Clubs are not penalised for encountering practical obstacles such as operating with small workforces.

Clubs maintain current member and visitor sign-in systems and ID verification, which should be recognised as sufficient for simplified CDD requirements for low-risk entities.

- **Compliance Reports**

Clubs Australia supports retaining the calendar year compliance reporting period, with lodgement due by March. Some clubs face challenges, particularly when aggregating reports across multiple venues. We propose allowing extensions in specific cases to address these difficulties.

- **Value Transfers**

The proposed requirements for value transfers align with international standards and may increase within clubs in future gaming systems.



- **Keep Open Notices**

Information requirements on keep open notices appear sufficient, but Clubs Australia recommends clubs would benefit from plain-English tailored examples.

B: Additional Comments

Clubs Australia identified several matters that were not addressed by the consultation questions. **Attachment B** contains a table outlining additional comments by topic. These include:

- Recognising clubs' existing ID verification systems for low-risk CDD;
- Providing flexibility in appointing compliance officers where suitable; and
- Establishing clear privacy-compliant data-sharing protocols to streamline AML/CTF compliance across venues.

These measures will also reduce the duplication and administrative burden of the proposed AML/CTF changes on clubs while ensuring a consistent approach to compliance across the entire Club industry.

Attachment A: AML/CTF Rules Consultation questions

Topic	Consultation Question	Clubs Australia Response
General	<p>1. Do any aspects of the Exposure Draft Rules create unnecessary friction with existing approaches to risk mitigation in your business or sector? If so, what are they? Are there alternative approaches that could achieve the same regulatory outcomes?</p>	<p><u>Outcome Focused & Risk Based Approach</u></p> <ul style="list-style-type: none"> Clubs Australia supports a shift to an outcomes-focused, risk-based model but finds the proposed drafting unclear—especially on governance and Suspicious Matter Reporting (SMR). Smaller clubs with limited resources may face challenges in interpreting and consistently applying risk-based principles without additional regulatory direction. <p>Clubs Australia recommends providing specific guidance on how clubs can assess and apply risk-based decision-making principles. This will ensure consistent compliance across clubs of all sizes and resource levels.</p> <p><u>Credit Value Transfers</u></p> <ul style="list-style-type: none"> The AML/CTF Rules must align with state legislation. AUSTRAC should coordinate with state and territory regulators to streamline federal and state processes, including investigations. For instance, the Exposure Draft defines 'card-based pull payments' as involving credit cards, yet gambling providers are prohibited from providing credit transfers for gambling under various State, Territory and Commonwealth (wagering only) gambling laws. <p>Clubs Australia recommends guidance explicitly stating that gambling reporting entities are prohibited from processing credit value transfers.</p> <p><u>Employee Due Diligence (EDD)</u></p> <p>In many States and Territories, gambling venue employees need current competency licenses, which include police checks or approval by the gambling regulator. Imposing additional EDD measures could duplicate</p>



Topic	Consultation Question	Clubs Australia Response
		<p>existing processes and increase administrative burden. These licenses should suffice for EDD monitoring.</p> <p>Clubs Australia recommends that annual staff declarations and gambling competency licences be recognised as a reasonable measure for ongoing EDD monitoring.</p> <p><u>Senior Manager Definition</u></p> <ul style="list-style-type: none"> • The Exposure Draft assigns reporting approvals to a 'senior manager' but it is unclear which functions these covers. Defining typical positions will reduce uncertainty and improve compliance. <p>Clubs Australia recommends a clear non-exhaustive list of roles considered a 'senior manager'.</p>
	<p>2. Are any rules not sufficiently flexible to be scalable to specific circumstances of small businesses, sole traders or sole practitioners? Are there alternative approaches that could achieve the same regulatory outcomes?</p>	<ul style="list-style-type: none"> • Smaller clubs face challenges adapting to complex AML/CTF obligations due to limited resources, small workforces and volunteer boards. The flexibility within provisions related to governance reporting, personnel training, and independent evaluations needs to be clearer. • Introducing tiered compliance requirements based on risk and operational scale would support smaller clubs in meeting regulatory obligations appropriately. <p>Clubs Australia recommends introducing tiered compliance requirements based on risk and operational scale to achieve the intended regulatory outcomes.</p>
	<p>3. Are any rules not sufficiently flexible to be scalable to specific circumstances of large or multinational businesses? Are there alternative approaches that</p>	<ul style="list-style-type: none"> • The current reporting group structure lacks flexibility, leading to administrative duplication and potential confusion of compliance responsibilities. This can reduce compliance effectiveness and create inefficiencies, particularly for multi-venue operations or large organizations with complex structures.



