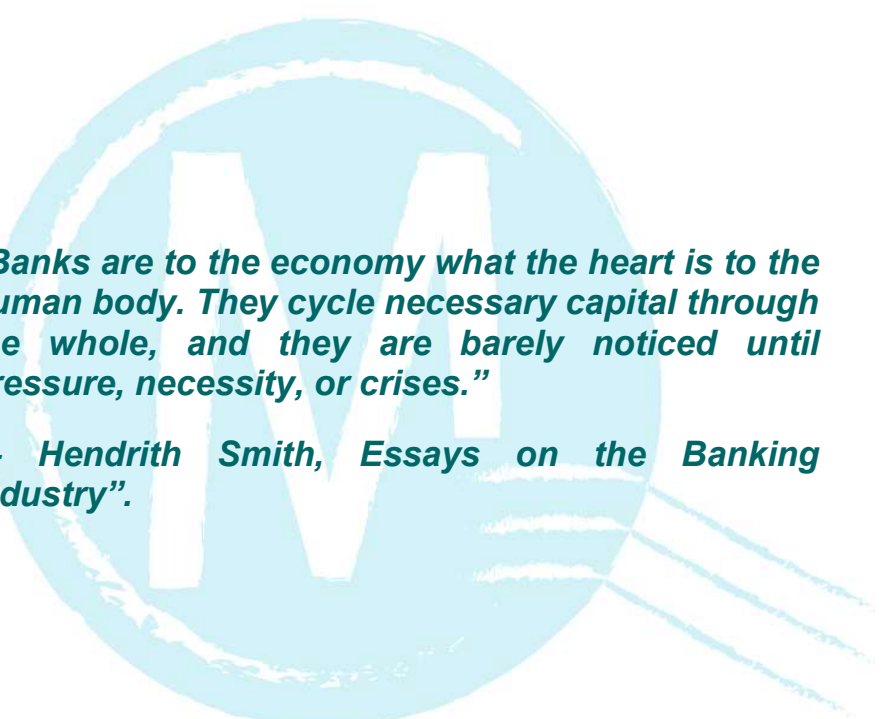


Malkara Consulting

Senate Standing Committee on Economics

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

Submission by Malkara Consulting



“Banks are to the economy what the heart is to the human body. They cycle necessary capital through the whole, and they are barely noticed until pressure, necessity, or crises.”

— Hendrith Smith, Essays on the Banking Industry”.



**Malkara
Consulting**

Corporate Profile

Malkara Consulting¹ is a consultancy firm that specialises in the provision of training and advice in relation to money laundering, terrorist financing, bribery and corruption, sanctions, fraud, financial investigations and risk management. The training and advice are designed to increase the effectiveness of current financial crime prevention systems and to target harden organisations from the threat of organised crime and terrorism by explaining and demonstrating how money laundering and other financial crimes work.

Failure to implement measures to prevent financial crime can have adverse cost implications on both domestic and international institutions and for international trade. Unfortunately, many institutions do not appropriately assess the risk financial crime poses to them. Their response is formulated around compliance based systems which are designed to ensure that they meet relevant national and international laws. Compliance systems designed to satisfy the law, while important, do not completely address all aspects of financial crime risk. They contain gaps which expose an organisation to being a victim of financial crime or a perpetrator of crime.

Malkara Consulting understands financial crime risk. Our experience is based on investigating financial crime committed by national and international crime groups. We design training workshops which focus on improving effectiveness. Effectiveness is the extent to which an organisation mitigates the risks and threats of financial crime.

As a consultancy firm, Malkara Consulting assesses effectiveness using a fundamentally different approach to assessing technical compliance with relevant laws. It does not involve a box ticking exercise which checks to ascertain if specific requirements are met. In assessing effectiveness, Malkara Consulting examines if the financial crime compliance system of an organisation is working. In relation to our training workshops, technical compliance is incorporated into the training framework and material.

Malkara Consulting conducts business primarily in Australia, South East Asia and Africa.

Further information can be obtained by contacting:

[REDACTED]

¹ Malkara is an Australian Aboriginal word meaning “shield”.

