



Clubs Australia Submission: Second public consultation on new AML/CTF Rules

We represent over 6,000 licensed, not-for-profit member clubs that employ more than 140,000 people and serve millions of Australians every year. Clubs operate in a regulated hospitality and gaming environment, offering walk-in services, lower-value transactions, and limited personal data collection. This operational model, while distinct from that of financial institutions, is underpinned by a strong governance and compliance culture, including a longstanding commitment to AML/CTF obligations.

Clubs Australia is broadly supportive of the revised AML/CTF Rules and acknowledges the improvements made since the initial draft. The more principles-based structure, greater alignment with the Act, and clearer language represent meaningful progress.

Our key concern is how these Rules will be practically implemented across the diverse club sector. While clubs share a strong compliance culture, many operate with lean staffing models, part-time or volunteer boards, and quarterly governance cycles that limit the pace of formal decision-making. Smaller and regional clubs often lack in-house AML/CTF expertise and depend on external support to meet their obligations.

A streamlined, proportionate, and well-supported implementation pathway is essential to ensure the Rules achieve their intended outcomes without creating unintended burden — particularly for lower-risk entities.

This submission focuses on practical implementation issues, including:

- Recommending a phased transition period to align with clubs' governance cycles and operational capacity
- Proposing mechanisms to help clubs identify qualified AML/CTF advisors with sector-relevant experience
- Highlighting the need to update SMR and TTR reporting forms to better reflect in-venue operations
- Requesting clearer guidance on key terms such as “known” information and “reasonable steps” to reduce compliance uncertainty

Clubs Australia has responded only to those consultation questions relevant to the club sector. These are provided in Attachment A.

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Yours sincerely,

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1. Recognition of Senior Managers in Smaller Clubs

Clubs Australia supports the revised definition of “senior manager” in the draft AML/CTF Rules. By recognising individuals who significantly influence operations—even if they do not hold formal executive titles—the Rules provide flexibility for smaller clubs to comply without needing to establish unnecessary or artificial governance structures.

This is an important outcome for the sector. It acknowledges how decisions are typically made at a venue level and reduces ambiguity about who holds AML/CTF responsibilities in clubs with flatter organisational models.

2. Implementation Timelines – Proportional Rollout for Smaller Clubs

Clubs Australia supports AUSTRAC’s objective to modernise the AML/CTF framework. However, the implementation timeline must reflect the operational scale and capacity of smaller and regional clubs.

These venues often face unique limitations that distinguish them from larger or more commercially resourced reporting entities. Many are overseen by volunteer or part-time boards that meet quarterly, limiting the frequency of formal governance decisions and slowing the adoption of new compliance requirements. At the operational level, compliance responsibilities typically fall to a small number of staff – in some cases just one – who must juggle a range of regulatory obligations including AML/CTF, privacy, responsible gambling, and broader licensing requirements.

Updating AML/CTF Programs under Section 81 will require not just policy revisions, but also retraining of staff, adjustments to onboarding and reporting systems, and coordination with external vendors and advisors. Smaller clubs often rely on third-party support that is subject to availability and lead times, especially in regional areas. Implementation efforts must also align with internal governance cycles, which cannot be easily accelerated.

Without sufficient lead time, there is a risk of rushed or poorly tailored compliance solutions, increasing both operational burden and regulatory risk. A short implementation window may force clubs to adopt generic programs that fail to reflect their specific risk profiles or resource constraints.

To ensure a practical and sustainable transition, Clubs Australia recommends a phased implementation period of at least 12 months. This would allow clubs to make the necessary program, system and procedural updates in a deliberate and properly governed manner, without compromising compliance outcomes.

Clubs Australia therefore recommends that AUSTRAC adopt a phased implementation approach with a minimum 12-month transition period. This would allow clubs to manage the updates in a way that aligns with their governance cycles, resourcing levels, and operational needs.

3. Support for Accessing Qualified AML/CTF Advisors

Under a risk-based framework, clubs are expected to develop and maintain programs tailored to their specific risk profile — yet many lack internal capability and must rely on external advisors. This creates both financial and operational challenges.

In some cases, clubs have paid over \$50,000 for AML/CTF programs developed by consultants who claim to have “inside knowledge” of AUSTRAC expectations. These programs are not always tailored to the club’s operating model or actual risk exposure, increasing the risk of both over-compliance and inadequate controls.

With the shift to an outcomes-focused regime, there is a greater need for clarity, trust, and competence in the professionals supporting clubs’ AML/CTF obligations. Similar to ASIC’s Financial Advisers Register or SMSF Auditor Panel, AUSTRAC could enhance sector-wide capability by supporting a voluntary register of AML/CTF professionals with demonstrated expertise in the gambling or club sector.

Clubs Australia suggests that AUSTRAC explore mechanisms to improve access to appropriately qualified AML/CTF professionals, including the possibility of publishing or endorsing a voluntary list of advisors who have experience in the gambling or club sector.