Topic	Consultation Question	Clubs Australia Response
	could achieve the same regulatory outcomes?	<p>Clubs Australia recommends providing guidance on:</p> <ul style="list-style-type: none"> ○ Structuring reporting groups to balance compliance with operational efficiency. ○ Defining the lead entity’s role and responsibilities in multi-location compliance oversight. ○ Exploring alternative compliance models that streamline reporting while upholding regulatory integrity.
AML/CTF programs	4. What is a reasonable period of time for you to document updates made to your ML/TF risk assessment or AML/CTF policies?	<ul style="list-style-type: none"> • Clubs Australia considers a minimum 90-day period reasonable for documenting updates after material changes or annual reviews. This timeframe allows for external advice, board approval, and necessary changes. Clear examples of 'material changes' that necessitate updates should be provided. • Additionally, an extension of time should be available for clubs in specific circumstances, such as updates triggered by adverse findings from an independent evaluation. For instance, a low-risk club may need to update its AML/CTF programs and processes due to changes in its risk profile. <p>Clubs Australia recommends:</p> <ul style="list-style-type: none"> ○ a minimum 90-day period for documenting updates to AML/CTF risk assessments and policies, supported by guidance with clear examples of 'material changes.' ○ Flexibility should also be granted to low-risk clubs, including extensions when updates are needed due to adverse findings in their independent evaluation.



Reporting groups	5. What are the structures in your industry by which businesses exercise control over one another (e.g. corporate structures, partnerships, joint ventures, franchises, trust arrangements, decentralised operations and platform-based operations etc.)?	<ul style="list-style-type: none"> Clubs are not-for-profit, member-owned entities that reinvest revenue into member facilities and community initiatives. They are typically overseen by boards of directors, some of which are volunteers. Amalgamated clubs may be governed by a central board or separate boards for each venue. While it can vary by jurisdiction, clubs' governance and financial structures are generally regulated by state and territory legislation. For example, club boards must follow specific processes and guidelines, such as a director accountability code or adherence to transparent financial management and reporting to members.
	6. Where you or your sector use group structures that do not involve ownership or control, what are these structures? Are there any impediments to sharing customer and compliance information within such groups for AML/CTF purposes?	<ul style="list-style-type: none"> The gambling sector would benefit from clear procedures for information-sharing within cooperative or informal group structures regarding AML/CTF compliance. This could be done on a de-identified basis. AUSTRAC should consult with the gambling sector to develop voluntary industry standards and best practices for sharing compliance insights, fostering a partnership and improving adherence to AML/CTF obligations. <p>Clubs Australia supports de-identified information sharing within informal groups.</p>
	7. Are there obvious lead entities in each of these structures? If so, what are their common characteristics?	<ul style="list-style-type: none"> In amalgamated club groups, the parent entity often acts as the lead. These entities are typically larger, better resourced, have established compliance frameworks, experienced personnel, and centralised governance oversight. <p>Clubs Australia supports well-defined responsibilities and accountabilities for leading entities, along with tailored guidance for the gambling sector.</p>
	8. What is the best way to implement a nomination model for a lead entity for structures that do not involve	<ul style="list-style-type: none"> The nomination model for lead entities outside ownership reporting groups should be included as an alternative provision in the AML/CTF Exemption Rules to provide flexibility in specific situations. This will maintain the traditional reporting group structure while allowing flexibility to choose the



