



LEGISLATIVE ASSEMBLY
FOR THE AUSTRALIAN CAPITAL TERRITORY

STANDING COMMITTEE ON JUSTICE AND COMMUNITY SAFETY

Mr Peter Cain MLA (Chair), Dr Marisa Paterson (Deputy Chair), Mr Andrew Braddock MLA

Submission Cover Sheet

Inquiry into Cashless Gaming

Submission Number: 007

Date Authorised for Publication: 06 September 2023



AFPA

Australian Federal
Police Association

Inquiry into Cashless Gaming

Standing Committee on Justice and Community Safety

Submission by the Australian Federal Police Association

Level 3/53 Blackall Street

Barton ACT 2600

Tel: (02) 62851677

Email: afpa@afpa.org.au

The Australian Federal Police Association (AFPA) welcomes the opportunity to participate in the *Inquiry into Cashless Gaming* and thanks the Standing Committee on Justice and Community Safety (the Committee) for their consultation.

The AFPA

The AFPA is a registered organisation and an autonomous sub-branch of the Police Federation of Australia. The AFPA represents the industrial, political, and professional interests of members of the Australian Federal Police ("the AFP"), law enforcement officials in the Australian Criminal Intelligence Commission, and members of the Department of Parliamentary Services.

Our members provide an essential service to Australia. They are the backbone of the Commonwealth's principal law enforcement agency, performing crucial investigative, intelligence and national security functions.

The AFP is responsible for the following:

- providing community policing services to the Australian Capital Territory and other territories, including Christmas Island, Cocos (Keeling) Islands, Norfolk Island and Jervis Bay,
- enforcing Commonwealth laws that combat complex, transnational, serious and organised crime, child exploitation, fraud, corruption, and cybercrime,
- protecting Australians and Australian interests from terrorism and violent extremism,
- removing wealth and property from criminals that have been illegally obtained,
- protecting Commonwealth infrastructure, including designated airports, Parliament House, and embassies,
- protecting domestic and foreign dignitaries, including the Governor-General, Prime Minister, and ambassadors,
- protecting at-risk individuals,
- representing Australian police and law enforcement at an international level, and
- developing unique capabilities and exploiting advanced technology to support Australia's national interests.

Background

On 5 July 2023, the Standing Committee on Justice and Community Safety announced it would investigate cashless gaming in the ACT.

The Committee is:

- inquiring into implementing card-based cashless gaming technology in the ACT.
- exploring the experiences in other jurisdictions that have introduced cashless gaming, and
- most importantly to the AFPA, the impact on money laundering and organised crime.

Introduction

Cashless gaming and gambling refers to gambling without notes or coins on gaming machines such as poker machines. This form of gambling is available in all Australian states and territories. Australia is home to less than half a per cent of the world's population but has 20 per cent of the world's poker machines and 80 per cent of those located outside casinos.

Cashless gaming and gambling links an account to a customer's personal identification and is primarily an anti-money laundering measure designed to prevent large amounts of untraceable cash from being put into machines and then 'cashed out' as legitimate winnings.

Following recommendations from various royal commissioners and inquiries across Australia, mandatory cashless systems are proposed for casinos in Victoria, Western Australia and Queensland. The Tasmanian and NSW Governments have gone a step further with plans to implement mandatory cashless gambling, not just at casinos but all gaming machine venues.

Tasmania¹ is set to become the first Australian state or territory to implement cashless gambling and gaming with universal pre-commitment in 2024. The scheme will have default limits of \$100 a day, \$500 a month, and \$5,000 a year. Daily limits can be increased to \$500 and monthly limits to \$5,000, but a hard annual limit of \$5,000 will remain unless gamblers prove they can afford to spend more.

The NSW Government has set up an independent panel to oversee a trial of cashless gaming cards, which will deliver its findings in 2024. The trial would underpin an evidence-based roadmap for future gaming reforms and include over 500 poker machines. Another vital measure the NSW trial will focus on is harm minimisation and money laundering prevention measures.

Of Australia's 192,800 gaming machines, 92,818 are located in NSW, making it the eighth largest jurisdiction in the world for gaming. Another alarming statistic is that NSW accounts for around 0.15% of the world's population, yet it has 37% of the world's gaming/poker machines not located within casinos or other gaming establishments within its borders.

Following the 2021 Royal Commission into the Casino Operator and Licence (Crown)², the Victoria Government introduced law restricting cash-based gambling and gaming at the venue to \$1,000 per 24 hours and mandating pre-commitment with binding limits for its poker machines by December 2025.