Corporate Profile

About the Author

Mr Chris Douglas, APM Company Director



Chris Douglas a former Australian police officer who served for 31 years with the Australian Federal Police (AFP), Australia's national police agency. With the AFP, Chris Douglas worked in intelligence and operational units initially in Sydney and later in Perth where he was involved in the conduct of investigations into drug trafficking, people smuggling, human trafficking, corruption, organised crime and fraud, particularly tax evasion. He has extensive experience in the investigation of money laundering and in the conduct of financial investigations including the tracing and recovery of funds laundered offshore.

Based on his experience, Chris has designed and delivered investigation training programs (financial investigations, money laundering, bribery and corruption) to law enforcement agencies (various crime commissions, police and customs agencies) revenue agencies, financial intelligence units, prosecutors, judges and financial intelligence units from Australia, Indonesia, Malaysia, Nigeria, New Zealand, Sri Lanka, China, Pakistan, Singapore, Fiji, and the United Arab Emirates.

In 2014 Chris Douglas worked in the Financial Crime Services area of the National Australia Bank Ltd, reviewing Anti-Money Laundering & Counter-Terrorism Financing (AML/CTF) policy and designing and delivering training on money laundering, corruption, sanctions, terrorist financing and fraud to staff engaged in CDD/KYC and sanctions monitoring and reporting.

Since 2015, Chris Douglas has been a consultant to the United Nations Office on Drugs and Crime in Nigeria where he engaged in capacity building of local law enforcement agencies including the National Drug Law Enforcement Agency, the Nigerian Financial Intelligence Unit and the Special Control Unit Against Money Laundering.

Chris Douglas holds a Bachelor of Business Degree (Accounting) from Edith Cowan University in Australia, a Graduate Certificate in Applied Management and is a graduate of the 73rd Police Management Development Program from the Australian Institute of Police Management. He has completed a Triad Course and Financial Investigations course both conducted by the Hong Kong Police in Hong Kong.

Corporate Profile

	<p>In January 1994 Chris was awarded an Australia Day Medallion from the AFP Commissioner recognizing his dedication and competence in relation to proceeds of crime investigations. In 2007 he was awarded a second Australia Day Medallion recognising his dedication and competence in the pursuit of money laundering investigations</p> <p>In June 2012 Chris received during the Queen's Birthday Honours Awards, Australia's highest police honour, the Australian Police Medal (APM), for distinguished service in the field of investigations and management of economic crime and special operations and for the delivery of financial investigation training within Australia and overseas.</p>
--	--



 Malkara
Consulting

Currency (Restrictions on the Use of Cash) Bill

1. Background

- 1.1 In the 2018/19 Budget, as a result of recommendations by the Black Economy Task Force, the Commonwealth Government announced it would introduce a cash payment limit of \$10,000 for payments made or accepted by businesses for goods and services. Transactions equal to, or in excess of \$10,000 would need to be made using the electronic payment system or by cheque. The need to tackle tax evasion and other criminal activities were the reasons given by the taskforce.
- 1.2 The Government has released for public consultation draft legislation known as the *Currency (Restrictions on the Use of Cash) Bill 2019 [Provisions]* ("the Bill") and accompanying explanatory material which it intends to implement from 1 January 2020. However, it is intended that the new measure will apply for some AUSTRAC reporting entities from 1 January 2021².
- 1.3 Following passage of the Bill through the House of Representatives, the Senate referred the provisions to the Economics Legislation Committee for inquiry. The committee has been tasked by the Senate to inquire and report on provisions of the Bill. That committee is due to report by 7 February 2020³.

2. Response to Public Comments

- 2.1 There have been many submissions made in relation to the proposed legislation. Some of them oppose the legislation but fail to provide cogent evidence to support their arguments. Some comments are emotional and not supported by facts. With any discussion on public policy the final position should be grounded on solid evidence and nothing else. In this paper, statements made by several members of parliament have been commented on. They have been singled out because as politicians they should be showing appropriate and honest leadership on public policy issues. And in relation to the Bill, some have not done so. They have sided with only one segment of the community and have ignored the rights and the impact on those members of the public who do not directly benefit from or engage directly in the black economy.
- 2.2 It has been claimed that the "cash ban bill" as some have referred to it; could breach people's privacy. However, what those claimants fail to mention is that the greatest threat to privacy or security of a person's data, does not originate from Government but from the private sector. Many people who primarily deal in cash already have deposit accounts and credit card accounts with banks and/or are members of store and airline loyalty programmes. These facilities enable the location and spending habits of a person to be tracked, analysed,

