

Ivan Kemperle

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NSW 2206

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Manager

Black Economy Division

The Treasury

Langton Crescent

PARKES ACT 2600

Dear Manager,

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

I am writing to oppose the following drafts vehemently:

- *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.*

The proposed bill and any associated legislation constitute a significant violation and infringement to mine and many other peoples economic freedoms. The proposed laws will punish any individual who wishes to either:

- Spend their money independent of third party institutions, namely banks and payment process firms.
- Engage and conduct their business privately.

The proposed bill is anti-competitive by forcing people to have to conduct all of their business within the Australian banking sector. The recent Royal Commissions into the Australian banking sector have uncovered numerous violations regarding public interests.

From an economic standpoint, it is highly illogical to pass legislation, which stifles competition by forcing consumers to use one particular system. The proposed bill completely undermines the current and past principals and values which Australia's competitive values and policies have supported without reasonable justification.

The claim that this proposed legislation is to eradicate the Black Economy. This claim has not been ratified nor has the Black Economy Division managed to produce and publish any evidence to support the claims made by the Commonwealth of Australia. The evidence regarding the impact on the Black Economy contradicts the Commonwealth of Australia's claims.

A study conducted by Friedrich Schneider, titled. *Restricting or Abolishing Cash: An Effective Instrument for Fighting the Shadow Economy, Crime and Terrorism* had concluded:

*"Cash reflects the fundamental relation between citizens or taxpayers and state authorities. Using cash means freedom, independence and personal fulfillment 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."*

From a wealth preservation viewpoint, this new bill circumvents my and many others ability to avoid the negative nominal interest rates if the Reserve Bank Of Australia imposes them. (RBA)

There have been several calls from academic and international economists to reduce the amount of cash in society.

- August 2018: *Monetary Policy with Negative Interest Rates: Decoupling Cash from Electronic Money*[\[2\]](#)
- February 2019: *Cashing In: How to Make Negative Interest Rates Work*[\[3\]](#); and
- April 2019: *Enabling Deep Negative Rates to Fight Recessions: A Guide*[\[4\]](#)

Given the fact that the current interest rate in Australia is sitting at 1% and that the likelihood of rates being reduced further, the threat of negative interest rates are a very real concern. Data collected from Trading Economics clearly states that the interest rate is in a very strong downtrend. <https://tradingeconomics.com/australia/interest-rate>

In conclusion:

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- the proposed bill and associated legislative instrument are wrong given that they are a gross abuse of Australian economic and civil rights;

- the Commonwealth and the Black Economy Taskforce have failed to establish robust empirical evidence that the proposed cash transaction ban will have any material impact on diminishing the so-called black economy;
- the proposed bill and associated legislative instrument make it increasingly difficult for Australians to escape the economic burdens that an official policy of negative nominal interest rates would carry (especially if the proposed exceptions were reversed);
- there are several legitimate concerns with the proposed bill and associated legislative instrument that need to be rectified before the proposed bill is introduced into Parliament by the Government.

Thank you for taking the time to read this letter.

Yours sincerely,

Ivan Kemperle.