

8 August 2019

Manager
Black Economy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Manager,

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

It has come to my attention that government intends to introduce new legislation relating to imposing limits on cash transactions, specifically the below 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.

I am writing to express my very strong opposition to the proposed legislation as I see it as a way of trapping the people of Australia into private banking institutions - which I think is unconstitutional and severely erodes the rights of Australian citizens.

Further, I see the proposed Bills as a way of allowing the Reserve Bank of Australia to introduce negative interest rates!

As a recently retired and hard working person, I have a small self-funded pension and some 'fall back' money in the bank. Negative interest rates will erode any savings I have and reduce in real terms the value of my current pension.

I think the proposed laws would punish individual Australians, many of whom are close to the financial edge of ruin. We, the people of Australia, must be allowed to spend our private money how we choose and not be forced into a failing banking system.

I think the proposed laws are anti-competitive in nature given that cash transactions are an alternative to using Australia's commercial banking sector.

Furthermore, I can't see any evidence of how the proposed laws would have any real impact on the black economy.

An independent 2017 study by Friedrich Schneider, 'Restricting or Abolishing Cash: An Effective Instrument for Fighting the Shadow Economy, Crime and Terrorism' says:

'Cash has a minor influence on the shadow economy, crime and terrorism, but potentially has a major influence on civil liberties.'

Schneider notes that countries such as Sweden, still have sizeable shadow economies even though cash payments have become rare.

His conclusion is:

'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.'

It seems clear to me that the International Monetary Fund (IMF) have argued the elimination of cash from an economy would enhance the effectiveness of negative nominal interest rates:

- August 2018: Monetary Policy with Negative Interest Rates: Decoupling Cash from Electronic Money
- February 2019: Cashing In: How to Make Negative Interest Rates Work, and
- April 2019: Enabling Deep Negative Rates to Fight Recessions: A Guide.

The IMF have said:

'During an economic recession, interest rates need to be lowered between 3% - 6% in order to stabilise the economy and to allow economic growth to recover, and given that official interest rates are already very low around the world, deep negative interest rates of approximately -4% may be required if a global economic recession or global economic shock were to eventuate.'

And, I note the ASX has published a paper about the Australian Stock Exchange would operate in a negative interest rate market! A pretty compelling suggestion that negative interest rates are on the cards!

I am absolutely appalled the draft Bill has Division 2 not included. How on earth are the citizens of Australia are expected to provide their views when an entire Division is not included in the draft.

I'm also appalled that the proposed cash limit and exempted transactions between private individuals are intended to be included in the associated Regulations, and hence can be changed at any time by the Assistant Treasurer, without scrutiny of the Parliament.

I think the proposed Bills are wrong and are abuse of the civil rights of Australian people.

As such, I strongly opposed the introduction of the proposed legislation and request the Bills be withdrawn immediately.

Yours sincerely,

Jeff Naughton