² <https://www.treasury.gov.au/consultation/c2019-t395788>

³

https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/CurrencyCashBill2019

Currency (Restrictions on the Use of Cash) Bill

used in research and marketing and sold to other users for a profit. The proposed restriction on the use of cash by the Federal Government is insignificant compared to the already extensive use of private information collected and held by non-government entities. At least there are and will continue to be stringent restrictions on the use of any data collected by the Government, which are largely absent in the private sector. Those who argue that the bill is a breach of privacy, including federal members of parliament, fail to enquire with those who complain to them about the loss of privacy, if they already engage with a bank or fail to mention the greater intrusion into a person's privacy by other methods and organisations.

- 2.3 Another claim made is that the restriction on the use of cash is designed to push people into the clutches of the banks so that they must engage in the banking system. This claim implies that the Australian banking system is something to be avoided at all costs⁴. And while there were serious forms of misbehaviour identified during the banking royal commission, the Australian banking system is still one of the most reliable, efficient and safest systems in the world.
- 2.4 The push by the Australian Government and most world governments to get people using the banking system is not new. In Australia, the process gained significant momentum about 30 years ago when the Australian Government introduced direct credit payments to bank accounts for all welfare recipients. Thousands of people who did not have a bank account had to open one. The author recalls that there was push back from the banks at that time who argued that maintaining accounts for people whose only means of support was a welfare payment from the Government, would cost them money. Australian banks initially claimed they would lose money if they didn't charge fees to recover the cost incurred by those people who simply received a payment and withdrew most of it, leaving only a minimal amount in their account. This concerned various welfare advocacy groups who feared that the money paid to welfare recipients would be reduced by bank fees. The situation was resolved by the Commonwealth Government directing all Australian banks to provide a bank account to Australian welfare recipients without any fees or a low fee being applied. The Australian Government made it clear that the provision of a low fee/no fee account for welfare recipients was a condition of their banking licence. This action by the Australian Government to introduce direct electronic payments and to impose conditions on the banks, probably brought into the Australian banking system tens of thousands of unbanked people. Primarily designed to reduce fraud and the cost in providing payments to welfare recipients, the move increased the participation rate or financial inclusion, of Australians in the formal banking sector. It was a sensible policy initiative at the time and continues to this day. Contrast the actions by the Australian Government with the situation in the USA, where there are millions of unbanked

⁴ Though if a person is seeking to avoid their taxation obligations, which the bill is trying to prevent, then avoidance of the banking system is a necessary component of tax evasion.

Currency (Restrictions on the Use of Cash) Bill

citizens still being paid welfare benefits and salary by cheque and incur significant fees and charges by having to have those cheques cashed at cheque cashing establishments. Having Australians engage with the banking sector produces benefits to them and to society as the above example demonstrates.

- 2.5 Globally there is a push by the World Bank and other institutions to increase financial inclusion by having millions of unbanked people use the formal financial system. The World Bank defines financial inclusion as:

“Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.

Being able to have access to a transaction account is a first step toward broader financial inclusion since a transaction account allows people to store money, and send and receive payments”⁵.

The low rate of financial inclusion around the world, including in countries regarded as being developed, is not a problem in Australia. Smart Government policy decades ago eliminated that issue here. The global push to include unbanked people in the formal financial sector is recognition of the numerous benefits of having a bank account. In Australia, our banking system is perhaps the one of the safest in the world. And while, it is correct to sound out a bank when it operates illegally or unethically, the fact is, banks are the pillar of our economy and millions of Australians trust their wealth with them. Holding a bank account has many benefits. One of those benefits has been highlighted above. Other benefits are the security for funds that banks provide and the ease and speed of transferring money to pay for goods and services in Australia and offshore. Cash offers none of those benefits. And having evidence of a savings history in the form of bank statements, assists when the time comes for the person to obtain finance. Or to obtain a visa and travel as many countries require evidence of an ability to support oneself when overseas. Increasing the flow and amount of cash into the banking sector; benefits all Australians. It results in more local funds being available for lending and investment and reduces Australia’s reliance on foreign capital and decreases the amount of interest payments sent offshore. Casting banks in Australia in a manner indicating that they are high risk to customers, as some politicians have attempted to do, is not only foolish, it is irresponsible. Many Australians do not know how well off they are in relation to our financial system. There are millions of people in the world who would be grateful to have access to the services, security and quality of Australian banks. If all Australians stopped using the

