



**LEGISLATIVE ASSEMBLY**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

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STANDING COMMITTEE ON JUSTICE AND COMMUNITY SAFETY

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# Submission Cover Sheet

## Inquiry into Cashless Gaming

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Submission to

# Legislative Assembly for the Australian Capital Territory

## Inquiry

Into

## Cashless Gaming

1 September 2023

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## Executive Summary

Canberra Community Clubs (CCC), on behalf of its member organisations – Canberra Burns Club, Canberra Bowling Club, The Tradies, and the Hellenic Club - welcomes the opportunity to make this submission to the Legislative Assembly Standing Committee on Justice and Community Safety.

CCC's mission is to;

1. be a strong apolitical advocate providing leadership and guidance to the club industry;
2. work collaboratively with Government and other key stakeholder groups to deliver mutually acceptable outcomes;
3. be innovative in our thinking and approach;
4. invest in Canberra's economy, support Canberra's sporting, cultural and artistic communities, embrace diversity, and promote social inclusion and environmental sustainability.

We recognise and welcome the Committee's desire to be informed of the opportunities and challenges associated with the adoption of new technologies for gaming operations. Our submission addresses the Terms of Reference and presents information through the lens of long-standing gaming operators who are focused on delivering positive outcomes for our members, their guests, and the broader community.

In recent years, numerous formal inquiries into the operation of casinos together with individual Government determinations and inquiries by other agencies have resulted in significant change to gaming regulatory landscape in Australia.

New technologies including improved customer identification and digital wallet capabilities are being trialled or required in a number of jurisdictions. Recognising this wave of change, which is occurring nationally, CCC welcomes detailed, rigorous and informed consideration of cashless capabilities for gaming machines in the ACT.

In relation to cross-jurisdictional issues it is important to note that the regulatory settings as they relate to gaming machine operations in the ACT are considerably tighter and more onerous than those in NSW.

One consequence is that many ACT residents opt to attend Clubs in Queanbeyan rather than the ACT.

This has been the situation for at least 20 years and the result is a significant leaking of revenue and membership from ACT Clubs to Queanbeyan Clubs.

CCC sees the current momentum in NSW, ACT and other jurisdictions towards cashless gaming as an opportunity for the ACT and NSW regulations to be more in harmony. This would benefit our ACT Club industry.

To this end, CCC is delighted that the ACT Gaming Minister advises he has received assurances from his NSW counterpart that the independent panel overseeing the cashless gaming trials in that State will share with the ACT information, insights and findings from the NSW trials.

This will be important as we move towards developing the policy and regulatory settings necessary to promote and support cashless gaming in the two jurisdictions.

Beyond this written submission, CCC is eager to work with the Committee, the ACT Government, the ACT Gambling and Racing Commission and relevant community groups to establish an acceptable framework for the introduction of cashless gaming in the ACT.

## Topic 1: Cashless implementation in ACT

### **Inquiry question:**

“What the implementation of card-based cashless gaming technology in the ACT would look like”

### **CCC Submission:**

Cashless gaming has operated in Australia in various forms since 1990. To assist the Committee, we believe this first question is best addressed by considering the key elements of a cashless implementation; namely technology, controls and limits, and the operating model.

### **Cashless technologies**

In order to play a gaming machine, a credit amount must be available. Credits may be applied to a gaming machine via the insertion of coins or banknotes (where the equivalent value of credits are added to the gaming machine credit meter), or via electronic transfer.

The gaming machine credit meter value is decremented as each wager is made and incremented as the result of a winning game outcome.

Today, a common method of adding to a gaming machine credit meter is via the electronic transfer of credit amounts from an external source using technologies such as a central ticket management system (ticket-in/ticket-out systems), or linked jackpot systems.

In a ticket-in/ticket-out system the credit amount from a gaming machine is electronically transferred to the central ticket management system when a player presses the ‘collect’ button. A cash-out ticket is then issued by the gaming machine and a bar code printed on the ticket is an identifier to the corresponding credit amount held in the central ticket management system.

The cash-out ticket can subsequently be inserted into the banknote reader on any gaming machine in the venue where the ticket was issued. The ticket identifier is transmitted by the gaming machine to the central ticket management system and if validated, the corresponding credit amount is transferred to the gaming machine. Tickets can also be redeemed for cash via self-service terminals (often called a Ticket Redemption Machine or Cash Redemption Machine), or via a cashier desk.