4. SMR and TTR Reporting – Practical Challenges and Portal Design

The design and functionality of AUSTRAC's Suspicious Matter Report (SMR) and Threshold Transaction Report (TTR) submission forms reflect a reporting model more aligned with the needs and systems of the financial sector. These forms often assume access to detailed customer, device, and transaction data—information that is not typically available in club settings, noting that section 39E of the AML/CTF Act provides a risk-based exemption for conducting initial CDD on persons playing a gaming machine in club.

Clubs rely on third-party gaming platforms, have limited back-end analytics, and do not maintain direct customer accounts in the way that banks or digital service providers do. As a result, many data fields in the SMR and TTR forms are either obsolete, overly technical (e.g. digital subdomain or platform URL), or not applicable to in-venue transactions. This creates significant compliance uncertainty and reporting inefficiencies.

Clubs have highlighted several issues, including:

- The inability to complete mandatory fields that do not reflect venue-based operations, leading to guesswork or potential non-compliance.
- No functionality within the SMR portal to notify approving officers when reports are ready for review—relying instead on internal manual processes to send reminders.
- Lack of tailoring within the form, which forces clubs to navigate through irrelevant sections instead of dynamically generating only the questions relevant to their designated services.
- Uncertainty around how to respond to fields such as “most likely offence”, where clubs are flagging unusual behaviour but are not in a position to make legal assessments.

These design limitations not only increase administrative burden but also introduce inconsistency and risk across the sector—especially for smaller venues without dedicated AML/CTF compliance resources.

To support effective implementation of the AML/CTF Rules and improve the quality and consistency of reporting, **Clubs Australia recommends AUSTRAC consider the following enhancements to the SMR and TTR reporting portals:**

- Tailor SMR and TTR forms for non-financial entities, such as clubs, by dynamically generating only relevant fields based on the designated service selected (e.g. excluding fields requiring URLs or device metadata).
- Allow use of practical descriptors (e.g. “in-venue kiosk”, “third-party gaming platform”) where technical inputs are not available.
- Clearly mark optional fields and remove or simplify those not applicable to uncarded, in-person activity.
- Introduce automated portal notifications to alert approvers when an SMR is submitted and awaiting review.
- Streamline offence-related fields to reflect the club sector's role in reporting suspicious activity—not assessing legal elements.

Attachment A: AUSTRAC Rules and Guidance Working Group: Club Australia responses

Topic	AUSTRAC Questions	Clubs Australia Response
<p>General</p>	<p>1. Are there any rules within ED2 Rules where you don't understand what outcome AUSTRAC is trying to achieve?</p>	<ul style="list-style-type: none"> • Clubs welcome AUSTRAC's efforts to modernise the Rules and align terminology with updated legislative provisions. • However, the draft Rules use both "AML/CTF policy" and "AML/CTF program" inconsistently. • As only programs are required under the Act, this may create confusion for clubs, especially smaller venues, about what documentation is required and how it should be approved. • If "policy" is intended to carry a separate meaning, this distinction should be clearly defined to avoid confusion—particularly for smaller venues with limited compliance infrastructure <p>Clubs Australia recommends that AUSTRAC consistently use the term "AML/CTF program" throughout the Rules and associated guidance.</p>
	<p>2. What aspects of the ED2 Rules would most benefit from increased explanation in the explanatory statement, or in AUSTRAC regulatory guidance?</p>	<ul style="list-style-type: none"> • Clubs Australia welcomes AUSTRAC's commitment to a risk-based and outcomes-focused AML/CTF framework. To support effective implementation in the registered club sector, further clarity in the explanatory statement or regulatory guidance would be beneficial in several key areas. • Clubs operate within a regulated hospitality and gaming environment that involves <ul style="list-style-type: none"> • Walk-in guests and members, • Limited data collection capabilities at point-of-service, • A mix of low- and moderate-value transactions, and • Operational constraints in terms of staffing, systems, and compliance infrastructure. • AUSTRAC's commitment to improved guidance is welcomed, the current guidance and rule structure are largely sector-agnostic, making it difficult for smaller or lower-risk entities to tangibly operationalise. Clubs Australia encourages the development of tailored examples, practical tools, and modular templates that reflect the operational realities of different sectors. This would support clearer interpretation of obligations, reduce uncertainty, and enable consistent compliance without imposing unnecessary burden

