

24 Wongala Avenue  
Elanora Heights NSW 2121

10<sup>th</sup> August 2019

The Manager  
Black Economy Division  
Australian Government Treasury  
Langton Crescent

PARKES ACT 2600

Dear Manager,

**Re: *Currency (Restrictions on the Use of Cash) Bill 2019***

I am writing to express my strong opposition to the draft:

- *Currency (Restrictions on the Use of Cash) Bill 2019*;
- *Currency (Restrictions on the Use of Cash – Expected Transactions) Instrument 2019*; and
- *Currency (Restrictions on the Use of Cash) (Consequential Amendments and Transitional Provisions) Bill 2019*.

This proposed bill will impede ordinary citizens from having the choice of how to spend their own hard-earned money. Australian citizens have had the choice of being able to conduct their own financial affairs independent of Australia's commercial banking system and in private by using cash transactions since the founding of this country as a colony.

To say that this proposed legislation is required to limit tax avoidance is laughable. The release of the Panama Papers for example, show where the real tax avoidance is occurring. Can the Treasury demonstrate that this legislation is going to have any effect on the tax avoidance that currently is occurring from the top 10% of income earners and the Multinational Corporations that conduct their business in Australia.

Will this proposed bill have any effect on the tax avoidance that Ikea, Apple and News Corporation among others are currently carrying out?

I strongly oppose the fact that this proposed bill will force Australian Citizens to use the commercial banking sector. This is incredibly anti-competitive. As the banking royal commission showed, the commercial banking system of Australia has significant flaws that have not been addressed. The commercial banking system has been shown to consistently not serve the interests of their customers. Every week, new allegations of wrongdoing by the big 4 banks are being publicised. I strongly oppose being forced to use the commercial banking system without any real justification being given. Australian citizens should have the right to not use commercial services that act against their interests as customers.

In addition, this proposed bill will remove my right to be forced to use the commercial banking system if negative nominal interest rates were to be imposed by the Reserve Bank of Australia (RBA). Negative interest rates are already being imposed in other parts of the

world and there is an increasing likelihood that the RBA maybe motivated to implement negative nominal official interest rates if the Australian economy were to fall into recession or if a global shock were to eventuate.

I strongly losing my right to protect my families hard earned savings from the imposition of negative nominal interest rates independent of the commercial banking sector. Negative interest rates are a tax on those people who have been prudent and have accumulated savings. Is Treasury now intending to actively discourage Australian Citizens from saving?

I believe that the Government should show cause as to why this legislation is required. What impact would this cash ban have on the black economy (tax evasion or illicit money)?

Has the Government shown has much tax avoidance occurs through cash transactions?

What is the amount of tax evasion from cash transactions in comparison to the profit shifting etc of multinational companies or the tax avoidance of wealthy individuals via schemes run through large accountancy firms?

An independent 2017 study by Friedrich Schneider, *'Restricting or Abolishing Cash: An Effective Instrument for Fighting the Shadow Economy, Crime and Terrorism'*<sup>[1]</sup> states that: *"Cash has a minor influence on the shadow economy, crime and terrorism, but potentially has a major influence on civil liberties."*

Moreover, Schneider notes that countries such as Sweden, still have sizeable shadow economies even though cash payments have become rare.

Finally, Schneider concludes:

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

I have noted that Division 2 of Part 2 (relating to offences) is missing from the draft exposure version of the bill. It is grossly disappointing that Australian citizens have not been able to see the full version of the bill during the current Treasury consultation round.

Given the importance of this proposed bill, Treasury should consider launching a new consultation round if substantive elements are introduced to the draft bill (or associated legislative instrument) prior to the bill being introduced into Parliament.

I object that the exemptions to the cash transaction ban are defined in a regulation only and not in the proposed bill. This gives the Executive Government via the Assistant Treasurer significant flexibility to remove the exemptions without the robust scrutiny of Parliament.

Yours Sincerely

Peter Ryce

[1] <http://www.econ.jku.at/papers/2017/wp1708.pdf>