**Cash Transaction Ban Consultation Submission (Mark Read)**

Mark Read

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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 register my strong objection and opposition to the draft legislation detailed below:

· *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 associated instrument) are an insult and attack to the economic freedom of all Australians and symbolises an outrageous restriction to Australian citizens civil liberties. The proposed laws would penalise every Australian as to how we wish to spend our individually hard-earned money, including but not limited to:

* Should they wish to conduct their economic affairs in private and or
* Should they wish to conduct transactions independent of Australia’s commercial banking system;

From an economic regulatory perspective, it is highly improper for the Commonwealth to be implementing anti-competitive laws which would effectively force citizens to consume a particular good or service offered by a particular industry which, given the recent Royal Commission into Banking, has a questionable record in maintaining any customer interests. The proposed law contravenes the principles which have underpinned modern Australian competition policy without appropriate validation.

The proposed laws are anti-competitive because cash transactions (regardless if they include physical or digital forms of currency) are an alternative to using Australia’s commercial banking sector.

***Influence on the Black Economy***

With respect to the so-called black economy, the Commonwealth and the Black Economy Taskforce, have failed to provide sufficient evidence that the proposed laws would have any material impact on the black economy whether from the tax leakage or illicit activity perspective.

Friedrich Schneider completed an independent study in 2017 titled, *‘Restricting or Abolishing Cash: An Effective Instrument for Fighting the Shadow Economy, Crime and Terrorism”* in which he states that:

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

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

In the end, Schneider concludes:

*“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.”*

***Imposition of Negative Nominal Interest Rates***

From an economic freedom and wealth preservation perspective, I am concerned that the proposed laws would restrict the abilities of all Australians to escape negative nominal interest rates if such a procedure were to be imposed by the Reserve Bank of Australia (RBA).

Recently, there have been a succession of international bids from intellectual and influential economists as well as elements of the global banking industry for the role of cash to either be extensively reduced or eliminated, given that the use of physical cash or digital cash outside of the government’s control undermines the policy of negative nominal interest rates.

Furthermore, the IMF have argued that:

* 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.

Given that the RBA’s official cash rate currently sits at 1%, there is an increasing likelihood that the RBA maybe motivated to implement negative nominal official interest rates if the Australian economy were to fall into recession or if a global shock were to eventuate.

Under such a policy stance, Australians should have the fundamental economic and civil right to protect their private wealth independent of the commercial banking sector that would strip them of their wealth from the imposition of negative nominal interest rates.

***Objections with the Proposed Laws***

I have a several explicit objections in relation to the proposed bill and associated legislative instrument including but not limited to:

***Objection* 1:** The proposed legislation and associated instrument may only be the first step in a series of increasing measures from the Commonwealth which seeks to infringe on the rights of individual Australians and Australian businesses to engage in business independent of the commercial banking sector and the RBA’s monetary policy system (especially if a policy of negative nominal interest rates are pursued).

***Objection* 2:** Given that the exemptions to the cash transaction ban are defined in a legislative instrument and not in the proposed bill, this gives the Executive Government via the Assistant Treasurer a blatent option to remove the exemptions without the vigorous examination of Parliament.

***Objection* 3:** Division 2 of Part 2 (relating to offences) is missing from the draft exposure version of the bill. It is totally outrageous that affected citizens have not been able to see the full version of the bill during the current Treasury consultation round.

Given the high interest in this matter, Treasury should consider launching a new consultation round if substantive elements are introduced to the draft bill (or associated legislative instrument) prior to the bill being introduced into Parliament.

***Objection* 4:** It is not clear how the Commonwealth intends to administer this proposed cash transaction ban. Before the introduction of the bill into Parliament, the Government must provide clear and concise information as to:

* which Commonwealth institution will be charged with enforcing this law?
* what administration or enforcement techniques will the Commonwealth be expecting to use to monitor whether prohibited cash transactions above $AUD 10,000 are not entered into?
* what operational resources will the Commonwealth be spending (including the dollar amount) in enforcing the proposed law?

***Objection* 5:** I believe this to be a direct attack and infringement on our civil liberties and freedoms from government intervention into each Australians private business

My final appeals are that:

1. the proposed bill and associated legislative instrument are wrong given that they are a absolute insult of Australian economic and civil liberties;
2. the Commonwealth and the Black Economy Taskforce have neglected to establish any substantive evidence that the proposed cash transaction ban will have any quantifiable impression on reducing the so‑called black economy;
3. the proposed bill and associated legislative instrument make it progressively arduous for Australians to break away from the economic liabilities that an official policy of negative nominal interest rates would carry (especially if the proposed exceptions were reversed);
4. there are numerous genuine reservations with the proposed bill and associated legislative instrument that need to be resolved before the proposed bill is introduced into Parliament by the Government.

Yours Sincerely,

Mark Read