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		<p>Clubs Australia strongly encourages that AUSTRAC develop regulatory guidance that complements the AML/CTF Rules by including sector-relevant examples, modular templates, and practical tools. These resources should reflect the operational realities of entities of clubs.</p>
<p>Customer due diligence</p>	<p>7. Section 37B of the Amended AML/CTF Act requires CDD reliance arrangements to be subject to regular assessment by the relying reporting entity. AUSTRAC's intention is to continue the substance of the requirements in Chapter 7 of the AML/CTF Rules 2007 but is seeking feedback from current reporting entities on how due diligence on CDD reliance arrangements has operated since the framework was introduced in 2020.</p>	<ul style="list-style-type: none"> • While most clubs directly engage with individuals and rarely rely on third-party CDD, some scenarios (e.g. shared services between amalgamated venues or platform providers) could benefit from this option. • Many smaller clubs lack the resources to formally assess the adequacy of another reporting entity's AML/CTF program. Standardised tools, checklists, or templates could assist clubs in fulfilling their assurance obligations under the reliance provisions without significant compliance burden. <p>Clubs Australia supports the current CDD reliance framework in section 7.1 of the Rules</p>
<p>Enrolment Details</p>	<p>8. Does enrolment sufficiently cover all legal structures which are commonly used in your sector? Are there other legal structures should enrolment details of the AML/CTF Rules accommodate?</p>	<ul style="list-style-type: none"> • Clubs Australia supports the current enrolment framework for amalgamated clubs that operate under a single legal entity and ABN. These structures are common in the sector and are well accommodated by existing AML/CTF enrolment provisions. • However, clubs also frequently enter into formal support arrangements, such as management agreements or memoranda of understanding (MOUs), where one club temporarily oversees the operations and compliance responsibilities of another. These agreements are particularly common in regional or at-risk clubs and can involve shared systems, governance oversight, or even

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		<p>AML/CTF program implementation — without a formal change in legal ownership.</p> <ul style="list-style-type: none"> At present, it is unclear whether AUSTRAC’s enrolment process captures these transitional or support relationships. Each club remains independently enrolled, but there is no mechanism for disclosing when one club is supporting another under a formal agreement. This limits visibility into operational governance and may lead to compliance duplication or oversight gaps. Recognising these arrangements — without altering the separate enrolment obligation — would enhance transparency, support more proportionate supervision, and reflect how the club sector manages risk collaboratively <p>Clubs Australia suggests that AUSTRAC consider updating the enrolment process — either through a minor amendment to the AML/CTF Rules (e.g. section 2.3 or 2.8) or through accompanying guidance — to include an optional field allowing reporting entities to indicate if they are supporting or managing another enrolled club under a formal arrangement (e.g. MOU or management agreement).</p>
<p>Enrolment Details</p> <p>Threshold transaction reports and suspicious matter reports</p>	<p>9. AUSTRAC is interested in understanding the number of website domains through which a reporting entity provides designated services to understand the impact of requiring this information in enrolment applications and keeping this information up to date. Do any reporting entities provide designated services through platforms operated by third parties, which would require more</p>	<ul style="list-style-type: none"> Clubs Australia notes that registered clubs typically do not deliver designated services through websites or online platforms. Services such as gaming and cash handling occur entirely on premises. To avoid unnecessary administrative burden, AUSTRAC should ensure any future requirement to report domain or subdomain information applies only to reporting entities that offer designated services remotely.

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	<p>granular detail to be provided (e.g. subdomains or URLs)?</p> <p>10. The updated reportable details for threshold transaction reports and suspicious matter reports aspire to strike a balance between obtaining actionable financial intelligence, and the impost involved in making the report to AUSTRAC. This is acknowledged by the reporting obligations only extending to providing information where it is known to the reporting entity. Notwithstanding, AUSTRAC welcomes reporting entities to provide feedback identifying particular details which may present a disproportionate effort to provide in a report.</p>	<ul style="list-style-type: none"> Clubs Australia supports AUSTRAC’s principle that SMR and TTR obligations apply only to “known” information. This is a proportionate safeguard, particularly given clubs are exempt under Section 39E from conducting initial CDD before a customer plays a gaming machine. It is foreseeable that a club may identify suspicious activity through its transaction monitoring program (TMP), even where it does not hold know-your-customer (KYC) information on the individual involved. However, there remains significant uncertainty across the sector regarding what qualifies as “known” in operational terms — especially where information is inferred, partial, or indirectly available through third-party systems. <p>Clubs Australia recommends that AUSTRAC clarify the meaning of “known” in the Rules or explanatory statement, supported by practical sector-specific examples. These should outline when partial or observable data is sufficient to meet reporting thresholds.</p>

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<p>Threshold transaction reports and suspicious matter reports</p>	<p>11. Are there any reportable details where it is not clear what is required?</p>	<ul style="list-style-type: none"> • The updated Rules refer to the need to take “reasonable steps” to obtain certain data (e.g. source of funds), but this term is not defined. Clubs often rely on manual or fragmented systems and may be unable to verify certain information beyond what is observable at the time. There is also confusion over what is “reasonably obtainable” versus required for all reports. • Clubs Australia recommends that AUSTRAC clarify what constitutes “reasonable steps” in the AML/CTF Rules or accompanying notes. Clear thresholds would reduce compliance uncertainty and prevent over-reporting in low-risk scenarios.

