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I am writing to you today to voice my concerns over the proposed legislation Currency (Restrictions on the Use of Cash) Bill 2019.

As a Citizen, I am deeply concerned about the incredible restriction this legislation would place on the freedom of Australian people to choose the form of legal currency they use for transactions. In my opinion, the proposed legislation is overly restrictive, with very little benefit, and will likely be harmful to the economy both in terms of flexibility and security. Let me further discuss:

### **1. What is the problem this legislation is seeking to resolve?**

This legislation is put forward as a means to combat illegal transactions such as money laundering, drug dealing, and tax evasion.

A cursory glance at the proposed legislation clearly shows that it is not fit for purpose.

Organised criminals are already breaking multiple laws; why does the government think that *this* legislation would be a sufficient disincentive to them?

Moreover, the bulk of money laundering likely occurs through electronic transactions rather than cash deals anyway.

If the government is really serious about tackling organised crime, why aren't the existing frameworks being utilised to investigate and prosecute money laundering rackets? Australia is renowned for being a "soft target" internationally for money laundering, as banks systematically ignore large foreign transactions, and the regulator rarely acts upon reports. There is plenty of scope for tightening up these systems and processes, yet the current government sees fit to ignore these issues, instead favouring a restriction on the use of cash.

Therefore, the proposed legislation is likely to be ineffective at resolving the issues put forward as the reason for the introduction of the legislation.

### **2. What are the potential consequences of the proposed legislation?**

*Impact on personal freedom:*

The Australian people currently enjoy freedom to conduct transactions using a range of financial instruments. For the vast majority of people, day-to-day transactions occur either using EFTPOS, credit, or cash. These transactions

generally are for small purchases, such as groceries, petrol, services etc. Sometimes people will pay bills for services such as electricity, rates and water charges, using credit cards, BPAY or online bank transfers. But there are still many Australians who would use cash for some or all of these services. Not as a day-to-day rule but occasionally, people make larger purchases, such as home renovations (kitchen, bathrooms), buying/selling a car, trading in antique or bespoke furniture or art, buying livestock or domesticated animals (such as horses for equestrian sport) or other specialised equipment. Some of the time, such purchases will be through electronic funds transfer, but some of the time, such transactions would routinely be made in cash.

None of the above scenarios involve criminal activity, currently. But the proposed legislation would catch some otherwise law-abiding citizens in its net.

For example “Mary” wants to buy a horse for riding in equestrian sport. The horse costs \$12,000. She has saved up for the horse and wants to pay the owner cash in hand on collection. In 2018 this is legal. If the proposed legislation is passed, “Mary” would have committed a crime.

As a nation – do we really want to be jailing “Mary” for 2 years for this action? Who has she harmed?

#### *Impact on businesses:*

Small businesses are the lifeblood of the nation. They are also feeling the squeeze of hard economic times and have a higher failure rate than larger businesses. Many small businesses operate on cash sales. For example, private contractors in the building sector often provide services on a cash basis. Work such as home modifications/renovations, building and construction works are likely to cost over the proposed \$10,000 limit.

Imagine “Bill” wants to renovate his bathroom. He hires “John” to do the work, labour and materials included, for a fee of \$15,000. “Bill” is a retiree, who has cash saved from his years of work. He needs the bathroom renovated to allow for his declining mobility. He agrees to pay “John” in cash instalments during phases of the build, with a final lump sum at the end. In 2018 this is legal. If the proposed legislation is passed, both “Bill” and “John” could be jailed for 2 years and have a criminal record. Simply for using cash.

I can understand the government’s keen interest in tracking businesses’ cash flow to ensure that they are compliant with taxation laws. However, in my opinion, the major impact on personal freedom and business viability is far higher than any likely increase in tax revenue that could be gained for this legislation.

#### *Impact on financial security:*

Electronic funds transfers, loans and credit cards may be very convenient for most transactions most of the time. But how secure are they?

Recently, at my place of business, the telecommunications line failed and therefore the EFTPOS machine was non-functional. This lasted most of the day.

We were only able to continue trading using cash. Imagine the impact of a longer or more serious threat to electronic transfers, if cash was no longer an option. Although the current proposed legislation seeks to make larger transactions illegal (the threshold proposed being \$10,000), other countries have much lower limits (eg: 1,000euros in France), and the notional figure of \$10,000 could be easily changed at any time by altering the regulations to which the Act refers. This bill, if passed, could pave the way for a truly cashless economy.

Some people may be pleased, at first, with such a situation. However, despite the conveniences it may convey, the added risk is significant. If Australians are not lawfully permitted to conduct business with cash, there is substantial risks to each person, every business, and the economy at large, of being restricted from trade altogether. If the only legal currency is through the banking and financial system, then that system can hold a person, a business, or indeed the entire country to 'ransom', and thereby gain immense power through financial coercion. Not to mention the risk of hacking, data breaches and other cybercrime that is a risk specific to electronic currency. Cash serves as a safety buffer for our nation against such threats.

### **3. Why the urgency for this legislation?**

Why now? Why has the government released this legislation, on a Friday afternoon, in incomplete form, for public consultation within a space of 2 weeks? Why the urgency to push this through? These are valid questions and the answers are not apparent from the information on the Department of Treasury page.

Australia is already gladly up-taking of electronic currency technologies. This doesn't need to be further stimulated or encouraged by government. And we certainly don't need *criminalisation* of cash to push this movement forward.

#### **In Summary, the proposed legislation is:**

- **Not fit for purpose in tackling organised crime**
  - **Harmful to the ordinary Australian citizen**
- **An attack on civil liberties and an example of totalitarianism that most Australians would object to**
  - **Harmful to small business**
  - **A risk to Australia's financial security**

**I therefore strongly object to this proposed Bill.**

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