	<p>ownership or control of one group member over another?</p>	<p>best-suited lead in permitted circumstances. Clear regulatory guidance on the nomination processes and responsibilities is essential.</p> <p>Clubs Australia recommends adding the nomination model as an alternative option in the AML/CTF Exemption Rules, giving reporting groups the flexibility to choose a lead entity that best fits their operations.</p>
	<p>9. Within reporting groups, what are the circumstances in which a reporting entity members of a reporting group would want a non-reporting entity to discharge an AML/CTF obligation? Would this extend to discharging reporting obligations (threshold transaction reports, suspicious matter reports etc.)? What benefits would this provide to you?</p>	<ul style="list-style-type: none"> • Club groups with separate governing boards may find it practical for each reporting entity to handle specific AML/CTF obligations to avoid duplication and consider differing risk profile variables, such as location. • Clubs Australia agrees clear systems ensuring accountability and traceability when non-reporting entities discharge obligations are needed. <p>Clubs Australia recommends flexibility and a clear process is needed when non-reporting entities discharge obligations.</p>
	<p>10. Are there circumstances where reporting groups formed automatically under law would want to combine with other reporting groups and/or reporting entities? Why?</p>	<ul style="list-style-type: none"> • Clubs Australia refers to our response to question 8 concerning the nomination model for lead entities outside ownership reporting groups. A provision for combining reporting groups should be included in the AML/CTF Exemption Rules to ensure flexibility in certain situations. • Regulatory guidance should also be provided to clearly define the processes and associated responsibilities. • Combining reporting groups in some cases might simplify AML/CTF compliance and reduce regulatory fragmentation. However, it could also conflict with jurisdictional regulations in other situations, resulting in additional or duplicative reporting.



		<p>Clubs Australia recommends adding an alternative option in the AML/CTF Exemption Rules to allow reporting groups to merge if needed.</p>
<p>Customer due diligence</p>	<p>11. Are there practical implementation challenges you anticipate you may face in meeting the CDD obligations set out in the Exposure Draft Rules? If yes, what are they and do you have alternate suggestions as to how the same regulatory outcome can be achieved?</p>	<ul style="list-style-type: none"> • Smaller clubs may face resourcing and practical operational challenges in implementing CDD requirements, such as patron banking or tax information availability. • In adopting a risk-based approach, it should be clear that low-risk entities can apply simplified CDD requirements proportionate to their operational scale and risk profile.
	<p>12. Are there any additional circumstances (e.g. particular types of transactions that require the urgent provision of a designated service) in which your sector may need to delay aspects of initial CDD to prevent disruption of the ordinary course of business?</p>	<ul style="list-style-type: none"> • Clubs operating with limited staff during holiday periods or small and rural clubs facing connectivity or service interruptions, such as issues with online identification verification systems, may struggle to meet strict initial CDD requirements without disrupting operations. <p>Clubs Australia recommends introducing flexible or delayed CDD options in specific circumstances, such as operational disruptions or regions with limited connectivity.</p>
<p>Compliance reports</p>	<p>13. Does the 12-month reporting period of January – December, with a report lodgement period of the following January – March present significant challenges to your business due to conflicts with other Commonwealth, State or Territory reporting or lodgement requirements? What are these challenges?</p>	<ul style="list-style-type: none"> • The January-December reporting period aligns with most calendars, but annual AML/CTF effectiveness reporting may present challenges, especially for clubs with multiple venues. <p>Clubs Australia supports retaining the January-December period with extensions available on application.</p>