⁵ <https://www.worldbank.org/en/topic/financialinclusion>

Currency (Restrictions on the Use of Cash) Bill

Australian banking system and held onto their cash, the Australian economy would collapse with a detrimental impact on all of us.

- 2.6 Mr Andrew Wilkie the Federal member for Clark has stated that his biggest concern was that "this bill is simply not necessary". And that "there's already a requirement to report transactions over \$10,000"⁶. With respect to Mr Wilkie he is wrong. Referring to his second point first. In relation to the requirement to report transactions of \$10,000 or more, Mr Wilkie is referring to the requirement for reporting entities in Australia to report to AUSTRAC, transactions of not less than \$10,000 involving physical currency or digital currency⁷. Many of the entities that will be captured by the Bill if they are involved in a cash payment of \$10,000 or more are not reporting entities under the auspices of the *Anti-Money-Laundering & Counter-Terrorism Financing Act 2006* as they do not provide any of the services listed in section 6 of that Act. In relation to his first point that it is not necessary, the Black Economy Task Force has already assessed the issue and determined that it is. And there are numerous Australian law enforcement intelligence reports and operations that support the Black Economy Task Force. If Mr Wilkie, MP has at his disposal other information that can rebut the findings of the task force; he should present it to the committee.
- 2.7 The Australian Chamber of Commerce and Industry has argued that cash was not the cause of the black economy⁸. The ACC is right. The cause of the black economy is not cash. The **major cause of Australia's black economy is the poor compliance** by organisations in many different industries with not only Australian taxation law but also employment law and immigration law. Often those three areas of non-compliance are linked or interrelated. But a major instrument that enables the black economy to thrive is the use of cash. It is the authors experience that the extensive use of cash in the building & construction, fishing, horticultural, tourism and hospitality and agricultural industries enable:
- 2.7.1 Receipt of cash by employees and sub-contractors which is not declared for taxation purposes, and related purposes for example assessing their determination to pay Medicare and/or child maintenance
- 2.7.2 People to receive welfare support from the Federal Government, particularly unemployment and invalid pension benefits that they would not otherwise be entitled to if their true earnings were known
- 2.7.3 Foreign citizens who have entered Australia by any means, to remain anonymous and hidden while working either illegally in the country or in excess of the number of hours specified under the terms of their visa

⁶ <https://www.abc.net.au/news/2019-10-25/cash-ban-law-under-inquiry-post-mp-concerns-on-freedom-breach/11640124>

⁷ Section 43 of the Anti-Money Laundering & Counter-Terrorism Financing Act 2006 refers.

