**From:** Ian Shaw <shawian@gmail.com>   
**Sent:** Wednesday, 7 August 2019 7:36 AM  
**To:** RG - Black Economy <Blackeconomy@treasury.gov.au>  
**Subject:** Submission: Exposure Draft—Currency (Restrictions on the Use of Cash) Bill 2019

To whom it may concern:

I wish to register my opposition to the measures proposed in the Exposure Draft—Currency (Restrictions on the Use of Cash) Bill 2019

Having reviewed the Final Report of the Black Economy Taskforce, it is evident that the proposed bill will have the biggest effect on regular law abiding citizens, and will not address many of the issues outlined in the report.

The report outlines that the use of cash is already declining in the economy. However the report notes that the benefit of cash is that “It has near-universal acceptance, facilitates simultaneous exchange and instantaneous settlement, is convenient for person-to-person payments and can still be used at times when electronic payment methods are unavailable.” So there are some points to note here:

* If the use of cash is declining, why is there a need to ban certain cash transactions? The report provides no compelling case for banning large cash transactions in legal commercial interactions.
* The report discusses the use of cash by criminals. Surely nobody believes that a new law banning high value cash transactions will stop criminals dealing in cash! There is certainly no evidence given in the report that criminals will stop using cash as a result of this bill.
* The introduction of the GST was proposed as the solution to suppressing the black economy. Has it done so? Certainly not. Similarly this proposed law will not stop criminal and illegal use of cash.
* There is already a reporting regime via AUSTRAC to require large cash transactions to be reported for official analysis. Is this working? If it is working, why is there a need for a ban on large cash transactions? If it is not working, we can ask a) why isn’t the AUSTRAC reporting being fixed rather than banning such transactions; and b) what is the evidence that the proposed bill will work and achieve its intended outcomes?

There is a fundamental erosion of our freedoms proposed in this law. We are required to use Australian currency in our dealings with the government and in all of our regular daily dealings in the world. Yet here is a law that starts to take away the ways in which we can pay for things.

I draw your attention to a statement on page 50 of the Final Report of the Black Economy Taskforce: “We are not **yet** calling for the abolition of cash or the banning, reissuing or restriction of $100 notes.” I can scarcely believe an official report by a government task force would utter such words. We are not **YET** calling for… This tells us a number of things: the task force actually considered calling for the abolition of cash. What an astounding proposition. Secondly, they have not ruled out the abolition of cash, just that they are not yet calling for it. It seems that in view of the task force, the proposed bill is a step in the direction of abolishing cash. This is a very shocking development, and if the public was made aware of this trend I am confident there would be widespread outrage.

The proposed bill actually weakens the operation of AUSTRAC. As per the “At A Glance” on the treasury website, “many AUSTRAC reporting entities will no longer need to report threshold transactions to AUSTRAC”. This is in itself a shocking development. Is AUSTRAC so useless that not only is it not working now, we might as well not report proposed “illegal” transactions to AUSTRAC in the future? Rather I would have thought that the operation of AUSTRAC should be enhanced, and perhaps even lower value cash transactions should be reported for analysis.

This bill will have unintended consequences. If it succeeds in suppressing high value cash transactions (which I very much doubt, especially in the context of criminal activities), it will simply drive such transactions into other forms of payment. People will increase their use of crypto currencies, precious metals, and other currencies.

The Final Report of the Black Economy Taskforce has many recommendations, and while it might seem that banning high value cash transactions will make a big difference with relatively little effort, there are many other recommendations that should be implemented before considering this sledgehammer approach. The biggest danger with this bill is the effect it will have on confidence. People need to believe that the Australian currency has value, that they can conduct transactions in it, and that it will continue to have value in the future. If this confidence is lowered, more and more people will seek to store value and conduct transactions in other ways - gold, cryptos, other currencies.

The further concern that many people share is that this is a measure that will facilitate  the introduction of negative interest rates. By forcing all transactions to go through the banking system we become hostages to the very banks found by the Banking Royal Commission to have so abjectly failed in their social and legal responsibilities. After all the findings of the Royal Commission on the misdeeds of banks, who has been charged or sent to jail? Nobody that I am aware of. And yet the bill proposed here will make a criminal out of somebody buying a car for $11,000 cash, and potentially send them to jail for two years. This is astounding overreach by our government.

As a person who does not participate in the black economy, I should be someone who supports any measures to suppress it. However I don’t support this proposed bill because a) it won’t work; b) there are many other measures that can and should be taken before a bill such as this is considered; and c) it is a fundamental erosion of our civil liberties.

Yours sincerely,

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