Linked jackpot systems use the same electronic credit transfer mechanism to pay winning amounts of a progressive jackpot to a gaming machine that has triggered a jackpot prize.

The electronic transfer of credit amounts uses structured communication protocols embedded into gaming machine operating software. All gaming machines in New South Wales and the ACT have the ability to participate in electronic credit transfers using the Centralised Cash Control Equipment (CCCE) functions of the NSW Gaming Machine Communication Protocol.

Card-based cashless is another mechanism that uses electronic credit transfers to and from a gaming machine.

A card-based cashless gaming system has three major components; namely:

- A player card encoded to associate with a cashless account;
- A venue-based gaming system to manage accounts and transactions to and from a gaming machines; and
- Equipment installed in each gaming machine whereby details from the player card can be read (e.g., a card reader), and a menu function where the player can select an amount to be transferred.

In some jurisdictions – but not the ACT - a player cashless account is often associated with a membership or player loyalty account. However, some settings permit the operation of anonymous accounts where pre-encoded cards are made available in a gaming area.

The use of digital wallet technologies is today a common element of membership systems in some jurisdictions, and this technology is evolving into enabling the features of a magnetic stripe card to be facilitated through a digital membership App.

Under trial in New South Wales are digital wallet/cashless gaming systems where players have access to capabilities such as transferring funds from an external financial institution into a venue account, setting pre-commitment limits, viewing player activity statements, and transferring credits to and from a gaming machine – all via an App on a mobile device.

#### Digital Wallet versus Physical card for cashless transactions

Most cashless systems today use a physical player card to associate a customer with their account. A card reader attached to a gaming machine provides a cashless system with the ability to positively locate a player (via their card) at a specific gaming machine.

Mobile devices provide a widely used capability to store a digital equivalent of a physical card in a wallet or App on that device (e.g., bank cards stored in mobile phone wallet, airline boarding passes stored on a phone, etc).

To 'read' from a digital wallet and accurately associate this with a specific gaming machine, generally new hardware is installed in a gaming machine to use the wireless communication capabilities of a mobile device (e.g., Bluetooth, Near Field



Communication, or internet connectivity). Some systems can also use a Quick Response code (QR code) and the camera on a mobile device to associate that device with a gaming machine.

From a cashless transaction perspective, there is no difference between a physical player card or a digital wallet. A cashless transaction is requested by a player and if sufficient funds are available in that player's cashless account, the requested amount is transferred to the gaming machine and debited from the cashless account.

Digital wallet applications provide additional functionality such as:

- The ability to transact between a venue cashless account and an external financial institution (from anywhere)
- The ability to receive a player activity statement
- The ability to set/change spend/time budgets
- The ability to temporarily freeze access to cashless transactions (e.g., forced break in play)

#### Cashless controls and limits

For a regulator or operator, it is possible to set controls over cashless transactions such as maximum transaction amounts, maximum cashless account balance, and account dormancy periods.

#### Limits on cashless transactions to/from gaming machines

It is common that limits are imposed on transfers of amounts from a cashless account to a gaming machine, and sometimes limits on transfers from a gaming machine back to a cashless account.

Limits on transfers to a gaming machine are intended to replicate existing limits on cash funding of a gaming machine.

In some jurisdictions, legislation limits the amount of money that can be paid in cash or ticket from a gaming machine. However, a transaction to a cashless account may allow higher amounts to cater for large wins or jackpot prizes.

#### Limits on deposit into a cashless account

Depending on jurisdictional requirements, a cashless account can receive deposits by way of cash (via a cashier desk or CRT), EFTPOS transfer, or electronic transfer from a financial institution.

Some aspects of the digital wallet trials underway in NSW include daily deposit limits and quarantining of externally deposited funds (to replicate the 'break in play' associated with an ATM withdrawal).

#### Other controls

In some settings, limits are specified for a maximum balance in a cashless gaming account, or differential maximums based on the degree of customer identification and verification.

