**From:** Peter Edwards <peter\_w\_edwards@hotmail.com>   
**Sent:** Wednesday, 7 August 2019 4:45 PM  
**To:** RG - Black Economy <Blackeconomy@treasury.gov.au>  
**Subject:** Submission: Exposure Draft - Currency (Restrictions on the Use of Cash) Bill 2019

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

I am writing to express my horror and opposition to the draft:

· 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 instruments) assaults the economic freedom of Australians civil liberties.

The proposed laws will restrict and prevent individual Australians in choosing banking products or option to opt out of the private banking system as well as restict their choice on how they wish to spend their private wealth, in a private manner.

They are anti-competitive in that they force involvement in the Australian commercial banking system that has been shown to be untrustworthy in many cases (see the recent banking royal commission). Why should the Government of Australia force consumers into using unfit goods and services provided by a limited number of poorly regulated businesses; whom have a dubious record in servicing customer interests.

The claims set out in the at a glance summary published by treasury about the black economy, and fair taxation have been debunked by international experts in the black economy (see 2017 study by Friedrich Schneider, ‘Restricting or Abolishing Cash: An Effective Instrument for Fighting the Shadow Economy, Crime and Terrorism”) and the government has failed to provide evidence for the asserted claims, without such evidence the right to use cash should not be taken away from law abiding citizens trying to maintain their own wealth. Schneider 2017 states: “Cash has a minor influence on the shadow economy, crime and terrorism, but potentially has a major influence on civil liberties.”

Evidence from counties such as Sweden that have seen significant reductions in Cash transactions due to government intervention still see sizable shadow economies

Schneider 2017 also states: “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.”

This leads us to the example of Spain where similar laws are in place as well as the Bail in provisions Australian Parliament passed in 14/2/18.

These laws open the door to restrictions on control of wealth of individuals and possible causes losses of life savings of Australians as well as massive write downs of wealth through control of negative interest rates and bank deposit bail-ins and restrictions on cash withdrawals at times of crisis.

These restrictions are clearly being called for by the IMF and others with conflicted interest to prop up the Banking Systems whom since 2007-8 have been exposed for their scandalous behaviours and risk taking.

As evidence of this I direct you to the following papers and blog posts by economic authors at the International Monetary Fund (IMF) have argued that 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 (<https://www.imf.org/en/Publications/WP/Issues/2018/08/27/Monetary-Policy-with-Negative-Interest-Rates-Decoupling-Cash-from-Electronic-Money-46076>)
* February 2019: Cashing In: How to Make Negative Interest Rates Work (<https://blogs.imf.org/2019/02/05/cashing-in-how-to-make-negative-interest-rates-work/>); and
* April 2019: Enabling Deep Negative Rates to Fight Recessions: A Guide (<https://www.imf.org/en/Publications/WP/Issues/2019/04/29/Enabling-Deep-Negative-Rates-A-Guide-46598>)

Under such a negative interest rate policy stance which has been backed up by the Reserve Bank, and ASX in recent months, Australians should have the fundamental economic and civil right to protect their private wealth independent of the Private/commercial banking sector that would strip them of their wealth from the imposition of negative nominal interest rates, and in case of a Banking crisis a Bank Bail-in (taking the Life savings of people and using it to bail-in the banks).

My concerns are that

* the proposed legislation and associated instrument appear in light of the above evidence to be the first step in a series of escalating measures from the Commonwealth seek to infringe on the rights on individual Australians and Australian businesses to engage in commerce independent of the commercial banking sector and the RBA’s monetary policy regime (especially if a policy of negative nominal interest rates are pursued, which is already happening in other counties).
* And given that the legislation puts the power to vary the exemptions and values into the power of executive government this prevents proper scrutiny and oversight of parliament and the citizens of Australia.
* Part of the bill relating to offences is missing from the draft exposure version of the bill
* The bill as drafted creates uncertainty in relation to physical gold and silver bullion, as well as crypto-currencies and other possible havens from negative interest rates, as read in the above IMF documentation cited, this will stop Citizens from protecting their wealth in the time of crisis as happened in 2008. Also The bill as drafted creates uncertainty in relation to physical gold and silver bullion. As currently drafted, the cash ban covers physical currency as defined as Anti-Money Laundering and Counter-Terrorism Financing Act 2006. This definition refers to currency which is ‘legal tender’. Given this definition, it is uncertain what precisely the Commonwealth considers ‘legal tender’ as it relates to physical gold and silver bullion products. For example, are minted coins issued by the Perth Mint that displays the Queen's head the only form of domestic gold and silver bullion that is considered to be legal tender? For example would a domestic commercial transaction above $AUD 10,000 between an individual Australian and an enterprise, which involved physical gold and silver bullion not issued by the Perth Mint (for example, a physical gold or silver bullion bar or coin of 99.9% purity minted by a private commercial bullion dealership) be considered in breach of the proposed law or not?

Unfortunately, neither the proposed bill, the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 or the Currency Act 1965 provides any clear guidance on this question and hence this issue needs to be clarified.

* It is unclear how the Commonwealth intends to enforce this proposed cash transaction ban.

In conclusion I believe the proposed bill and associated legislative instrument are a gross abuse of Australian economic and civil rights; it is clear 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; and there is evidence it will have little to no effect.

The proposed bill and associated legislative instrument make it very 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 or tightened by the Executive government); and there are several items of concern and missing information that need to be rectified before the proposed bill is introduced into Parliament by the Government.

Sincerely

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