

Chapter 4

Anti-Money Laundering Amendment (Gaming Machine Venues) Bill 2012

4.1 On 1 November 2012 the Anti-Money Laundering Amendment (Gaming Machines Venues) Bill 2012 was introduced into the Senate and referred to the committee for inquiry and report.¹

4.2 The original reporting date was 5 February 2013. On 20 November 2012, the Senate granted an extension of time for reporting until 28 March 2013.² A further extension was granted, on 13 March 2013, to 28 June 2013.³

Conduct of the inquiry

4.3 The committee advertised the inquiry on the committee's website. The committee also wrote to a number of organisations and individuals inviting submissions by 15 February 2013. As the committee worked on other inquiries it continued to accept submissions and indicated this on the committee website. However, the committee received only two submissions which are listed in Appendix 1. The committee thanks those organisations which made submissions.

Purpose of the bill

4.4 The Explanatory Memorandum outlined that money laundering can be achieved through poker machines in two ways. Money, which can be thousands of dollars, can be loaded into a machine, a few games played and then the remaining credits cashed out. The other way is for money launderers to purchase cheques or docketts for winnings from other players and then cash the cheques or docketts themselves.⁴

4.5 The bill amends the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (the Act) to address these practices and restrict the opportunities for money laundering through poker machines. It proposes including poker machine payouts over \$1,000⁵ and the cashing of transferred cheques as 'threshold transactions' which are reportable to the Australian Transaction Reports and Analysis Centre (AUSTRAC). This would allow AUSTRAC to monitor and record such activity to reduce money laundering.⁶

1 *Journals of the Senate*, No. 121, 1 November 2012, p. 3251.

2 *Journals of the Senate*, No. 123, 20 November 2012, p. 3326.

3 *Journals of the Senate*, No. 138, 13 March 2013, p. 3743.

4 Explanatory Memorandum, p. 2. See also Clubs Australia, *Submission 2*, p. 3.

5 The bill seeks to reduce the threshold reporting level for gaming machine payouts from \$10,000 to \$1,000.

6 Explanatory Memorandum, p. 2.

Issues raised in submissions

4.6 The Australian Churches Gambling Taskforce (the Taskforce) noted that the Australian Crime Commission (ACC) in its 2011 report on organised crime in Australia named gambling venues as one of the avenues identified for crime syndicates to launder funds. It reported that 'organised crime will consistently seek to exploit areas that receive less regulatory attention'.⁷ The Taskforce supported efforts to reduce the threshold for gaming venues to report transactions from \$10,000 to \$1,000. It called for adequate levels of identification before winning cheques are issued to prevent money launderers from purchasing these cheques and cashing them later. It suggested that attempts to purchase winnings from other patrons should trigger a suspicious matter report to AUSTRAC under existing legislative requirements. The Taskforce indicated that greater effort may be needed to ensure venues take anti-money laundering obligations seriously.⁸

4.7 Clubs Australia summarised its view that the bill would increase the compliance burden for clubs while not demonstrating any significant gains in financial intelligence. It outlined the reasons for its position:

- the potential for money laundering through electronic gaming machines has not increased since the passage of the original legislation when the issue of appropriate thresholds for reporting was extensively analysed;
- obligations under the legislation to report behaviours described in the Explanatory Memorandum⁹ already exist through the Suspicious Matters Reporting (SMR) channel; and
- no other jurisdiction seeks to impose differentiated reporting for any gambling service.¹⁰

4.8 Clubs Australia advised that clubs already have a number of obligations under the Act including:

- the development of an up-to-date Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) program which defines the risk associated with gaming machines;
- a risk profile of gaming machines patrons;
- training for gaming employees;
- customer identification and verification for transaction threshold and suspicious matter reporting;
- ongoing customer due diligence;

7 Australian Churches Gambling Taskforce, *Submission 1*, p. 2; See Australian Crime Commission, *Organised Crime in Australia*, 2011, p. 47, p. 49.

8 Australian Churches Gambling Taskforce, *Submission 1*, p. 5.

9 The two options for money laundering. See Clubs Australia, *Submission 2*, p. 3.

10 Clubs Australia, *Submission 2*, p. 1.

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- submitting annual compliance reports;
 - record keeping; and
 - senior level monitoring of the program's operations.¹¹

4.9 Clubs Australia explained that details of each club's AML/CTF program are independently reviewed. Gaming clubs also register online with AUSTRAC to receive information about emerging issues concerning AML/CTF and Clubs Australia provides its members with additional information and support to ensure industry compliance.¹²

4.10 Clubs Australia also advised that since the Act came into effect, AUSTRAC determined that it was acceptable to reduce the compliance burden for clubs and hotels with 15 gaming machines or fewer due to the lower risk of money laundering. However, the venues must still report activities regarded as suspicious, through the standard SMR procedure.¹³

4.11 Clubs Australia emphasised that to date there has been no enforcement action or civil penalty made by AUSTRAC against any clubs and Clubs Australia is a member of AUSTRAC's regular Gambling Consultative Forum. Clubs Australia emphasised that:

...at no time has AUSTRAC advised of systemic or regular non-compliance by the club industry, or raised an operation or intelligence need for reporting at lower transaction thresholds.¹⁴

Committee view

4.12 As the committee received only two submissions, wide support or compelling evidence to change the law was not received.

Recommendation 2

4.13 The committee recommends that the Anti-Money Laundering Amendment (Gaming Machines Venues) Bill 2012 not be passed.

4.14 While signing this report as Chair of the committee, I do not support the conclusions reached by the committee. Instead, my position on the legislation is covered in a following dissenting report.

11 Clubs Australia, *Submission 2*, p. 2.

12 Clubs Australia, *Submission 2*, p. 3.

13 Clubs Australia, *Submission 2*, p. 3.

14 Clubs Australia, *Submission 2*, p. 4.