In some jurisdictions, cashless account dormancy periods apply such that an account must be 'reactivated' after prolonged periods with no activity. In some cases, cashless balances that have remained dormant for more than one year must be remitted to Government as unclaimed monies or unclaimed winnings.

### Cashless operating models

The use of cashless accounts and credit transfers to/from gaming machines is one of many ways of crediting a gaming machine for play.

Cashless accounts do not preclude the use of cash or tickets, and in our opinion, the use of cashless technologies is a choice for each customer.

The ability for customers to voluntarily perform cashless transactions to/from gaming machines, alongside cash or ticket-in/ticket-out, has been in widespread use in Australian and international jurisdictions for more than 20 years.

We do note the NSW Crime Commission recommendation to remove cash capabilities from gaming machines in NSW – but stress this is a policy matter for Governments and is not driven by technical capabilities.

We also note the recent inquiries into casino operations and licenses in Australia where recommendations only sought to limit cash deposits rather than removal of cash altogether.

### The benefits of cashless

We believe that the option of cashless accounts for gaming machine players will offer benefits to customers and operators, and thus we support the phased introduction of these technologies.

For customers, the use of cashless accounts, particularly where digital wallet technologies are incorporated will be seen as a natural evolution not dissimilar to modern day payment processes.

When implemented properly, cashless accounts should be intuitive and easy to use, and offer improved security for customers by reducing the instances where they are required to transact in cash or tickets.

We believe that customers should have choice as to when/how they migrate to the use of cashless accounts. We appreciate that some people will be early adopters of cashless whereas others will prefer to engage at a slower pace.

For gaming operators, cashless accounts offer improvement to operational security through the reduction of cash handling and cash storage at a venue.

#### [A recommended approach to cashless for ACT](#)

CCC believes there is merit in introducing cashless capabilities for gaming machines in the ACT based on a phased and measured implementation approach. CCC is keen to be an active participant in such as process.

Our clubs have gaming systems that are approved in New South Wales to operate with cashless account and electronic credit transfer to/from gaming machines, and all gaming machines in the ACT are capable today of facilitating cashless transfers.

A phased approach would involve:

- various technology solutions being vetted
- trialling of operational parameters and limits
- customer experiences and responses being measured
- the potential for digital technology trials as well as use of physical cards

We also believe that cashless accounts are best controlled and maintained at a venue level, thus using existing membership and customer identification processes, and avoiding the need for a potentially complex and costly territory wide approach which would have little if any practical benefits.

## Topic 2: Experiences in other jurisdictions

### **Inquiry question:**

“Experiences in other jurisdictions of cashless gaming trials, with particular consideration to issues around implementation”

### **CCC Submission:**

#### Long term availability of cashless in Australia

As stated previously in this submission, cashless capabilities have existing on gaming machines in Australia since 1990 and this technology has been in widespread use in clubs in New South Wales for circa 20 years, gaming venues in Queensland for circa 15 years, and in casinos in Australia since 2000.

Existing cashless capabilities operate via a player card and associated equipment installed in gaming machines for customer identification and transaction menus.

Many existing membership/loyalty schemes in other jurisdictions (not ACT) include the ability for players to establish an account at a venue to enable cashless transfers to/from gaming machines.

#### Trials involving cashless technologies

In 2021, Liquor & Gaming NSW established a ‘Regulatory Sandbox’ to facilitate trials of digit wallet payment technologies associated with cashless transactions to/from gaming machines.

The Regulatory Sandbox is a framework that enables a closed and controlled environment where innovative products, services, business models and delivery mechanisms that do not meet the current regulatory requirements can be tested.

The Regulatory Sandbox provides the environment to identify emerging, innovative gaming products and practices, and assess their gambling harm impacts in a real world, but controlled setting. The Regulatory Sandbox is also an avenue to identify specific harm minimisation measures that contribute to reducing gambling-related harm.

To date, one trial using digital wallet technology supplied by Aristocrat has been completed at Wests Newcastle and a second trial is underway at Club York in Sydney using technology from IGT. Further trials are proposed by Light and Wonder and Utopia Gaming Systems.

It is our understanding that the new features being trialled relate to user interfaces via a mobile device/App, transaction limits, safer gambling settings (such as pre-commitment limits), and the overall customer usability.

