

12 August 2019

Manager  
Black Economy Division  
Langton Crescent  
Parks ACT 2600

Dear Manager,

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

I am writing to express my extremely strong disapproval to the following draft legislation, including;

- Currency (Restrictions on the Use of Cash) Bill 2019;
- Currency (Restrictions on the Use of Cash – Expected Transactions) Instrument 2019;
- Currency (Restrictions on the Use of Cash) (Consequential Amendments and Transitional Provisions) Bill 2019.

Collectively, now referred to as ‘Currency Bill’.

***Who Am I***

I ‘am a concerned Australian Citizen who lives in the Southern Highlands of New South Wales and believes if the proposed bill and related instrument are enacted into law, it will be a major attack to the economic freedom in Australia and represent a significant restriction to ‘Australian Civil Liberties’.

***Opposition To The Currency Bill***

The proposed laws would punish individuals as to how they wish to spend their hard earned income, savings and wealth, should they want to conduct transactions independent of the banking system or simply conduct their economic affairs in private.

Moreover, the proposed ‘Currency Bill’ is anti-competitive in nature given that cash transactions being physical or digital forms of currency are a legal alternative to using Australia’s banking sector.

Furthermore, from an economic regulatory perspective, it is inappropriate for the Australian Government to be implementing anti-competitive laws that would effectively force its citizens to use a particular service offered in the financial industry. Given the recent Royal Commission into Banking, Superannuation and the Financial Services showed that Australia’s banking and financial sector has an appalling record providing services to its customers. The proposed ‘Currency Bill’ violates the principles that have supported Australian competition policy in recent times, without sufficient justification.

### ***The Black Economy***

The Government and the Black Economy Taskforce have failed to provide acceptable evidence that the proposed 'Currency Bill' would have a substantial affect on the shadow economy through tax leakage or illicit activities.

Friedrich Schneider's white paper published 4 April 2017, '*Restricting or Abolishing Cash: An Effective Instrument for Fighting the Shadow Economy, Crime and Terrorism*' [01] states that:

*"Cash has a minor influence on the shadow economy, crime and terrorism, but potentially has a major influence on civil liberties."* [02]

Moreover, Schneider compares countries that have high cash transactional volumes, with small shadow economies vs countries that have low cash transactional volumes, yet still have sizeable shadow economies. Schneider concludes the white paper with.

*"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."* [03]

Additionally, in the white paper published 1 September 2017 by Dr. Ursula Dalinghaus 'Keeping Cash: Assessing the Arguments about Cash and Crime' [04] she states:

*"The focus on cash as the main solution to terrorism and crime is shortsighted, and it may distract from the many other avenues through which fraud is occurring."* [05]

Moreover, Dalinghaus outlines that policy makers jeopardize legitimate economic activities being criminalized in efforts to restrict cash payments, to set payment thresholds, and to regulate the movement of money.

*"The very qualities of cash that have made it an effective tool of the state are those that many engaged in this debate over the future of cash payments are singling out as the reason for restricting and eliminating its use. But given that tax evasion also makes use of multiple tools and methods... ..the claims that cash alone should be targeted are weak."* [06]

### ***Monetary Policy Negative Interest Rates***

Economic freedom and wealth preservation are the right of every person who calls Australia home. The proposed 'Currency Bill' would limit the abilities of all Australians to escape negative interest rates if such a monetary policy were to be implemented by the Reserve Bank of Australia 'RBA'.

Over the last few years a dramatic change in policy choice has seen the consensus amongst academics and institutional economists to favor zero or even deep negative interest rates when required. The April 2019 'IMF Working Paper: Enabling Deep Negative Rates to Fight Recessions' [07] concludes that it typically requires monetary policy to be cut by 500-600 basis points during periods of economic decline. Given that Australia's interest rate now sits at 1.00% after the decision in July, there is a great possibility that future interest rates will need to be - 4.00% to - 5.00% should Australia suffer a recession or global shock.

Moreover, elements of the global banking industry have suggested that physical currency should be significantly reduced or abolished given the result of massive paper currency storage should negative interest rates be imposed on savings. [08]

Australians should have the fundamental economic right to protect their hard earned income independent of the banking system and to not be penalize by effectively charging a tax called 'negative interest rates' on their savings.

### ***Concerns with the Proposed Currency Bill***

Overall, I have three main concerns in relation to the proposed 'Currency Bill'.

**Concern One:** The Government intends to move the Australian economy to a 'cashless' society; the proposed 'Currency Bill' is just stage one of that implementation process. In the 'Black Economy Taskforce Final Report' published in October 2017 [09] it states:

"Lowering the cash payment limit of \$10,000 once it has been in operation for a while to ensure that smaller cash payments are also restricted." [10]

**Concern Two:** The 'Payments excepted from the cash payment limit' are provided in a separate legislative instrument, this gives the Government the ability to add or subtract exemptions without notification to Parliament or the People.

**Concern Three:** The proposed 'Currency Bill' is only the first step of many 'Australian Civil Liberties' that will be eroded over time for the individual or business owner should the RBA implement a negative interest rate policy and the Government locks Australians into the banking system.

***Conclusion***

In conclusion, The Government and the Black Economy Taskforce have failed to provide evidence that implementing the proposed cash transaction ban will have any affect on the shadow economy. Should the Reserve Bank of Australia 'RBA' be required to implement deep negative interest rates savers will effectively be charged a tax on their savings.

I appeal to you to terminate any further progression with the proposed 'Currency Bill' as it will be a major attack to the economic freedom in Australia and represent a significant restriction to 'Australian Civil Liberties'.

Yours Sincerely,

Shaun Sang  
shaunsang@mail.com

## ***References***

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