

## **Cash in Postal Packets Bill 2012** **Second Reading approved**

4.1. Mr Teare to move:

*That the Cash in Postal Packets Bill 2012 be read the second time.*

**The Speaker:** Item 4, Bills for Second Reading: the first of those is the Cash in Postal Packets Bill. I call upon the Treasury Minister, Mr Teare, to move the Second Reading.

**Mr Teare:** Thank you, Mr Speaker.

This Bill has been introduced by the Treasury and its principal purpose is to amend three existing Acts of Tynwald – the Customs and Excise Management Act 1986, the Post Office Act 1993 and the Proceeds of Crime Act 2008 – to make provision for the treatment of cash contained in postal packets.

Firstly, the Bill would amend the law contained in the Customs and Excise Management Act 1986 regarding declarations of cash brought into or taken out of the Island. The Government considers it to be necessary to extend the existing requirement to declare to Customs and Excise, when large sums of cash are entering or leaving the Island, to where such cash is being sent by post.

Cash declaration change follows the inspection of the Island's regulatory and anti-money laundering controls by an IMF inspection team, after which a recommendation was included in the subsequent report in 2009. This recommendation was for the Island to consider extending its cash declaration regime to postal movements. This change would not only allow Island law and procedures to meet the requirements of the Financial Action Task Force, but would also close a loophole and potential weakness in the Island's anti-money laundering regime.

Anti-money laundering controls for our banks and other institutions are designed in part to make it more difficult for criminals to make off-record transfers of funds across borders. Similarly, existing requirements require the disclosures if there are large sums of cash carried by persons to or from the Island, or sent in baggage, vehicles or freight. Hence, the one remaining safe option available to a criminal would seem to be to use the postal system. Declarations will only be required for sums in excess of €10,000.

It is vital for the interests of the Island that in any subsequent inspection by the IMF or other agency, the systems and controls in the Island meet the highest international standards and it is obviously in everybody's interest that it is made more difficult for criminals to operate and move their ill-gotten gains freely.

A second function of the Bill is to extend the power of the Police or Customs officers to seize cash linked to unlawful conduct, or intended for use in unlawful conduct, should this be found in the post. As I have already mentioned, the postal system currently offers a safe option for criminals to send money out of the Island and it is believed that this option has been used for some supplies of illegal drugs to the Island.

The threshold for action to seize illicit cash is £1,000. It should be emphasised that neither sets of new powers provide Police or Customs with any additional powers in respect of correspondence or other items sent in the Royal Mail. The powers are solely for dealing with any suspect cash. In addition, Police and Customs will have to have reasonable grounds to suspect that a postal package contains cash, which is either liable to declaration or liable to forfeiture before they can ask the Post Office to detain the package for information. Even if a package is detained and opened by the Post Office for examination, the package and its contents will remain in the custody of the Post Office, which acts as agent for the addressee, and only if any cash is actually seized will that then be taken into the custody of Police or Customs.

The existing safeguards, such as any seized cash only being detained for a short initial period before law enforcement has to seek permission from the High Bailiff, apply equally to any cash seized from the post. In addition, if undeclared cash is found, the sender or addressee will be given time to make a declaration. The new procedures will be governed by both the code of practice under the Proceeds of Crime Act 2008 in respect of searches for cash liable to seizure and a tripartite memorandum of understanding between the Post Office, the Police and Customs and Excise.

The Treasury feels that the provisions relating to cash declarations and seizures contained in this Bill are a reasonable and proportionate response to a set of perceived risks.

Finally, the Bill also makes amendments to section 15 of the Post Office Act 1993 for another purpose. It has been found that the ability to make the necessary subordinate legislation needed to ensure that the Island's postal law meets fully both the requirements and changes in procedures by the Royal Mail in the United Kingdom and compliance with the requirements of the Customs and Excise Agreement, is limited by the wording of that section. Consequently, a minor amendment is proposed to section 15 to make it better suited for its purpose. The changes to the way cash in the post may be dealt with have been the subject of both a public consultation exercise and with detailed discussion with the Isle of Man Post Office. The Treasury considers this Bill to be a sensible and proportionate one, and I commend the Bill to the House.

Mr Speaker, I beg to move the Second Reading of this Bill.

**The Speaker:** Mr Henderson.

**Mr Henderson:** Vainstyr Loayreyder, I beg to second, sir and reserve my remarks.

**The Speaker:** Hon. Member, Mr Singer.

**Mr Singer:** Can I ask the Hon. Minister, this is cash in postal packets. Does this relate to money that people might carry on their own person, if they are flying in or coming in on the boat or going out? Is that not also a source, maybe, of ill-gotten gains being moved in and out of the Island? Does it in fact... what legislation actually can help detect this sort of money?

**The Speaker:** Mr Teare to reply to the debate.

**Mr Teare:** I would like to thank the Hon. Member for Ramsey for raising this issue. Existing legislation covers cash which is actually being physically carried by a person or an individual, or indeed a courier service. What we found is that this is a loophole, as it were, which relates to items which are in postal packets, envelopes, or parcels and if there was cash sent without a declaration in a postal package, you have no means at the moment, until/ if this Bill receives its passage, that that cash could be intercepted. So this really is to close a potential loophole.

With that, Mr Speaker, I beg to move.

**The Speaker:** Hon. Members, I put the motion that the Cash in Postal Packets Bill 2012 be read for the second time. Those in favour, please say aye; against, no. The ayes have it. The ayes have it.