The NSW trials do not address the core cashless transfer capabilities as these are mature, well tested, and have been operational for many years.

#### Gambling Harm Research aspect of NSW trials

The NSW Regulatory Sandbox enabling the trial of digital wallet technologies also required parallel research into any potential gambling related harm arising in the operation of digital wallet technology, such as access to funds in an external financial institution rather than the use of physical cash.

As noted above, only one trial has been completed to date. However anecdotal evidence suggests that the research aspects of the trial (and others) was hampered by a reluctance of players to participate in research (leading to low participation rates), difficulty in establishing a reference baseline, and difficulty in determining any impact of the technology.

#### Expanded NSW Cashless Trials

We note that in July 2023, the NSW Government announced the establishment of an independent panel to oversee expanded cashless gaming trials and recommend implementation for gaming reforms in NSW.

Details of these trials have not been published, but we would expect this would collect valuable and relevant data for ACT such as user acceptance, technology options, operability, impact on existing gaming systems and equipment, and operational impact.

It is understood that dialogue will be maintained between ACT and NSW Governments on the progress of these trials, and there is merit in regular information flow to industry from a more formalised arrangement with the NSW Independent Panel.

### Topic 3: Money laundering

#### **Inquiry question:**

“The nature and extent of money laundering that may be occurring in licenced premises in ACT through electronic gaming machines”

#### **CCC Submission:**

#### No reported instances of money laundering

To the best of our knowledge, there have been no findings or sanctions by either AUSTRAC, Police, or the ACT Gambling and Racing Commission related to potential or actual money laundering via electronic gaming machines in the ACT. We believe this reflects positively on the programs and efforts of clubs to act in a proactive and responsible manner.

#### Summary of existing AML/CTF programs in Clubs

ACT-licensed clubs have taken significant strides in addressing money laundering risks associated with electronic gaming machines through a risk-based approach to AML/CTF.

By incorporating robust measures such as customer due diligence, Politically Exposed Persons (PEPs) identification, suspicious matter reporting (SMR) reporting, enhanced transaction monitoring, termination of business relationships, and handling large payouts, clubs continue to offer a safer gambling environment.

However, continuous monitoring and adaptation of the risk-based approach are essential to stay ahead of evolving money laundering methods.

The following sections highlight the collective efforts of clubs in mitigating money laundering opportunities and maintaining the integrity of the gaming industry in the ACT.

#### Risk-based approach to Anti-Money Laundering and Counter-Terrorism Funding

Clubs in the ACT already recognise the importance of, and effectively implement, a risk-based approach to AML/CTF.

This method involves identifying and assessing money laundering **risks** to develop tailored measures to combat these risks effectively; including:

#### Employee Training

One of the cornerstones of an effective AML/CTF program in ACT-licensed clubs is comprehensive and ongoing employee training.

Club staff, especially those working directly with gaming machines, play a critical role in identifying and reporting suspicious activities.

Regular training sessions enhance their awareness of money laundering risks, including red flag indicators, and empower them to take appropriate actions when faced with suspicious transactions.

By investing in their employees' knowledge and skills, clubs create a first line of defence against money laundering attempts.

#### Customer Due Diligence (CDD)

To minimize the potential for money laundering, licensed clubs in the ACT require customer identification for entry to gaming areas.

Temporary members and visitors must provide full identification, while renewing members may undergo simplified CDD.

This approach ensures the authenticity of patrons and contributes to risk reduction.

#### Identifying Politically Exposed Persons (PEPs)

ACT-licensed clubs actively identify and verify PEPs among their customers.

Regular screening procedures and adherence to AUSTRAC's guidelines for PEP identification allow clubs to assess the risk posed by these individuals accurately.

#### Suspicious Matter Reporting (SMR)

Clubs in the ACT diligently submit SMRs to AUSTRAC, reporting transactions or activities that raise suspicions of money laundering.

This proactive approach aids in detecting and deterring illicit activities within electronic gaming machines.

#### Enhanced Transaction Monitoring

Through a Transaction Monitoring Program (TMP), ACT-licensed clubs analyse gaming machine data, cash flow, and cheques to identify unusual patterns of transactions.

This enables early detection of potential money laundering activities and ensures timely action.