⁸ https://www.bankingday.com/nl06_news_selected.php?selkey=25416

Currency (Restrictions on the Use of Cash) Bill

- 2.7.4 Increases the risk of human trafficking in Australia particularly in the sex industry, including in those states where prostitution is legal.
- 2.8. Ms Rebekha Sharkie, the Federal Member for Mayo has reportedly advised that the legislation “exemplifies the nanny state that this Government pretends it has not become”. And “restricting people’s ability to purchase products with cash and forcing them to use banks or other financial intermediaries for purchases over \$10,000 is an unreasonable restriction on their personal freedom”. Reference to the “nanny state” in relation to the proposed legislation is irrelevant. It makes no sense. Given that welfare payments constitute 36% of total Federal Government spending or over \$500 billion, is Ms Sharkie suggesting that Australia is already a nanny state and that welfare expenditure on the nanny state should be curtailed? Perhaps she should come out and make that clear to her constituents that she wants to cut unemployment benefits, age pensions, invalid pensions and benefits for war veterans to prevent or wind back the ‘nanny state’ provisions. [REDACTED]
[REDACTED]
[REDACTED]
- 2.9 Ms Sharkie, Mr Wilkie and others including various lobby groups, need to understand that the services provided by the Government have to be paid for. And other than borrowing the money, the services are paid for by taxation. Those **individual taxpayers who are paid electronically by their employer or by a business are subsidising the services** used by those Australians who deal in the black economy. And when those people who deal in the black economy claim government benefits to which they are not entitled, they are **stealing from the majority of law abiding citizens** who declare their income to the Government. All Federal members of parliament, including Mr Wilkie and Ms Sharkie should understand that. Their position would clearly change if the bulk of their constituents who are paid electronically ceased being silent and decided that they would not vote for them at the next election due to those members supporting a minority who **want to receive the benefits of our society but are not prepared to pay for them**. Those voicing their opposition to the Bill on the grounds that it breaches their right to use cash and that it is not necessary, are seeking to preserve a status quo that supports their privileged position.
- 2.10 In relation Ms Sharkie’s comment that the bill is an unreasonable restriction which forces people to use banks. As outlined above, the Australian Government in directing the development of Australia’s payment system by moving from using cheques to direct credit transfer, drove the increase in bank accounts by Australians. It was a positive and beneficial move. It was real leadership. Restricting the use of cash is not impacting on anyone’s personal freedom. People will still be able to use cash in Australia. Though there are no benefits from using large amounts of cash, other than to avoid taxation.

Currency (Restrictions on the Use of Cash) Bill

Using cash is risky and inconvenient⁹. Whereas electronic payment methods carry vastly less risk, are more convenient and are limited only by the funds the person has access to, either in the form of savings or credit or both. And while banks and other institutions charge fees for the use of payment services, those **fees are the cost of doing business** just like any other business expense. Financial transaction costs are minor compared to the other costs of operating a business such as rent, power, transport, wages and salary etc. Financial transaction costs should be incorporated into the selling price of any product or service.

- 2.11 Reference has been made by members of parliament, other individuals and interest groups that the Bill will force people to use banks and if interest rates shift into negative territory people will lose money. That is a hollow argument. Cash does not grow in value and left in the form of cash it loses value due to inflation. If the cash is deposited into a bank account and interest rates fall to negative values, investors have options other than bank accounts to invest their money either in Australia or offshore. And if the Bill becomes law, there will be no restriction on the amount and volume of money a person can hold and/or store. People who insist on keeping large amounts of money at home can continue to do so.
- 2.12 According to CPA Australia *“some businesses have high cash takings such as laundromats, market stalls or personal services providers and may, either in single or multiple transactions, pay for their expenses in cash for convenience or to avoid bank transaction costs. The cash is deposited at some point in the supply chain and transactions can be traced through invoices and accounts. There is no intent to avoid detection, nor is the cash used to facilitate criminal activity”*¹⁰. Paragraph 2.10 above addressed the issue of bank transaction costs. With respect to CPA Australia it cannot make a broad brushed claim that ALL businesses record all cash they receive and that all of it can be traced through invoices and accounts. Many members of CPA Australia, other accounting bodies, ATO auditors and police officers engaged in money laundering and civil forfeiture investigations would disagree with that statement. And claiming that the cash is not used to facilitate crime is naïve. One of the oldest money laundering methods is the co-mingling of funds technique¹¹. It involves mixing the proceeds of crime with the cash takings from legitimate business activity. Though in some cases, all the recorded revenue is the proceeds of crime as the business is a front and not trading or not trading successfully. In Australia, the co-mingling of funds technique is used

⁹ Banks in some countries charge customers a fee for cash deposits. It is recognition of the cost involved by a bank in having to handle and store cash.

¹⁰ <https://www.cpaaustralia.com.au/-/media/corporate/allfiles/document/media/submissions/taxation/restrictions-cash-bill.pdf?la=en&rev=cf7c6e5e1b5742309726ca6620447cf3>

¹¹ Also known as Blending. The term money laundering is derived from the 1920s in the USA where the proceeds of gambling, prostitution and sale of alcohol during the Prohibition era were mixed or hidden in revenue derived from laundromats.

