



**Small Business
Development Corporation**

Our ref: D18/3318

Black Economy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Reviewers

INTRODUCING AN ECONOMY-WIDE CASH PAYMENT LIMIT

The Small Business Development Corporation (SBDC) welcomes the opportunity to provide feedback to the Federal Government's proposal to introduce a \$10,000 limit on cash payments, which would be applicable to all payments to businesses for goods and services from 1 July 2019. The SBDC appreciates that this is part of the Federal Government's crackdown on the black economy, terrorism financing and the laundering of proceeds of crime.

Background

The SBDC is an independent statutory authority of the Government of Western Australia established to support and facilitate the growth and development of small businesses in the State¹. The agency's core role is to provide advisory services to new and existing businesses in Western Australia, including a focus on building the financial capacity and legal acumen of business operators.

Another key role of the agency is to influence the policy and regulatory environment affecting the small business sector in Western Australia. In this regard, the SBDC regularly contributes to policy and legislative reviews and inquiries undertaken across all tiers of government. Often the positions put forward are informed by the SBDC's small business clients and networks, in order to present the views of people operating in the business world.

Feedback on the proposal

The views of members of the SBDC's Facebook group on the cash limit proposal were recently sought. While there were few comments received and the responses mixed, the prevailing mood was that the proposal would have limited impact on small businesses in Western Australia.

¹ The views presented here are those of the SBDC and not necessarily those of the Western Australian Government.

Verbatim comments included:

"I rarely even have cash in my wallet. Who pays \$10k in cash for anything?"

In reply: "we do on the regular, or bank cheque [... We have] been burnt too many times by 'real cheques' and Electronic sale[s are] often unavailable or [there are] fees attached."

"[...] yeah just read your comment – I get your situation. As a metro based business services company I reckon 1% of payments for us are cheque and it's been 5 years since someone paid us in cash. It's always annoying to go to the bank to deposit the odd cheque, haha"

"Like terrorists or crooks are gonna pay any attention to this in any case"

"Yeah that's going to work out for them [i.e. the Federal Government]"

"I don't see the law impacting me but I see it as a bad law as it's only stated purposes so far is they want to use it to crack down on already illegal behaviour instead of just going after that behavior [sic] directly."

"If we do a transaction outside the metro area, say on a farm or clearing sale, livestock auctions etc where nbn/cell phone coverage etc is non-existent – this rule shouldn't apply. We have used chq's in the past, and had them cancelled on us etc & cattle essentially stolen. Trades/mechanics etc have often been burnt also & cash is definitely the preferred method. Cash is king & will be for a long time yet outside metro areas."

The SBDC is generally supportive of the proposal, as it is unlikely that many legitimate small business operators would be transacting with cash payments in excess of \$10,000. With the predominance of low-cost payment technologies and consumer preference for electronic funds transfer (EFT), it is imagined that the introduction of this economy-wide cash limit would have limited detrimental impacts on small businesses.

Having said that, the SBDC believes that the Federal Government should give further consideration to:

- integrity measures that don't extend existing reporting requirements in relation to anti-money laundering/counter-terrorism financing and imposes additional red tape on small business operators; and
- potential limitations of EFT in regional Australia where internet access is not dependable (or even unavailable in more remote areas of the country).

If you would like to discuss this submission in more detail, please don't hesitate to contact Mr Martin Hasselbacher, Director of Policy and Advocacy on (08) 6552 3302 or email martin.hasselbacher@smallbusiness.wa.gov.au.

Yours sincerely



David Eaton
SMALL BUSINESS COMMISSIONER

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