#### Termination of Business Relationship

Clubs consider terminating a business relationship with a customer engaged in blatant and severe ML/TF activity, posing a high risk to the Club's AML/CTF obligations.

Disciplinary processes and written notices of exclusion are followed, ensuring compliance with gaming conduct rules.

### Handling Large Payouts

Individual gaming machine payouts of \$10,000 or more require customer identity verification, using a "documentation-based safe harbour" approach.

The completion of Know Your Customer (KYC) Records ensures compliance with KYC requirements.

### Collaboration with Law Enforcement

ACT-licensed clubs recognise the value of collaboration with law enforcement agencies to combat money laundering effectively.

Establishing open lines of communication with local authorities facilitates the exchange of information regarding potential criminal activities.

Clubs proactively report suspicious matters to relevant agencies (e.g. AUSTRAC), enabling timely investigations and enhancing the overall effectiveness of AML/CTF efforts in the region.

### Technology and Data Analytics

Incorporating technology and data analytics into AML/CTF strategies significantly strengthens clubs' transaction monitoring capabilities.

Advanced tools can detect complex patterns and trends in electronic gaming machine transactions, providing insights into potential money laundering activities.

By leveraging technology, ACT-licensed clubs can enhance their ability to identify and respond to suspicious transactions promptly, reducing the risk of illicit funds flowing through gaming machines.

### Industry Collaboration

Recognising that money laundering threats extend beyond individual clubs; industry collaboration is gaining importance in the fight against money laundering.

ACT- licensed clubs engage in collaborative efforts and share best practices, experiences, and insights to enhance their collective ability to combat money laundering.

By working together, clubs can stay ahead of emerging risks and collectively strengthen AML/CTF practices in the gaming industry.

### Continuous Improvement

ACT-licensed clubs understand that the risk landscape is constantly evolving, requiring continuous evaluation and improvement of AML/CTF strategies.



Clubs remain proactive in staying updated on industry trends, regulatory changes, and emerging risks. Regular audits of their AML/CTF programs help identify areas for improvement, ensuring robust risk mitigation measures and compliance with legal requirements.

## Topic 4: Card-based cashless impact on organised crime

### **Inquiry question:**

“The extent to which card-based cashless gaming would impact organised crime in the ACT”

### **CCC Submission:**

#### **Existing KYC measures are a deterrent**

We are confident that the existing Know Your Customer (KYC) requirements of club membership, including providing personal details and photographic identification are a strong deterrent for organised crime penetration into clubs in the ACT.

Before visitors or guests are permitted to enter our facilities, persons must present photographic identification and details are recorded by club systems.

There have been no findings or sanctions by law enforcement agencies or others that indicate the presence of organised criminal activity within clubs in the ACT.

#### **NSW Crime Commission – Project Islington findings**

In its inquiry into money laundering via electronic gaming machines in hotels and clubs in New South Wales, the NSW Crime Commission recommended the mandatory implementation of a card-based cashless system where persons wishing to play gaming machines must first open a cashless account and link this to only one financial institution.

The NSW Crime Commission reported that forcing gaming machine operations to a cashless-only mode linked to bank accounts would improve the ability of law enforcement agencies to create a clear audit trail of funds, and source of funds.

The NSW Government has elected to conduct wider trials into cashless and assessment of gaming reform roadmaps before responding to the recommendations of the Crime Commission report.

## Topic 5: Potential impacts on reducing gambling harm

### **Inquiry question:**

“The potential impacts on reducing gambling harm from electronic gaming machines in the ACT”

### **CCC Submission:**

A well-structured design for a cashless gaming implementation creates the opportunity for harm reduction initiatives including the categories summarised below.

