

Issues with Currency (Restrictions on use of cash) Bill 2019.

My name is John Olle:

I am 81 years of age;  
I was born in Australia and have spent my entire life here;  
I am retired;  
I am of the Australian culture with values that are deeply embedded;  
I value my privacy;  
I value my freedom to act when I want and have choice between options;  
I believe that capitalism provides the greatest likelihood of meeting the financial aspirations of the maximum number;  
I believe the nation/state is the most effective political arrangement; and  
I believe the individual is the critical element of a free democratic society not the group.  
I am not a maverick in the unorthodox meaning.

Do not dismiss my submission because of my age. I have children and grandchildren who I hope will live in an Australia that has some of the values that endeared me to my country.

At first, I intuitively opposed it. When I decided to make a submission, I realised that I needed to understand, more clearly, my reasons. This has been quite a long journey, at times involved me in going off on side-tracks. Slowly a clearer image appeared in my mind. This submission I hope gives you a reasonably picture of my concern. Accept that my position is not based on data. The government has not released any data that supports the legislation.

I have never had contact with a politician or made a submission such as this. This indicates how strong my belief is that I must oppose this legislation.

I do not understand who decides to apply Section 12 or Section 13 of the Bill: my comments apply as though Section 13 will be the one most applied.

- The Bill allows changes to the legislation by ministerial decree. This legislation relates to my money. This means it is wise to treat the proposal in a circumspect manner as I do not know what it will stipulate in future.
- I believe it is wrong in principal to make a transaction in government issued currency a crime. If crime is suspected the task is to demonstrate that the use to which the currency was put is a crime not the mere fact that currency was used.
- My right to manage my monetary wealth is a basic and a critical right endowed on me by at least a century of practice in this country. I believe this right could be seriously threatened by the proposed legislation. It changes a principal of choice. Once that principal is enshrined in law it can be manipulated to increase control. This cash limit is, I believe, only the first step in a plan that the government has but will not make me privy too.
- This seems to me an inversion of democracy - government does not do what the people want, the people must do what the government wants. I rather suspect in this case, what the banks want.
- The proposal commits me to banks. Even with very restricted terms of reference the recent Royal Commission into the behaviour of our banks and associated financial instrumentalities has shown they are not constrained by high ethical standards and should not be trusted.
- Cash offers some power to encourage competition between banks.
- Cash has an immediacy to me that I value. When I trade something and have cash in my hand, I know it is a done deal. No anxiety about cheques, and banks taking three business days to transfer money between themselves. I understand cash has its problems. Inflation

erodes its value as governments increase the money supply by printing money. But I still like cash, it gives me some alternative to banks. I understand under the initial implementation I will still have access to cash however I believe this will be taken from me in future. Without an overt undertaking by the government that this will not happen under this legislation I oppose the legislation.

- It seems that the issue of compliance will be primarily driven by the extraordinary punishments. The penalties for both parties of \$25,200 and two years in prison. This is not for evading tax but for using cash instead of a bank. This is draconian and I cannot support it.
- This proposal is new in western democracies. Spain, Italy and France have implemented it. However, that is recent. There has been insufficient time to test its efficacy and determine unexpected outcomes. Spain had more serious effects from the GFC than Australia, Italy has the enormous contribution to GDP of the mafia and France has a very large illegal immigrant issue to contend with. What is useful to them does not mean that it is useful to Australia.
- It seems to me that the legislation encumbers all citizens whereas I think any legislation should be targeted at the law breakers. That is, entities suspected of an offence.
- A former Australian Treasurer Mr Joe Hockey in relation to Multinational Companies operating in Australia gave us the mantra “these entities should pay tax in the country where their profits are made”. He obviously believed that this was not happening in Australia. I believe it is still not happening. I cannot see that this legislation will increase taxation revenues from this sector.
- Criminals. I am not privy to how criminals handle their funds. What should be assumed is that many criminals are clever. Stop them one way and they will develop another. The government will always be trying to catch up. The criminal has no intention of paying income tax or collecting GST for the criminal transactions. I cannot see how this legislation will change the this. Already being criminals, they will not be threatened by the penalty of imprisonment.
- Every country in the world has a black economy. Australia cannot escape one. The IMF has been studying and quantifying “shadow economies” (their term) for the period 1991 to 2015. In their latest report Issued 24 January 2018 Table 14, Australia is shown as having a small shadow economy by international standards. Arranging the list of 92 countries from smallest losses to largest losses, Australia has the 22<sup>nd</sup> smallest loss. If the government wants to get to the 18th position it would reduce its loss by 2.2% of GDP. That would be a marginal increase in tax revenue. Table A1 indicates that the Australian shadow economy has been reducing over the period 1991 to 2015. To reduce the tax loss significantly would entail far more actions than are defined in this Bill. I am sure the government is aware of the IMF research on the shadow economies. Why this Bill then? Does it indicate that the Australian economy is in dire straits? If so, it will need far more actions to correct that problem than this Bill as currently framed, offers.
- Australian large entities. I doubt that this legislation will increase their tax payments.
- Small Australian businesses and are probably minimising tax payments by marginal practices. However, giving the size of the Australian tax take, gains from this area will, I believe, be a tiny percentage of taxes collected and should just be accepted.
- I could not ignore the question as to why the government employed KPMG to provide policy advice. Did it seek economic advice, did it seek accounting advice on this issue. What ever the reason it is necessary to address what KPMG’s bias would be. I can think of two. One, it provides significant services to the Australian Government. It wants to maintain this revenue stream. Second it provides significant services to the Australian Banks. It wants to maintain

that revenue stream. Its bias in both situations is to maintain KPMG's revenue streams from these sources. It is not clear to me why KPMG would be considered to have significant knowledge of the black economy. This must remain an imponderable matter. However, I believe that KPMG would not consider the Australian citizen when providing advice. The Australian Government tried to push this Bill through the parliament without it receiving due consideration. I said at the beginning of this submission that one of my values is the individual as the key element of a democratic society. This review is the opportunity to consider that interest.

**Conclusion.**

I think it is fanciful to think that such a single act of limiting cash transactions to \$10,000 even with implicit undertakings that money can be withdrawn in any amounts, person to person transactions are exempt etc will give a significant increase in tax payments. I see little value in this alone. I think the government knows this. This legislation is a smoke screen to a larger plan which the government keeps secret because it thinks what is planned will not be accepted by Australian citizens. So, condition them step by step. Is this reasonable?

Outcomes from this Bill I believe will not be enough to produce a budget surplus that allows us to start repaying the 450 billion foreign debt that Australia has incurred.

This is about our money, a critical element to life. Financial affairs are about confidence. I have little confidence that this legislation will significantly increase tax receipts. I have a low level of confidence that it will not affect my financial affairs adversely. The reality for me is that my confidence in the new Scott Morrison government has been damaged by the way this proposal has been managed.

I am asking that this Bill be withdrawn.

John Francis Olle

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