**From:** Elisabeth Arndt <arndte02@tpg.com.au>   
**Sent:** Monday, 12 August 2019 4:33 PM  
**To:** RG - Black Economy <Blackeconomy@treasury.gov.au>  
**Subject:** Submission: Draft Legislation - Currency (Restrictions on the Use of Cash) Bill 2019 and Regulation

I  am strongly opposed to this draft legislation as it adversely impacts on the economic freedom of all Australians.

Before I go into the reasons I am so opposed to this extreme draft monetary legislation and policy I have the following questions:

1. Why has the period set for public input been so short about 2 weeks?

2. Why has this draft legislation and policy not been mentioned and discussed in main stream media?

Reasons I am opposed to this legislation are as follows:

1. Limiting the use of cash is an attack on Australian citizens' economic freedom and civil liberties and international research demonstrates the Government will not achieve their objectives by passing this legislation into law.

International research shows that the objectives the Government wishes to achieve as stated below, by passing this legislation and regulation are not achievable:

Treasury states:

“The introduction of an economy-wide cash payment limit is a recommendation from the Black Economy Taskforce and sends a strong signal to the community that it is not acceptable to avoid tax and other obligations by paying with cash.”

International research done on cash bans and the Shadow/Black Economy demonstrate that this above stated government objective is not achievable.  A leading expert in the cash economy Fredrich Schneider, Research Fellow, Labour Economics, Linz University, Austria published the following paper and statement in his 2017 paper  “Restrictions or Abolishing Cash: An effective Instrument instrument for fighting the Shadow, Economy, Crime and Terrorism” in which he states the following:

"Cash reflects the fundamental relation between citizens or taxpayers or state authorities. Using cash means freedom, independence and personal fulfillment for a citizen who does not want state intervention when using cash. The “voices” calling for the limitation or abolishment of cash argue that tighter and more comprehensive state control over individual’s financial flows  and funds will effectively fight crime, shadow economy and terrorism.  But in my opinion we have weak empirical evidence in the area”

Fredrich Schneider  then goes on to cite a case study in his paper which demonstrates that limiting cash transactions in a society has little to no effect on the Black/Shadow economy.  The case study is about Sweden who have been effective in eliminating cash in their economy and this has had a negligible effect on the Black/Shadow economy of Sweden.

This leading expert Fredrich Schneider concludes his paper with the following statement:

“Cash has a minor influence on the shadow economy, crime and terrorism but potentially has a major influence on civil liberties."

2. There appears to be no research showing that the implementation of this legislation and associated regulations will increase tax revenue and decrease the activities of the Black economy in Australia.  Has this been done and if yes where is it?

3. There appears to be not cost/benefit analysis. Has Treasury done any Cost/Benefit analysis before releasing this draft legislation and regulations?

4. In light of the IMF comments on negative interest rates and the Australian interest rates now being cut to 1%,  I believe this draft legislation and regulations is more about introducing negative interest rates in Australia, locking citizens into the banking system and the Bail In Laws which lack transparency.

Agarwal & Krogstrup (2019)(IMF) Cash In: How to Make Negative Interest Rates work

“While the global economy has been recovering and future downturns inevitable, severe recessions have historically required 3-6 percentage cut point cuts in policy rates. If another crisis happens few countries would have that kind of room for monetary policy to respond”

This statement could be applied to Australia as our interest rates are now only 1%!

The recent Banking Commission clearly exposed how little Banks care for their customers.  The treatment of the Australian people by the banks has been appalling.  This Banking Commission did nothing to install bank confidence in the Australian people it did the opposite.  With the bank’s track record it is very unlikely that Australian citizens would want to give more control of their monies to the banks  be locked into the banking system, risk negative interests rates and enactment of the unclear Bail In Laws in the event of a financial downturn.

Such an extreme change in monetary policy should be discussed with the people of Australia prior to being passed into law in a transparent manner.

5.  The short time frame allowed for comment on this policy, and lack of public awareness raised has been disappointing however not surprising in light of how the Bail In Laws were passed.  This draft legislation itself lacks transparency it is not very clear on exactly what falls into the definition of cash i.e. what types of silver/ gold would be deemed cash?  There are likely to be other areas that would also require further clarification.

6.  As is the case with collecting tax it took the Government too long to go after the big Corporations and Multi national companies that were evading tax.  That is where the big dollars are.  Instead the everyday Australian was targeted.  If you want to really target the Black Economy implement policy that will effect the big Corporations, Multi nationals, big Accounting firms and other areas in which the Black economy makes big dollars.  The everyday Australian is not in the Black economy!

7.  This whole process has lacked transparency why was there no mention of this in the last Federal Election it would have been on the cards so to speak!

8. In the event of a financial downturn the responsibility for bailing out the banks should not be put back on the Australian people.  It will be the bank’s greed and mismanagement of monies that lead to any mess that may occur.  The Australian people are not at fault here.

Signed

Elisabeth Arndt