#### Cashless Transaction Limits

Limits on cashless accounts used to fund gaming machine play can be enforced as a harm reduction measure – for example:

- maximum deposit amounts
- maximum credit transfer to a gaming machine
- maximum account balance

#### Limits on transfers to/from external financial institutions

Where cashless gaming is permitted to enable transfers to/from an external financial institution, the following limits may be considered:

- maximum transaction amounts
- single financial institution (e.g., funds can only be returned to the financial institution where funds were originally sourced)
- embargo time limits where funds are quarantined for pre-set times after a transfer from a financial institution (e.g., emulating a break in play)

#### Break in play

It is possible to require a cashless gaming system to implement break in play features such as:

- personal ‘freeze’ on cashless transfers for a user defined period
- embargo on access to funds (as above)

#### Enhanced customer identification

It is possible to restrict access to cashless transfers to persons who have satisfied more detailed identification and verification requirements – e.g., no anonymous cashless accounts

#### Player Activity Statements and messaging

In a cashless system it is possible to enforce enhanced player information and messaging such as:

- Mandatory issuance of player activity statements – including details of transaction amounts, transfers, and account balance
- Freeze access to cashless accounts if a Player Activity Statement has not been accessed or issued

- Player messaging during game play

## Topic 6: Legislative or Regulatory considerations

### **Inquiry question:**

“Any legislative or regulatory considerations that would be required if card-based cashless gaming were to be implemented in the ACT”

### **CCC Submission:**

#### [Card-based cashless provisions in the Gaming Machine Regulation 2004](#)

Part 6 of the Gaming Machine Regulation 2004 presently caters for cashless gaming systems to be approved as peripheral equipment under section 69 of the Gaming Machine Act 2004.

The regulation includes necessary definitions of a player account card, a cashless gaming system, and controls over player account balances.

The regulation sets out a well-defined set of requirements that provide a comprehensive operating model for card-based cashless gaming. To enable cashless transactions, these requirements would need to be formalised and approved per section 29 of the regulation.

#### [Adaptation of existing gaming systems to incorporate cashless accounts](#)

Gaming systems used by clubs in ACT for accounting, membership, and loyalty purposes are approved as peripheral equipment under section 69 of the Gaming Machine Act 2004.

Variants of these system already approved to operate cashless accounts and the electronic transfer of credits to/from gaming machines would need to be approved for use in the ACT.

Compliance testing against the requirements approved by the Commission (per section 29 of the regulation) would be submitted to support approval of cashless account capabilities.

#### [Expanded definition of player account card](#)

It is unlikely that the current definition of player account card in the regulation would permit the use of a ‘virtual card’ (e.g., digital wallet technology) and we believe the regulation should be modified to cater for this option.

## Topic 7: Cross-jurisdictional issues that may arise

### **Inquiry question:**

“Any cross-jurisdictional issues that may arise from the implementation of cashless gaming”

### **CCC Submission:**

#### [The reliance on NSW gaming machine and systems approvals](#)

We are cognizant that gaming machines and related systems in the ACT are approved for operation via NSW approval mechanisms.

ACT does not have a standalone set of technical requirements for gaming machine or systems, and no resources dedicated to the product approval process.

Thus, under the current regime, gaming machines and systems in the ACT are totally dependent on NSW approvals, which may, over time, deviate from policy initiatives or expectations of the ACT Government or ACT Gambling and Racing Commission.

For example, should NSW mandate that all gaming machines must not accept cash or operate without a ‘ticket-in/ticket-out’ capability, future NSW gaming machine approvals would not permit the operation of these devices – thus forcing ACT to follow without other options.

#### [A level playing field for ACT operators compared to NSW](#)

The ACT Club industry – and indeed many other ACT industries – faces unique challenges by virtue of the fact that ACT is an “island” within a State.

In practice this means that where regulatory settings differ between NSW and ACT, there can be an incentive for businesses and consumers to conduct their activities in the jurisdiction where the regulatory settings are less onerous.

In the Club industry the regulatory settings around gaming machines in NSW are significantly less onerous than in the ACT. The result is that many ACT residents opt to attend Clubs in Queanbeyan rather than the ACT. This has been the situation for at least 20 years and the result is a significant leaking of revenue and membership from ACT Clubs to Queanbeyan Clubs.

CCC sees the current national momentum towards cashless gaming as an opportunity for the ACT and NSW regulations to be more in harmony. To this end, CCC is delighted that the ACT Gaming Minister has received assurances from his NSW counterpart that the independent panel overseeing the cashless gaming trials in that State will share information and findings from the trials.

This will be important and valuable for the ACT industry as we move towards a cashless option world. Our hope is that it will result in more uniformity in the

regulatory regimes between the two jurisdictions and as such accrue financial benefits to our ACT Clubs.