	14. Is there a preferable reporting or lodgement period?	<ul style="list-style-type: none"> • See response to question 13.
Value transfer	15. Do the proposed criteria for identifying the ordering institution and beneficiary institution in a value transfer chain describe common scenarios in your industry? What gaps or uncertainty would remain that could not be resolved through example scenarios and other guidance?	<ul style="list-style-type: none"> • The proposed criteria seem broadly applicable for electronic transfers or potential future account-based gaming systems within clubs. However, examples from the gambling industry are needed to demonstrate what is considered to be an effective measure or control.
	16. Do the proposed requirements for the collection, verification and passing on of travel rule information create any friction other international travel rule obligations you may be required to comply with?	<ul style="list-style-type: none"> • Clubs rarely encounter international travel rule obligations.
	17. Can you identify any challenges you may perceive in establishing whether you are dealing with another virtual asset service provider or financial institution, and whether they are regulated, in relation to transfer of value involving virtual assets?	<ul style="list-style-type: none"> • While virtual asset transactions are rare in club operations, they may become more common with future payment and account-based gaming systems. • Various state or territory governments are considering the introduction of account-based gaming, which involves depositing funds into an account to gamble and may include CDD for individuals. The details and structure of the system are still being developed., Clubs Australia do not want this use to be captured.
Keep open notices	18. Is the information required to be provided in a keep open notice sufficient for you to determine if the	<ul style="list-style-type: none"> • The information requirements appear sufficient but tailored guidance with plain-English examples for clubs and smaller reporting entities is needed.



	customer to whom the notice applies, is a customer of yours?	
	19. Are the explanations in the keep open notice and the keep open – extension notices easily understood by you?	<ul style="list-style-type: none">• The explanations appear clear but would benefit from plain-English examples tailored for smaller reporting entities.



Attachment B: Additional Clubs Australia Concerns and Recommendations not captured by AUSTRAC questions.

Topic	Clubs Australia Comments
Customer Due Diligence Monitoring and Reviews	<ul style="list-style-type: none"> Structured monitoring and periodic reviews of CDD add unnecessary complexity for smaller clubs with low-risk customers. Current member and visitor sign-in systems and ID verification should be recognised as sufficient. Clubs Australia recommends acknowledging these existing processes for routine customer interactions.
Flexibility in Compliance Officer Appointment	<ul style="list-style-type: none"> Smaller and regional clubs may face challenges in meeting stringent 'fit and proper' criteria for compliance officers. Although they possess capable internal candidates, the criteria may exclude qualified individuals with operational expertise. Clubs Australia supports the fit and proper person requirements for compliance officers due to the sensitive nature of their duties but recommends allowing flexibility in specific circumstances.
Safeguards Against Tipping Off	<ul style="list-style-type: none"> The requirements for avoiding tipping off are unclear, especially concerning staff training, audit documentation, and cooperation with local regulators and police. Club staff need role-specific training, and clubs require clear guidance on documentation expectations to avoid compliance gaps. Clubs Australia proposes gambling sector-specific training modules, simplified audit documentation templates, and clear guidelines for sharing information with regulators and law enforcement without breaching tipping-off rules.
Information-Sharing Across Club Groups	<ul style="list-style-type: none"> Privacy and regulatory barriers create challenges in sharing AML/CTF compliance information across venues. Efficient information-sharing is critical for consistency in compliance across multi-venue clubs. Clubs Australia recommends establishing clear, privacy-compliant data-sharing protocols to facilitate cooperation while ensuring regulatory alignment.
Independent Evaluation Triggers	<ul style="list-style-type: none"> The triggers for mandatory reviews following adverse findings in evaluations are vague and can be confusing. Clubs need clear definitions and examples to understand when these reviews are necessary.



