Manager

Black Economy Division

Langton Crescent

PARKES ACT 2600

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

Dear Sir/ Madam

Please find below my submission on the above Currency Bill, 2019.

Before getting into the substance of my submission, I note that Treasury has provided an extremely limited timeframe for adequate consultation on the **Currency (Restrictions on the Use of Cash) Bill 2019**. This is despite its critical impact on Australian citizens on the assumption that there is an extensive black economy in this country. The request for consultation has been conducted with unnatural haste having been advertised on 26 July 2019 with a deadline of 12 August 2019. The amount of advertisement and media coverage within the Australian Community has been minimal to nonexistent.

My concerns are also extended to the Parliamentarians who will debate this legislation without adequate understanding of the full implications of this Bill on the Australian economy and the enforcement tactics on the public to conduct all their business within the banking sector. As the February 2019 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has shown the banks are prepared to put profit above all other considerations and are even prepared to engage in base unethical behaviour for profit to the detriment of their customers.

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

After reviewing a number of documents including your exposure draft, I wish to register my strong opposition to the bill as proposed.

I am a private Australian citizen, retired, with an interest in watching the subtle maneuverings of the United Nations to subvert the principles and wishes of the Australian public to manage their own affairs within the legislation relating to the Australian Constitution. This view is reinforced in the recent report of the IMF’s Financial Sector Assessment of Australia which states that the resolution framework (Bail-in) in new APRA emergency powers “has not been fully completed” and needs to be finalised. The same report also calls for the independence of APRA from parliamentary oversight. In essence the banking “regulator” should be above the government of the nation!

My objections to the bill are as follows:

**Impact on the Civil Rights and Freedoms of Australian citizens**

The impact of this Bill is designed to severely restrict our rights and freedoms on what we can and cannot do with our money based on a false narrative of limiting money laundering. The Treasury documents also do not address what the government will get out of it in terms of cost benefit savings as opposed to tax leakage and implementation costs. Instead Australians would be subjected not only to increased surveillance of our banking transactions but also to Dickensian penalties for overstepping the limits.

In addition the structure of the bill is such that the limit can be arbitrarily reduced through Regulation without Parliamentary oversight. Other changes on concessions can also be removed by agencies via the Regulations which does not bode well for our rights to influence this type of decision.

Where a limitation on cash transactions has been introduced in other countries, the amounts have subsequently been lowered. In France cash transactions above €1,000 are prohibited while other European countries such as Spain have a €2,500 limit and Italy less than €3,000. The limit for cash payments in Greece are only permissible up to €1,500.

**Impact of the “bail-in’ legislation**

One of the most disturbing elements of this currency cash restriction bill would occur when Australia is faced with another financial crisis similar to the 2008 Global Financial Crisis (GFC). If, or actually when, that scenario occurs again there is now legislation whereby people’s deposits in financial institutions can be taken and used for a ‘bail in’ to support/underpin the banks. People would be unable to protect their deposits by withdrawal of their own money due to severe financial penalties. The relevant legislation is the **Financial Sector Legislation Amendment (Crisis Resolution Powers and other Measures) Act 2018**.

The passing of this legislation through the Senate in February 2018 should have been listed as a major scandal in the history of the Australian Parliament and is worthwhile reviewing the events as they occurred. In presenting this information I am obliged to Robert H. Butler, Solicitor, Chatswood NSW who provided an opinion on the ‘bail-in’ legislation to Mr R Barwick, Citizen Electoral Council of Australia on 1 April 2019.

In Appendix 2 he stated the following:

“One Nation Senators had attempted to insert a provision into the Act before its passing to ensure that its intention was clear and that it did not apply to deposits as was being contended by the Commonwealth Government. After the Senators notified the Government that they intended to move an amendment to the Bill to explicitly exclude deposits from being bailed in, the government offered to check the wording of their amendment, and while the Senators waited for the response, the government rushed the bill through the Senate and into law while the Senators were out of the chamber, and with only eight Senators present in the Chamber.

In a 1 March 2018 letter to a concerned constituent, Senator Hume, ex-NAB, Deutsche Bank and Rothschild Australia banker, the chair of the Senate Economics Legislation Committee and who controlled the Senate inquiry into the Act when it was a bill in Parliament, wrote: *“While I appreciate the concerns raised by the CEC, I can assure you that this bill does not constitute what some are referring to as ‘bail-in’ legislation. Treasury, the RBA and APRA all confirmed in their answers that the Bill is definitely not ‘bail-in legislation.’*

Queensland LNP Senator Amanda Stoker, barrister, former prosecutor, judge’s associate in both the Queensland Supreme Court and High Court of Australia, had a different view and explained in a 5 November 2018 letter to a constituent: *“The legislation facilitates bail-in as a type of resolution power which is available for dealing with financial institution distress. This was done after the G20 leaders endorsed a new Financial Stability Board Standard for Total Loss-absorbing Capacity….The purpose of the Total Loss-absorbing Capacity standard ensures there are mechanisms in place to stop the ‘domino effect’ and reduce loss on [sic] bank shareholders, creditors and the Government”.”*

According to Anthony Allison, in his Submission on the **Banking System Reform (Separation of Banks) Bill 2019,** that in his understanding when a bank becomes distressed in Australia:

“1. Holders of derivative products will bepaid out in full

2. Holders of shares in the bank will see the selling price of their shares fall.

3. Those who hold hybrid bonds will be bailed in (i.e. the bonds will be cancelled)

4. Deposits (in Full or in part) will be converted to bank shares

5. If the bank survives – shares may be sold to recoup some value

6. If the bank fails – Deposit guarantee (if activated) applies to any remaining deposits.

This is a very different scenario to what most people believe is the guarantee of their money in the bank. We saw the bail-in policy template in action in Cyprus in 2013 when the Bank of Cyprus converted 37.5% of deposits exceeding €100,000 into “class A” shares with an additional 22.5% held as a buffer for possible conversion in the future and another 30% were held as frozen deposits”.

I am afraid that Australian investors and savers do not have a great deal to look forward to especially with the added leverage which the **Currency (Restrictions on the Use of Cash) Bill** **2019** will provide to the ‘bail-in” legislation.

**Negative Interest Rates**

Another factor relevant to this submission is the situation of negative interest rates with which some Central Banks have been experimenting (e.g. Denmark, Japan, Switzerland and Sweden). On an individual level the main problem with negative interest rates is that it impacts directly on people deposits and hence their ability to save for their future and their retirement as a result of the continual erosion of their wealth. One likely outcome is that people would be less willing to keep their money in the banks and would rather transact their business in cash.

**This Bill should not pass.**

L Reilly

12 August 2019