**From:** Stevie Bee <steviebee27@icloud.com>   
**Sent:** Sunday, 11 August 2019 4:13 AM  
**To:** RG - Black Economy <Blackeconomy@treasury.gov.au>  
**Subject:** submission to Exposure Draft — Currency (Restrictions on the Use of Cash) Bill 2019

Manager

Black Economy Division

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I am writing to register my opposition to the following draft bills

• 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.

A minor argument advanced in the leadup to the introduction of the GST in 2000 was that it would reduce the black economy. Whether the GST has done much in that regard is open to speculation. I have not seen any evidence to date. Fast-forward to today, 19 years later, Treasury Laws Amendment (Black Economy Taskforce measures No. 2) 2018 reports the black economy has ‘likely’ doubled from 1.5% to 3% of GDP. However, no evidence is cited and ‘likely’ is less than precise, which begs the question: is the extent of the black economy really known? As it stands, we have no solid data on the impact of the black economy on tax revenue forgone: it may be as bad as 2000, worse or better. Unsubstantiated, it is little more than a guess.

A study by Prof. Friedrich Schneider from the Department of Economics at the Johannes Kepler University of Linz in Austria, entitled ‘Restricting or Abolishing Cash: An Effective Instrument for Fighting the Shadow Economy, Crime and Terrorism (April 2017) concludes that: “Cash has a minor influence on the shadow economy, crime and terrorism, but potentially has a major influence on civil liberties.” (Abstract, page1)

He further notes that countries such as Sweden still have significant shadow economies despite that country’s rapid decline in cash transactions; Sweden is almost entirely cash-free.

In sum, he states: “Cash reflects the fundamental relation between citizens or taxpayers and state authorities. Using cash means freedom, independence and personal fulfilment 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.” (p18)

I argue that all government policy should be based on evidence, proven and demonstrable. Until such evidence is forthcoming, I remain opposed to this legislation.

Sincerely

Stevie Bee

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