Topic	Clubs Australia Comments
	<ul style="list-style-type: none">• Clubs Australia recommends defining "adverse findings" and providing practical examples to reduce confusion and ensure appropriate actions.
Role-Specific Training Obligations	<ul style="list-style-type: none">• Role-specific training requirements for compliance personnel and contractors are broadly drafted and may be resource-intensive and inefficient. Without more detailed definitions and guidance, clubs risk under or over-training staff, creating inefficiencies and compliance gaps.• Clubs Australia recommends role-specific training guidelines for the preparation of internal training materials for compliance officers, managers, and frontline staff in the gambling sector.
Reporting Requirements	<ul style="list-style-type: none">• Clubs Australia suggests a tiered reporting system based on the club's size and risk profile. This would allow for flexible oversight without overwhelming smaller clubs with limited resourcing and capacity.• Providing reporting templates would also help these clubs.



C: Summary of Clubs Australia Recommendations

Theme	Recommendation
General	Clubs Australia recommends providing specific guidance on how clubs can assess and apply risk-based decision-making principles. This will ensure consistent compliance across clubs of all sizes and resource levels.
General – definition	Clubs Australia recommends guidance explicitly stating that gambling reporting entities are prohibited from processing credit value transfers.
General – Employee Due Diligence (EDD)	Clubs Australia recommends that annual staff declarations and gambling competency licences be recognised as a reasonable measure for ongoing EDD monitoring.
General – senior manager	Clubs Australia recommends a clear non-exhaustive list of roles considered a ‘senior manager’.
AML/CTF programs	Clubs Australia recommends introducing tiered compliance requirements based on risk and operational scale to achieve the intended regulatory outcomes.
AML/CTF programs	Clubs Australia recommends providing guidance on: <ul style="list-style-type: none"> • Structuring reporting groups to balance compliance with operational efficiency. • Defining the lead entity’s role and responsibilities in multi-location compliance oversight. • Exploring alternative compliance models that streamline reporting while upholding regulatory integrity.
AML/CTF programs	Clubs Australia recommends: <ul style="list-style-type: none"> • a minimum 90-day period for documenting updates to AML/CTF risk assessments and policies, supported by guidance with clear examples of 'material changes.' • Flexibility should also be granted to low-risk clubs, including extensions when updates are needed due to adverse findings in their independent evaluation.



Theme	Recommendation
Reporting groups	Clubs Australia supports de-identified information sharing within informal groups.
Reporting groups	Clubs Australia supports well-defined responsibilities and accountabilities for leading entities, along with tailored guidance for the gambling sector.
Reporting groups	Clubs Australia recommends flexibility and a clear process is needed when non-reporting entities discharge obligations.
Alternative reporting groups	<p>Clubs Australia recommends:</p> <ul style="list-style-type: none"> • Adding the nomination model as an alternative option in the AML/CTF Exemption Rules, giving reporting groups the flexibility to choose a lead entity that best fits their operations. • Adding an alternative option in the AML/CTF Exemption Rules to allow reporting groups to merge if needed.
Customer Due Diligence	Clubs Australia recommends introducing flexible or delayed CDD options in specific circumstances, such as operational disruptions or regions with limited connectivity.
Compliance reporting	Clubs Australia supports retaining the January-December period with extensions available on application.
Additional comments – customer due diligence monitoring and reviews	Clubs Australia recommends acknowledging these existing processes for routine customer interactions.
Additional comments – Compliance Officer appointment	Clubs Australia supports the fit and proper person requirements for compliance officers due to the sensitive nature of their duties but recommends allowing flexibility in specific circumstances.



Theme	Recommendation
Additional comments – tipping off safeguards	Clubs Australia proposes gambling sector-specific training modules, simplified audit documentation templates, and clear guidelines for sharing information with regulators and law enforcement without breaching tipping-off rules.
Additional comments – information-sharing across club groups	Clubs Australia recommends establishing clear, privacy-compliant data-sharing protocols to facilitate cooperation while ensuring regulatory alignment.
Additional comments – independent evaluation triggers	Clubs Australia recommends defining "adverse findings" and providing practical examples to reduce confusion and ensure appropriate actions.
Additional comments – role-specific training	Clubs Australia recommends role-specific training guidelines for the preparation of internal training materials for compliance officers, managers, and frontline staff in the gambling sector.