Currency (Restrictions on the Use of Cash) Bill

extensively by criminals in various industries including the agricultural sector, scrap metal businesses, second hand vehicle and car part sales, car rental businesses, money remittance, laundromats, carparks, hotels, clubs and pubs, construction sector, service industries, restaurants and fast food outlets. In relation to the capture of revenue by cash based businesses in Australia and their use by criminals to launder money, the claim by CPA Australia is not supported by evidence.

3. Advice on the Draft Legislation

- 3.1 Generally, the measures outlined in the Currency (Restrictions on the Use of Cash) Bill 2019 are sound, subject to the proposed amendments in paragraph 3.2. The move by the Commonwealth Government is consistent with measures implemented by other countries to combat tax evasion, corruption, money laundering and terrorism financing.
- 3.2 Though in support of the objective of the bill, other options that should be implemented in the future are briefly outlined below.
- 3.2 In relation to the bill, the following amendments are recommended:
 - 3.2.1 Persons who attempt to defeat the cash limit requirements of the Bill by undertaking a series of transactions of less than \$10,000 engage in similar activity to what is known as “structuring”. The AML/CTF Act provides an offence for those who structure transactions to defeat the reporting provisions¹². Any new offences in the bill relating to similar activity should to the extent where relevant mirror section 142.
 - 3.2.2 Cash is untraceable. And it is a myth that following the money will lead to a crime¹³. Implementation of the Bill will drive criminals including tax avoiders to use different methods to achieve the same results that they currently obtain using only cash. In relation to transactions of \$10,000 or more, the simplest methods involve combining the use of cash with other payment instruments when undertaking a transaction or a series of transactions for the same supply. The combining of cash with other payment instruments are common money laundering and tax evasion techniques. Usual assets acquired using a combination of cash and

¹² Section 142 refers.

¹³ There is probably only one case in modern criminal history where following cash found in possession of criminals lead to the commission of other offences and that was the Watergate Scandal. In that case, the men caught breaking into the Watergate Building were each found in possession of brand new \$100 notes. At that time in the USA, banks recorded the serial numbers and names of customers who were issued with \$100 bank notes. Authorities were able to trace the notes to the bank who issued them, which identified the relevant customer, who provided evidence that he had obtained the money and given it to the committee to re-elect President Nixon. Today when law enforcement authorities refer to following the money, they are referring to the use of indirect methods of proof to establish that a person has benefited from crime for example Net Worth Analysis (also known as the Asset Betterment Method or Unexplained Wealth). NWA was first used during the investigations by Treasury agents into Al Capone and others in the late 1920s.

Currency (Restrictions on the Use of Cash) Bill

bank cheques have included cars, houses and boats. To be successful, all that criminals needs to do is to acquire payment instruments under the cash reporting limit of \$10,000. That would prevent a reporting entity from sending a Threshold Transaction Report to AUSTRAC. Typical payment instruments include a bank cheque, money order, credit card or a prepaid debit card. Bank cheques and money orders can easily be obtained from multiple locations thereby reducing the risk of detection and reporting as a suspicious matter by a reporting entity. And to further reduce the risk of detection; all payment instruments can be obtained using third parties or nominees. Welfare recipients; new immigrants; tourists; refugees; local and foreign students; family and friends; employees and business associates are common third parties used to acquire non-cash payment instruments. As cash is untraceable, the Senate should consider examining and recommending the introduction of a mandatory reporting scheme similar perhaps to the cash reporting or form 8300 reporting as is it known in the United States; where a business is required to report to the Internal Revenue Service any transaction involving the use of cash and cheques in a transaction that equals or exceeds \$10,000 in value.

- 3.2.3 Referring to 3.2.2 above, an alternative measure would be to expand the current Anti-Money Laundering & Counter-Terrorism Financing framework in Australia. This would require the inclusion not only of the entities that are not currently captured by the scheme as required by international standards¹⁴ which Australia claims to have adopted; but also, major activities of high risk for money laundering, terrorism financing and tax evasion. The latter are already captured by several countries which have more expansive AML/CTF frameworks than Australia¹⁵. Implementing the recommendation outlined will negate the need to develop a new reporting framework outlined in 3.2.2 above.

