**Cash Transaction Ban Consultation Submission**

Jenny Elvey

Concerned Citizen

[jambelvey@adam.com.au](mailto:jambelvey@adam.com.au)

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Manager Black Economy Division

The Treasury

Langton Crescent

PARKES  
ACT 2600

AUSTRALIA

Dear Manager

**RE: CURRENCY (RESTRICTIONS ON THE USE OF CASH) BILL 2019**

I am writing to express my absolute 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 is a major attack and assault to not only our economic freedom in Australia, but is also un-democratic, hinging on a Socialist society. We are supposed to be living in a Democratic Society! The proposed laws would severely affect individual Australians in regard to how they choose to spend their private wealth, which they have worked hard to earn.

It will restrict their choice of whether they wish to conduct transactions independently of the commercial banking sector, and also their choice to conduct their financial day to day transactions in private.

I believe the proposed laws are going to bring about a restriction on competiveness, as it will leave people with no alternative to using the commercial banking sector, despite whether people are using physical cash or digital currency.

It is fundamentally un-democratic for the Commonwealth to be introducing anti-competitive laws which will force citizens to use a particular good or service offered by only one type of industry. Going by the findings of the Royal Commission into Banking, this sector of business has an extremely disturbing and dubious record when it comes to servicing customers who have been using their services, and it was abundantly clear that the banking sector did not take their customers interests into consideration time and time again. This proposed law undermines the principles of what the Australian competitive policy is all about, and which has for many years, set out our guidelines in business ethics. This bill is in affect going to remove the principle guidelines without sufficient justification.

**IMPACT ON THE BLACK ECONOMY**

To date, the Commonwealth and the Black Economy Taskforce have both failed to provide sufficient evidence that this Bill and proposed laws contained within it, would have any real impact on the black market economy, it will not stop tax leakage or illicit activities, and it will only impact the everyday battler, mums and dads, and lower middle class.

Friedrich Schneider did an independent study in 2017 titled

‘Restricting or Abolishing Cash: An Effective Instrument for Fighting the Shadow Economy, Crime and Terrorism’ **[1]**

In this study he has written the following:

“Cash has a minor influence on the shadow economy, crime and terrorism, but potentially has a major influence on civil liberties” Mr Schneider also noted that countries who have had a reduction in cash payments have still had significant black market economies despite this reduction in cash payments.

Mr Schneider also concluded that:

“Cash reflects the fundamental relation between citizens and 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”.

**IMPOSITION OF NEGATIVE NOMINAL INTEREST RATES**

I have very deep concerns that the proposed laws would deprive the abilities of Australians to escape negative nominal interest rates if such a bill were to be imposed by the Reserve Bank of Australia (RBA)

In recent years, there have been many calls from international academic and institutional economists as well as some of the global banking industry for the role of cash to be significantly reduced or even eliminated, given that the use of physical cash or digital cash outside the Governments control undermines the policy of negative nominal interest rates.

It has been argued by many, including economists at the International Monetary Fund, 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 **[2];**
* FEBRUARY 2019: Cashing In: How to make Negative Interest Rates Work**[3];**
* APRIL 2019:Enabling Deep Negative Rates to Fight Recessions : A Guide **[4]**

Further to this, the IMF has argued that during an economic recession, interest rates would need to be lowered between 3% and -6% in order to stabilise the economy and to allow economic growth to recover. The IMF has also argued that given that the official interest rates are already at an all time low around the world, deep negative interest rates of about -4% could be required. In the event of a global economic recession or a global economic shock such as a depression were to eventuate, as is currently being predicted by many analysts, negative interest rates being brought in would appear to be a certainty.

The RBA’s official cash rate is currently sitting at 1%. If the Australian economy were to fall into recession, or if a global shock were to eventuate, such as a worldwide depression, it is almost a certainty that the RBA would be motivated to introduce negative nominal interest rates.

Under circumstances such as this, Australians should have the fundamental economic and civil right to protect their private wealth. They should never be forced into a situation where the commercial banking sector, (which has been instrumental in inflicting unfair thuggery on its customers, as per the Royal Banking Commission findings), can strip people of their wealth from the imposition of negative nominal interest rates.

I have many concerns with the Proposed Bill and associated legislature.

**CONCERNS WITH THE PROPOSED LAWS**

**CONCERN 1:**

I am deeply concerned that the notification of the Proposed Bill was obscure and gave very little time for individuals to respond. Being “announced” at 5 pm on a Friday afternoon, with little to no advertising of the fact that this bill was being introduced, and only having 2 weeks to put in submissions is inadequate in my opinion, especially considering the introduction of this Bill will have such an enormously great affect on the majority of Australian citizens.

