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As an individual citizen concerned for the continued health and wellbeing of the nation I welcome the opportunity to submit my feedback for the Exposure Draft—Currency (Restrictions on the Use of Cash) Bill 2019.

With AUSTRAC partners and Fintel Alliance’s commitment and resources to monitor the reporting processes already in place by their instruments (private banking system et al.) these entities are well established as being highly effective toward identifying money laundering and criminal activities within the Australian population. Of the 20 case studies in the AUSTRAC: Typologies and Case Studies Report[[1]](#footnote-1) the majority of the prosecutions saw relatively short sentences, fines or good behaviour bonds that clearly indicate examples of rather trivial crimes committed by Australians who appear unaware of the above reporting processes, while the minority and more serious cases of people smuggling, drug trafficking and fraud, all of international scale suggests that neither group of offenders offer an obvious parallel to warrant committing the overwhelming majority of Australia’s residents for tax purposes to this proposed legislation. With the movement from cash wages to electronically banked wages now firmly embedded in Australia’s business culture coupled with the highly effectual Fintel Alliance under AUSTRAC, these actions have proven greatly effective at restraining and minimising the shadow economy over time. In light of the revelations from the recent banking enquiry it was established that elements within the privately owned banking system itself put into place procedures that circumvented reporting controls and therefore cultivated the culture of money laundering. Considering the privately owned National Australia Bank was proven culpable in facilitating the processes of money laundering through it’s systems I do not see the justification to action this legislation against the overwhelming majority of depositors until it is demonstrated that the entire private banking sector is unqualified to uphold the AML/CTF regulations that were commissioned to identify illicit practices in the first place. Considering the above points it is my opinion that the timing of this proposed draft legislation and the target of its employ is morally corrupt and an overreaction to minor offences that appear to have very negligible impact on the overall economy.

The proposition that this draft legislation is primarily to circumvent tax avoidance by the average Australian appears profane when one considers the instruments already in place to protect the economy. It is well established that Australia’s small to large businesses and average residents for tax purposes are statistically incapable of realising the implied high participation rate of tax avoidance without being identified and prosecuted within a reasonable timeframe. Therefore, the rationale proposed in the draft legislation is in my opinion framing private Australians for tax purposes as well as small to large businesses as being overwhelmingly culpable of tax avoidance when it is widely accepted by the finance industry[[2]](#footnote-2) that the large Australian and multi-national corporations as well as Australia’s richest residents for tax purposes are all enabled by Australia’s largest accounting firms toward avoiding or reducing their taxes well beyond what is acceptable by any moral standard. As such it is abundantly clear that this plutocratic minority have the clout and resources to remain unchallenged by the purpose of this proposed legislation as it likewise, continues to remain greatly unchallenged by the tax regulators. With the move to affect the largest and widely infecund section of the population, it becomes evident that the Australian government must accept that a tolerable level of the cash economy will be used to avoid official channels while such a shadow economy remains, by virtue of it’s very nature, an organic offshoot of every cash economy worldwide. With Australia’s median shadow economy recently being identified at 13.4%[[3]](#footnote-3) and being well below the average median of the combined world economies of 32.7%, Schneider and the efforts of ASTRAC demonstrate that Australia’s lean shadow economy is not an unreasonable one. It is also my opinion, and one I am confident is supported by a large section of the Australian population that the existence of a shadow (black) economy is inevitable and can in itself be healthy for the people living *within* the economy so long as it remains under tight control and within reason, as I have already demonstrated to be so. Given that such an economy cannot be outright eliminated from a cash society I would argue that the ideal of the Black Economy Taskforce in so targeting average Australian businesses and individuals for tax purposes will highly likely result in a poor impact upon the shadow (black) economy.

This exposure draft legislation is founded upon recommendations by the Black Economy Taskforce whose wider intent I fear, is to herd all private Australians into to a purely cashless economy by way of the successful implementation of this and key related legislation, specifically the Financial Sector Legislation Amendment (Crisis Resolution Powers And Other Measures) Bill 2017. As such I am deeply concerned that following the implementation of this proposed legislation and subsequent changes to the act, Australians will come to lose their right to the use of legal tender and therefore, financial autonomy to become a vast pool of compulsory liabilities for the private banking system to invest as they see fit. Coupled with the intention of the privately owned Reserve Bank of Australia to push the economy into negative interest rates, such combined practices suggest a clear pathway for the total corruption and collapse of the Australian economy resulting in the implementation of crisis bail-in proceedings or the consumption of the entire pool of private and business deposits to pay for the potential failures of investments and economic policies made by the private financial elite.

Given the points I have brought forward in this submission I recommend for the implementation of this bill be delayed until such time that AUSTRAC’s reporting instruments (private banks et.al) be demonstrated as wholly ineffectual at upholding the AML/CTF regulations. I further suggest that the legislation or relevant instrument state clearly that no Australian for tax purposes and by extension, no business be obliged to forego the right to the use of promissory notes or legal tender to otherwise, become directly or indirectly compulsorily herded into the private banking system for the purpose of maximising the bail-in safety net for regulated entities as defined in Financial Sector Legislation Amendment (Crisis Resolution Powers And Other Measures) Bill 2017.

Regards,

Karl Schaal

1. Australian Transaction Reports and Analysis Centre, (2014). *AUSTRAC: Typologies and Case Studies Report 2014.* Retrieved from Australian Transaction Reports and Analysis Centre website https://www.austrac.gov.au/sites/default/files/2019-07/typologies-report-2014.pdf [↑](#footnote-ref-1)
2. No current studies can be identified to back this claim but it is nonetheless, common knowledge throughout the financial industry and with the public at large. [↑](#footnote-ref-2)
3. Schneider. F, (2017)*Shadow Economies around the World: New Results for 158 Countries over 1991-2015. Working Paper No. 1710 July 2017*. Retrieved from Johannes Kepler University of Linz website http://www.econ.jku.at/papers/2017/wp1710.pdf [↑](#footnote-ref-3)