4. Rebutting the Low Regulatory Cost Myth

- 4.1 The explanatory memorandum (EM) states that the regulatory costs are estimated to be minor. And then refers to the cost implications for business. What the EM is referring to in relation to business is compliance cost not regulatory cost which must be borne by Government authorities. As is frequently the case, the Federal Government introduces new laws and fails to equip the agencies responsible for enforcing them with the necessary resources. And where it does provide the resources, the **application of efficiency dividends renders the programme/s inefficient and ineffective.**

¹⁴ Lawyers, accountants, real estate agents and jewellers. The Senate should note that some bodies representing these entities have already commented on the current Bill and expressed their opposition to it and have expressed opposition to being captured by the AML/CFT Act 2006.

¹⁵ Australia is a member of the Financial Action Task Force and as a member it is required to show leadership. It is failed and continues to fail by not implementing international AML/CTF standards.

Currency (Restrictions on the Use of Cash) Bill

- 4.2 The Senate should recommend that the Federal Government provides the resources to the responsible agency, namely the Australian Taxation Office to enable it to educate the public in relation to the new measures and to implement the new laws effectively. And that the resources allocated are exempt from any current or future efficiency dividend/s.

5. Future Directions

- 5.1 The proposed bill is an important and appropriate step in the right direction to combat illegal activity and tax evasion. However, the Senate should also consider in the near future, the abolition of cash in Australia. With Australia's current banking and payment systems, and the technology that is available there is no reason why any person or business has a need to use cash. Even in Australia's remotest areas, payment could be and is made electronically.
- 5.2 Australia was an early leader in payment system development but that has now declined as a result of poor political leadership. The type of poor political leadership which is on display in relation to the Bill. For example: The Octopus mass transit card which is used in Hong Kong on buses, ferries, trains and trams. The system was designed by **Australia-based company ERG Ltd¹⁶**. The Octopus card is a e-usable contactless stored value smart card for making electronic payments in online or offline systems. ERG Ltd was selected in 1994 to develop and install the Octopus system. The card is one of the most advanced store value card payment systems in the world and in addition to being used on public transport it is used in fast food restaurants; supermarkets; vending machines; convenience stores; parking metres; car parks and other retail businesses where frequent small payments are made.
- 5.3 Unfortunately, no Australian state or territory government chose the Octopus card when each of them upgraded their fare payment system¹⁷. If all Governments had chosen Octopus, then in Australia we would have had a national store value card upon which a national non-cash payment system could have been built¹⁸. Now Hong Kong promotes the Octopus as being "its payment card" when it was an **Australian invention**.
- 5.4 Opponents will argue that older and poorer people and those living in remote areas will not be able to use it. Those arguments are too broad, should be dismissed as a result and give those Australians little credit for ability. Many of those Australians already use electronic cards and/or grew up during the "Bankcard era". And the technology is easy to use.
- 5.5 In the near future, there will be moves by the Australian Government to abolish the 5 cent piece or perhaps all coins below \$1 in value. Let's not have another

¹⁶ ERG Ltd no longer exists but sold all operating assets to Vix Technology <https://vixtechnology.com/>

¹⁷ Though the NSW Opal system is similar to it.

¹⁸ In Australia there are no stored value cards issued by financial institutions. Cards that are referred to as store value cards contain no value. They are prepaid cards. Referring to those cards as stored value or references to "topping them up" etc are marketing techniques.

Currency (Restrictions on the Use of Cash) Bill

senseless time consuming discussion about it. It is a minor issue. All coins and notes can be and should be replaced. Australia has the technical ability to go cashless. It just needs political leaders with the courage to drive it.

6. Conclusion

- 6.1 The measures contained in the Bill are an appropriate response to the loss of revenue in the black economy. However, additional measures as outlined above should be implemented to prevent criminals including tax evaders from achieving the same objectives but by using different payment methods in association with cash.



Chris Douglas, APM
Director
Malkara Consulting Pty Ltd
Perth, Western Australia

15 November 2019