**CONCERN 2:**

The proposed legislation and associated legislature may just be the first step in a series of following measures from the Commonwealth in looking to infringe on the rights of Australian individuals and businesses. This bill may be the start of a government plan to restrict those who choose to engage in commerce independently of the commercial banking sector and the RBA’s monetary policy regime. If this bill is introduced, no- one will be able to control how they can be affected if negative nominal interest rates are implemented.

**CONCERN 3 :**

Division 2 of Part 2 of this bill – relating to offences – is not included in the draft exposure version of the bill. Concerned citizens have no way of being able to see the full version of the bill during this initial current Treasury consultation period. How can people properly know how this bill will ultimately affect them, if the full implementations of the Bill are not available for scrutiny?

I formerly request that the Treasury consider implementing a new consultation period if significant elements are introduced to the draft bill, or the associated legislature, prior to the bill being introduced into Parliament.

**CONCERN 4:**

The bill does not make any mention of how the implementation of this bill will be interpreted in relation to physical Gold and Silver bullion. The bill currently covers physical currency as defined as Anti-Money Laundering and Counter-Terrorism Financing Act 2006. This definition refers to currency which is ‘legal tender’

It is uncertain exactly what the Commonwealth considers ‘legal tender’ in relation to physical gold and silver bullion products.

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.

**CONCERN 5:**

The Commonwealth has not detailed how it intends to enforce this proposed cash transaction ban. This should be made very clear to all Australians before the bill is introduced to Parliament including clarification of the following:

* Which Commonwealth institution will be charged with enforcing this law?
* What 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?

**CONCLUSION**

In conclusion:

* The proposed bill and associated legislature is a gross abuse of all Australians’ economic and CIVIL rights and it is therefore morally wrong for this bill to be introduced;
* There has been an absolute failure by the Commonwealth and the Black Economy Taskforce to provide undeniable proof that a ban on cash transactions will have any material impact on diminishing the so-called Black Market Economy, in the same way that the gun laws did not remove all illegal weapons from our society; In the event of an official policy of negative nominal interest rates being introduced, this proposed bill and the associated legislature would make it almost impossible for Australians to escape the economic burdens this situation would bring about, especially if changes were brought in to remove the proposed exceptions. In the event of negative interest rates being activated, anyone with savings in the commercial banking sector would be faced with the very real possibility of their savings being whittled away by fees and charges being placed on the savings by the banks for having money deposited with them as an offset to the fact that the bank would not be gaining any money in the form of interest in a negative nominal interest rate climate;
* There are several legitimate concerns with the proposed bill and associated legislature that need to be rectified BEFORE the proposed bill is introduced into Parliament by the Government.

Yours Sincerely

Jenny Elvey

Concerned Citizen

[**[1]**](https://www.wix.com/dashboard/8a5d3d09-2234-4183-8400-4777ea9ec70c/blog/create-post#_ftnref1)[**http://www.econ.jku.at/papers/2017/wp1708.pdf**](http://www.econ.jku.at/papers/2017/wp1708.pdf)

[**[2]**](https://www.wix.com/dashboard/8a5d3d09-2234-4183-8400-4777ea9ec70c/blog/create-post#_ftnref2)[**https://www.imf.org/en/Publications/WP/Issues/2018/08/27/Monetary-Policy-with-Negative-Interest-Rates-Decoupling-Cash-from-Electronic-Money-46076**](https://www.imf.org/en/Publications/WP/Issues/2018/08/27/Monetary-Policy-with-Negative-Interest-Rates-Decoupling-Cash-from-Electronic-Money-46076)

[**[3]**](https://www.wix.com/dashboard/8a5d3d09-2234-4183-8400-4777ea9ec70c/blog/create-post#_ftnref3)[**https://blogs.imf.org/2019/02/05/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/)

[**[4]**](https://www.wix.com/dashboard/8a5d3d09-2234-4183-8400-4777ea9ec70c/blog/create-post#_ftnref4)[**https://www.imf.org/en/Publications/WP/Issues/2019/04/29/Enabling-Deep-Negative-Rates-A-Guide-46598**](https://www.imf.org/en/Publications/WP/Issues/2019/04/29/Enabling-Deep-Negative-Rates-A-Guide-46598)