

Clubs Australia Submission

Payments System Modernisation (Licensing: Defining Payment Functions)

INTRODUCTION

Clubs Australia welcomes the opportunity to comment on the public consultation, *Payments System Modernisation (Licensing: Defining Payment Functions)*.

Clubs Australia represents 6,000 licensed clubs that employ more than 140,000 people. Clubs are not-for-profit organisations which provide sporting, recreational and social facilities to their members and the wider community. As member-owned businesses, clubs operate under accountable governance structures with significant member input into key decisions.

Clubs contribute to their communities through employment and training, and financial and in-kind social contributions. As local community organisations, clubs are responsive in addressing the needs of their members, guests and the broader community.

PAYMENT OPTIONS AVAILABLE USING GAMING MACHINES

Among other goods and services, approximately 30% of Australia's licensed clubs operate electronic gaming machines (EGMs). While gambling is a legitimate and enjoyable pastime, there is some propensity for EGMs to be misused, either by people who may experience harm or by those engaging in financial crime.

For this reason, gambling is a highly regulated activity, with legislative and regulatory settings seeking to reduce these harms and risks. For instance, as EGMs can be exploited by criminals to launder money, clubs with EGMs are subject to various obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).

Imposing requirements or restrictions in relation to payments is one of many policy levers to reduce gambling harm and mitigate financial crime risk. For instance, in all Australian jurisdictions, using credit to withdraw money from ATMs in licensed venues is prohibited. Regulation also requires venues to payout people using cheque or electronic funds transfer in certain instances, in part to limit their ability to reuse the funds immediately and to minimise physical security risks.

Payments linked to a bank account, such as digital payments, are also prohibited on machines, for responsible gambling purposes.¹ For this reason, EGMs remain one of the only cash-based services. While cashless systems are utilised, they continue to be tied to cash transactions.²

¹ Gambling Legislation Amendment (Responsible Gambling) Bill 1999 (NSW).

² Such as card-based or ticket-in-ticket-out (TITO) play.

The club industry, in collaboration with respective state and territory governments, are in the process of exploring appropriate settings to underpin the transition to non-cash payments using EGMs.

As technological advancements continue to transform the payments system, new capabilities will present opportunities to reduce gambling harm and combat money laundering in the context of non-cash payments. For instance, the payments system may be, or become, capable of a range of safeguards such as supporting people to set gambling limits, break up their play or block gambling transactions across accounts. The payments system may also support clubs and law enforcement in disrupting money laundering through identity verification and transaction monitoring capabilities.

CLUBS AUSTRALIA POSITION

The appropriate settings for non-cash payment options in EGMs are currently being explored and trialled. We are therefore not yet in a position to consider how the changes proposed by the consultation paper will affect specific payments systems or technologies.

While the legislation governing EGM settings is developed and administered primarily by states and territories, it is important that the federal framework for payments is flexible and agile. Doing so will ensure that states and territories are not unnecessarily limited in their options, thereby equipping industry with the most effective tools to disrupt money laundering and reduce gambling harm.

Any approach which “lists” payment functions exhaustively may inherently risk constraining technological advancements, where the function does not neatly fit within this framework. Clubs Australia believes that, in determining the settings for the new licensing framework, the Government seek to ensure that the framework is flexible enough, in practice, to adapt to new technologies.

CONTACT INFORMATION

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