**Currency (Restrictions on the Use of Cash) Legislation**

To: The Black Economy Taskforce, blackeconomy@treasury.gov.au

Thank you for the opportunity to comment on the proposed Currency (Restrictions on the Use of Cash) legislation.

It appears that the legislation makes it a crime to pay legal tender over a certain amount to a legitimate business for goods and services, but person to person payments are exempt.

This sets a disturbing precedent, regardless of the amount specified, or the exemptions. If it is to become a crime to pay a debt in government-declared legal tender, ordinary Australians, such as me, must doubt the acceptability and integrity of our currency.

Growing up in this country, I was taught that, when it comes to cash, “one man’s money is as good as another’s” when settling a debt, hence the term ‘legal tender’.

I cannot envisage paying $10,000 or more in cash, but I can certainly envisage a time when the limits and exemptions in the proposed legislation are reduced or removed, especially when:

1. the European countries cited as examples by the Government have reduced their cash limits since introducing such legislation;

2. there are already calls (reported in the Australian Financial Review) to reduce the limit from $10,000 to as low as $1000; and

3. the legislation appears structured in a way that will allow exemptions to be removed without notice or consultation.

It is not clear how attacking one symptom of the “black economy” in this way addresses the causes, or why it justifies the use of penalties that will make ordinary people into criminals simply for preferring one payment type over another.

There are broader implications as well. In a country prone to natural disasters, cash is still the best we have to keep local small businesses going when the power is down, and with it the ATM and Eftpos networks, or when those networks are crippled by increasingly common 'glitches'.

Surely it is more prudent to encourage citizens to keep cash as an essential supply in case of emergencies, rather than to assume electronic payment systems will be always available (and secure) by penalising the use of cash.

If the aim of the proposed legislation is also to create the conditions for negative interest rates (as the IMF stated on its blog, “When cash is available … cutting rates significantly into negative territory becomes impossible…”), there are other ways to create disincentives for cash. Even the IMF suggests disincentives that do not appear to include criminal penalties. Negative interest rate policy is failing elsewhere, and would be disastrous for Australia, destroying our life savings, and confidence in our financial and government institutions.

Criminalising the use of cash will also undermine public confidence. It will create unintended consequences and perverse incentives. Trust in our institutions, currency and economic stability will fall further, driving some out of the system and making criminals of ordinary people engaging in otherwise legal transactions.

Yours sincerely

Vicki Tacheci

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