



Submission on behalf of Coles Supermarkets Australia Pty Ltd, Eureka operations Pty Ltd trading as Coles Express, Liquorland (Australia) Pty Ltd and other Coles Liquor Group companies, Target Australia Pty Ltd and Kmart Australia Limited in relation to the Australian Transaction Reports and Analysis Centre Supervisory Cost Recovery Levy Bill 2011; Australian Transaction Reports and Analysis Centre Supervisory Cost Recovery Levy (Collection) Bill 2011; and Australian Transaction Reports and Analysis Centre Supervisory Cost Recovery Levy (Consequential Amendments) Bill 2011.

Coles Supermarkets, Coles Express, Coles Liquor Group companies, Target and Kmart represent more than 2,700 retail outlets across all states and territories of Australia.

Coles Supermarkets, Coles Express, Coles Liquor Group companies, Target and Kmart are deeply concerned by the proposal in the Bills introduced into Parliament on 12 May 2011 to collect personal information from employees and contractors who despatch or receipt cash to a reporting entity on behalf of a corporate entity whose identity is known.

In our view, these measures

- increase risks of security breaches;
- are confronting to our staff and contractors;
- raise additional operational issues;
- increase the burden of compliance; and
- increase costs to the business;

without effectively adding to the prevention of anti-money laundering or counter terrorism measures when compared with the information regarding threshold transactions that is already being recorded and reported to AUSTRAC under the existing rules. Our concerns regarding each of these points are set out below in more detail.

The proposed legislation requires reporting entities to solicit the following information from individuals who are involved in transactions on behalf of their employers from 1 October 2011:

- Full name (and any other names that they may be known by)
- Date of birth
- Residential address
- Postal address (if different)
- Phone number
- Occupation
- Methodology for verifying the individuals identity



If the individual is not an employee of the entity but acting as an agent, the full name, address and ABN of their employer is also required.

As retailers, Coles Supermarkets, Coles Express, Coles Liquor Group companies, Target and Kmart all receipt and despatch cash collections on a daily basis. This cash collection service is performed by a reporting entity that will be required to solicit this personal information from our employees on each occasion a cash collection is made.

In our reading of the proposed legislation, we have been unable to identify any additional benefit that collection of this information provides to AUSTRAC or the reporting entity that addresses the risks posed by money laundering or counter terrorism measures. The reporting entity already collects sufficient information in relation to the corporate entity that receives or despatches the cash.

Provision of our employees' personal information to the cash collection agency and on to AUSTRAC does not increase the likelihood of detection of offences. All of our businesses maintain records in relation to all of its cash transactions. All of these transactions systemically capture the identity of the employee at the time the transaction occurs and we audit our business processes and systems regularly and randomly. Provision of employee personal information to the cash collection agency and AUSTRAC contributes nothing additional to this. It may lead to the opposite intended consequences of increasing risks to such individuals and businesses.

Personal Safety and Security

Where our businesses have a large number of team members and large number of cash transactions, we ensure that cash collection occurs throughout the day and are aggregated centrally to minimise the risks to employees.

Each cash collection event poses a risk to both the cash collection agency's employees and our employee undertaking the transaction on our behalf. Any increase in the time taken for this interaction increases the potential for theft and puts their personal safety at risk. Any increased risk of robbery also increases the risks presented to all persons, including customers and visitors. We see this as a highly undesirable outcome without any mitigating benefits.

The introduction of a process that requires the cash collection representative to gather detailed personal information from an employee in order to complete the collection or drop off of cash will require a longer period of interaction. Employees store their personal belongings in lockers in a secure area away from the selling floor and offices. As employees are required to provide a copy of visual identity documentation (methodology for verifying the individuals identity) this will increase the time taken as the cash collection process may be undertaken by a range of authorised employees. None of these employees will carry this kind of information on their person while working. The nature of the interaction will be



distracting to both the cash collector and our employee at the time when vigilance and security is most required.

This is not a hypothetical risk faced by our businesses. Each of our businesses has experienced robberies involving an immediate threat of harm to team members. Each of these incidents has had a profound and lasting adverse impact on the affected employees. There have been incidents during a cash collection event. Any increase or potential increase to this very real risk would need to demonstrate a tangible benefit in its favour. We do not see such an outcome from this requirement in the proposed legislation.

Employee Relations

Compliance with the new requirements will require individual employees to provide highly personal details to the cash collection agency employees for a transaction that those employees are likely to view as solely for the benefit of the employer. We contemplate that employees will object to providing such information beyond confirming their position or role and status as an employee.

Many employees will be concerned with how their personal information will be used and stored and who will have access to that information. The provision of their birth date, personal address, private telephone number and copies of identity documents will be viewed as highly confronting and intrusive. Provision of this information may raise cultural concerns for some of our employees. We are also concerned about the potential issues of collection of personal information from employees who are under the age of 18 or have particular private reservations about the disclosure of their personal information in such circumstances.

It is our view that a number of employees will refuse to provide such information, are likely to question the relevance of this information to the transaction being performed and in some cases refuse to interact with cash collection personnel. We are concerned that the new requirements will lead to some employees contacting their unions and give rise to unnecessary industrial disquiet. We are also concerned that if businesses were to compel employees to provide such information or discipline employees for failure to provide such information it would lead to industrial conflict.

Burden of Compliance

The requirement to provide personal information does increase the burden of compliance for our businesses and the cash collection agency. If employees refuse to provide their personal information, our businesses and the cash collection agency then bear the brunt of failing to comply with the legislation.

We will need to be able to satisfy our employees' concerns in relation to how their information is collected, used, communicated, compiled, what it is complied with and how it is stored and protected from disclosure as well as how its accuracy is assured. The proposed



legislation also increases the risks associated with disclosure, whether authorised, unauthorised or inadvertent, of our employees' personal information.

Operational Impact

The proposed legislation does not deliver any business benefits or increased efficiencies in detecting or deterring fraud or money laundering activities in our businesses. We think some employees will refuse to perform cash collection tasks if provision of their personal information is required. Stores such as Coles Express, Target Country and some liquor outlets are small and operate using as little as one or two staff at times. We cannot operate retail outlets without some cash provisioning and holding too much cash on premises poses unreasonable risks to our employees. Having to determine rosters on the basis of possible cash collection requirements on any given day imposes an unreasonable burden on those who run our business outlets.

Costs to Business

There will unquestionably be an increased cost to business in complying with the new requirements. These will include the need for additional time to complete cash collection transactions, costs associated with education, processes for monitoring compliance and reporting and auditing such processes, staffing and rostering related costs and the increase costs that the cash collection agency will face that it will seek to pass on to its customers. While these costs are subject to negotiation and competitive pressures, we expect to see the increased costs faced by all cash collection agencies being passed on in pricing.

While we endeavour to absorb increased costs to our business through increased efficiency in operations, we view the proposed legislation as introducing additional risk and inefficiency to our businesses. Ultimately increased costs to our business place upward pressure on the prices of goods and services which will be to our customers' detriment.

For these reasons, we strongly oppose the introduction of the requirement for reporting agencies to solicit personal information from employees and agents where the identity of the corporate entity is known.

If you would like to discuss any aspect of this submission in further detail please contact the undersigned.

Ruth Feltoe

**LEGAL COUNSEL,
CORPORATE SOLICITORS OFFICE**