



Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

15 November 2019

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Dear Sir or Madam

Currency (Restrictions on the Use of Cash) Bill 2019

In the 2018-19 Budget, the Government announced it would introduce an economy-wide cash payment limit of \$10,000 for payments made or accepted by businesses for goods and services. Transactions equal to, or in excess of this amount would need to be made using the electronic payment system or by cheque. The Black Economy Taskforce recommended this action to tackle tax evasion and other criminal activities.

The Government has released for public consultation exposure draft legislation and accompanying explanatory material to implement the economy-wide cash payment limit from 1 January 2020 and for certain AUSTRAC reporting entities from 1 January 2021.

Flight Centre Travel Group Limited (Flight Centre) has a strong interest in the consultation paper, including in particular the commencement date of the new rules.

The purpose of this submission is to draw your attention to some concerns which we think should be considered before finalising the Currency (Restrictions on the Use of Cash) Bill 2019.

Flight Centre agrees with The Taskforce's Final Report which highlights the harm that the black economy causes to honest businesses and the community, penalising honest taxpayers, undermining the integrity of Australia's tax and welfare system.

The report recommended the introduction of cash payment restrictions, including a \$10,000 economy-wide limit on cash transactions which has since been addressed in the Currency (Restrictions on the Use of Cash) Bill 2019 passed by the House of Representatives on the 24th of October.

Flight Centre is supportive of additional regulations for cash transactions above \$10,000 however we have significant concerns on a number of issues to ensure compliance within our Australian operations.

Concern 1: Implementation Date

It is unlikely that Flight Centre will be fully compliant with the legislation by 1 January 2020. Flight Centre will not be in a position to implement effective systems to ensure compliance with the aggregation of payments relating to booking references within this short timeframe. Furthermore, training nearly 7000 travel consultants throughout Australia to comply with the legislation within 6 weeks will also be a significant challenge due to costs, logistics and the holiday season.

Implementation Date Recommendation:

Flight Centre recommends the Government consider changing the commencement date to 1 January 2021, to allow our Australian businesses to be fully compliant. This will allow the legislation to be passed through Parliament and provide a realistic timeframe for Flight Centre to develop effective internal systems and staff training of the new requirements and the consequences for noncompliance.



Concern 2: Public Awareness

Flight Centre is concerned that the Government will not be running a public awareness campaign to draw attention to the new legislation. The Government should not be relying on businesses to act as gatekeepers as an effective way to contain costs, educate the consumer and contribute to policy change whilst being exposed to significant criminal sanctions for breaches.

Public Awareness Recommendation:

The Government should implement a nationwide education campaign to ensure businesses and consumers are aware of the new restrictions and the penalties for noncompliance. We believe the legislation will not be successful if gatekeepers are expected to inform and educate the public about the legislation. Rather, businesses will be looking to Government to provide fact sheets that can be used to educate and reassure customers of these new laws/rules.

- Website – a dedicated website detailing the new draft legislation with FAQ and contact information for both businesses and consumers.
- Webinar – online seminars by Government with the opportunity for interactive Q&A by attendees.
- Mainstream Media – advertisements in print media highlighting risks associated with participating in the black economy
- Development and implementation in partnership with peak industry organisations and professional bodies (including CA, CPA and Tax Agents)

Concern 3: Penalties and Breaches

Flight Centre has concerns about the Government's intention to make it a criminal offence for businesses to make or accept a cash payment of \$10,000 or more, by introducing penalties of up to two years of imprisonment and/or a \$25,200 fine.

Penalties and Breaches Recommendation:

The Government should consider a corporate defence where businesses are acting legally and can demonstrate that they had adequate procedures in place designed to prevent the conduct. Furthermore, guidance should be drafted regarding the process for 'who to' and 'how to' voluntarily disclose breaches.

Concern 4: Enforcement

There are concerns about the practicalities of reporting breaches of the legislation and how the Bill's measures will be properly enforced. Flight Centre believes multiple bodies providing input and oversight will be an unsatisfactory regulatory approach of the legislation.

Enforcement Recommendation

Flight Centre recommends that a single regulator provides supervision and oversight to ensure compliance and enforcement of the legislation. Without a single regulator, the measures are unlikely to be properly enforced and cause regulatory challenges complying with the legislation.

Concern 5: Retrospective Operations

The monitoring of payments in the travel industry can be challenging due to the booking and payment process. It is unlikely that Flight Centre will be in a position to implement an effective transaction monitoring system to aggregate individual payments over a period of time into one overall transaction if the booking was made before 1st Jan 2020.

Retrospective Operations Recommendation

It is recommended that entities are only captured for bookings made on or after the implementation date of the legislation.



About The Flight Centre Travel Group

Flight Centre is one of the world's largest travel groups and now has more than 20,000 people across the globe. The company's vast leisure and corporate travel sales network now extends throughout four major regions:

1. Australia and New Zealand
2. The Americas, specifically the United States, Canada and Mexico
3. EMEA (the United Kingdom, South Africa, Ireland, the Netherlands, Germany, Denmark, Sweden, Norway, Finland and the United Arab Emirates); and
4. Asia (Greater China, India, Singapore and Malaysia)

Flight Centre's global corporate travel management network, FCM Travel Solutions, extends to about 75 other countries through strategic licensing agreements with independent local operators.

The company now has more than 30 brands, including the flagship Flight Centre leisure travel brand and Liberty, the iconic US travel agency group. Key corporate brands include Corporate Traveller and FCM.

Flight Centre has been listed on the Australian Securities Exchange since 1995 and currently has a market capitalisation in the order of \$AU 4.2 billion, making it an ASX S&P 100 company.

Conclusion

While Flight Centre supports the introduction of an economy wide cash payment limit, there remains concerns around the implementation of the draft legislation. Flight Centre asks:

1. The Government consider changing the commencement date to 1 January 2021 to allow Flight Centre's Australian businesses sufficient time to train staff and put systems in place to be fully compliant.
2. The Government implement a nationwide education campaign to ensure businesses and consumers are aware of the new restrictions and penalties for noncompliance.
3. The Government consider a corporate defence in the legislation and provide guidance documents concerning breaches of the legislation.
4. The Government consider a single regulator to oversee compliance and enforcement of the legislation.

Flight Centre thanks the Commonwealth Treasury for seeking public consultation of the exposure draft legislation to implement the economy-wide cash payment limit. We welcome the opportunity to meet to expand and explain specific aspects that may be industry relevant to assist the Government in their final determination.

Please feel free to contact me on my details below.

Yours sincerely


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Flight Centre TRAVEL GROUP LIMITED