¹ https://www.premier.tas.gov.au/site_resources_2015/additional_releases/nation-leading-card-based-gaming-with-pre-commitment-a-first-in-tasmania

² <https://content.royalcommission.vic.gov.au/sites/default/files/2021-10/The%20Report%20-%20RCCOL%20-%202015%20October%202021.pdf>

The Victoria Government has also announced reforms regarding how venues with gaming machines can operate, including the mandatory use of cashless gaming cards.

All electronic gaming machines will be required to be cashless in Victoria by the end of 2023 and require a pre-commitment limit to be set on a card linked to a person's identity, allowing only \$100 to be pre-loaded at a time until the limit is reached. Consultation has also commenced regarding gaming machine areas within a venue, being forced to close between 4am and 10am by mid-2024.

AFFPA's position on card-based cashless gaming

The AFFPA supports the implementation of card-based cashless gaming in the Australian Capital Territory (ACT) as a mechanism for greater deterrent and improved scrutiny of organised crime organisations and individuals who utilise gaming machines to money launder.

In late 2022, the New South Wales Crime Commission (NSWCC) released its report on an inquiry into money laundering in NSW pubs and clubs³. The multi-agency inquiry found that criminals are funnelling billions of dollars of 'dirty' cash through poker machines in pubs and clubs in NSW, and there are no adequate controls or data collection to identify or prosecute these criminals.

Given the geographic location of the ACT inside NSW, it's not unreasonable to believe that these same criminals are funnelling 'dirty' cash through gaming machines in the ACT.

Given this belief, suppose the ACT doesn't implement a comparable cashless gaming system if NSW moves forward with a cashless gaming system; it's not unreasonable to believe that organised crime organisations and criminals will purposely travel to the ACT to conduct their money laundering operations.

The AFFPA believes it won't take long for organised crime and criminals to establish businesses in the ACT, given the lack of consorting legislation, the decriminalisation of illicit substances, the relaxed laws regarding cannabis possession and cultivation, the raising of the criminal responsibility age to 14 years of age, and potentially a cash-focused gaming machine environment that provides greater opportunities and safety from prosecution for money-laundering activities when compared with NSW.

The AFFPA would strongly encourage the Committee to explore the recommendations handed to the NSW Government by the NSWCC as a result of their inquiry. These recommendations are:

Recommendation 1: Government should introduce a mandatory cashless gaming system to minimise gaming machine-related money laundering within pubs and clubs.

Recommendation 2: Government, in consultation with industry and regulators, create a legislative or regulatory framework requiring certain standardised data be maintained for gaming machines to better flag suspected money laundering.

³ <https://www.crimecommission.nsw.gov.au/files/project-islington-report-inquiry-into-money-laundering-via-electronic-gaming-machines-in-hotels-and-clubs.pdf/@@download/file>

Recommendation 3: Government engage with industry to:

- a) identify ways that collection and analysis of gaming machine data could be enhanced for the purpose of money laundering identification at a venue level and to improve evidence available for prosecution;
- b) explore technical and policy process solutions to better utilise data collection by gaming machines and
- c) identify ways of creating real-time alerts for money laundering flags

Recommendation 4: The legislative and regulatory framework governing gaming machines in NSW be amended to clarify that persons/entities with functions associated with gaming machines must take steps to prevent money laundering.

Recommendation 5: Government introduce a mechanism that enables government agencies or venues to recommend the cancellation/revocation of a Responsible Conduct of Gambling (RCG) certification and a mechanism for the regulator to revoke an RCG certification in appropriate circumstances.

Recommendation 6: Government engage with industry and regulators to create a legislative or regulatory mechanism to support the exclusion of persons suspected of dealing with proceeds of crime from venues with gaming machines, supplementing the existing rights of venues to exclude patrons from their premises.

Recommendation 7: Government, in consultation with industry, update education requirements to include education on money laundering and increase the frequency of the training provided to venues from internal and external sources to support venues in discharging their obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act).

Recommendation 8: Government work with industry to build the sector's investment in AML/CTF training and education and secure support for training from external sources.

Conclusion

The AFPA supports introducing a cashless gaming system in the ACT and corresponding legislative reform regarding money laundering.

The AFPA thanks the Committee for the chance to provide a submission on this important topic and would welcome the opportunity to present to the Committee if public hearings occur.

The AFPA also permits the Committee to publish this submission.