Aaron Hogan  
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Monday 12th August 2019

Manager  
Black Economy Division  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Manager,

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

I am a concerned Australian citizen compelled to express my views in relation to the exposure draft of the above bill. I hold a bachelor of Commerce and a passing interest in banking, finance and economics. I am angered by the draft legislation and wish to publicly voice my dissent to the passing of the bill as law in any form.

Key Points

The timing of the release of the bill for consultation is both cynical and disingenuous. It is not appropriate that a significant piece of legislation is released for comment after 5pm on a Friday and with only two weeks permitted for public comment. The bill is incomplete (Division 2 Part 2 relating to offences) and any exemptions are defined in the Regulations, which may be subject to change without the scrutiny of Parliament. The public is right to be suspicious of the Government’s motivations.

The use of cash (currency) is a social utility. Any person may, as by their right, use cash to transact directly with another person or business without the use of a third party such as a Bank or financial institution acting as intermediary. The banning of cash transactions should be viewed as an unwelcome intrusion into our lives by private institutions for the purpose of reporting to government. Thus it is a reduction in our liberty and should be resisted.

The case for banning cash transactions (of any amount) has not been sufficiently made out to the Australian people. There has been no debate and no political mandate exists. The stated reasons for the bill do not withstand scrutiny. Where similar cash bans have been put in place (eg: Sweden) they have not had a marked effect on the black economy. No empirical evidence has been put forward which would convince a reasonable person that the restriction is warranted or would have the intended effects on the black economy. Indeed if passed into law it may have significant *unintended* effects.

The cash limit is proposed to be $10,000 AUD. Over a relatively short period of time the effective limit will reduce as a result of inflation. This will capture ever more transactions if the limit is not consistently raised in line with the rate of inflation or as a proportion of Average weekly earnings or some other relativity. The effective lowering of the limit would therefore amount to a progressive “war on cash”.

I am also concerned that the move to a cashless society will enable the use of experimental unorthodox economics including specifically the use of Negative Interest Rate Policy (NIRP). This would be a foolish experiment with potentially disastrous consequences for the economy. A cash ban will also prevent bank customers from escaping the bail-in policy of stealing deposits to prop up failing banks. Consumer behaviour in relation to saving via deposits is likely to be affected and may cause savings to be held outside the banking system entirely.

Successive Australian Governments have chosen to ignore the major forms of money laundering by failing to enact the second tranche of the Anti-Money Laundering legislation since 2006. At the time, the government committed to tackling the legislative changes in two phases. Phase two remains outstanding to this day. Perhaps because it would rope-in lawyers, accountants and real estate agents who have lobbied forcefully against its implementation. The statutory review of Australia’s AML/CTF regime identified 84 areas where urgent reform was, and still is, needed.

Laundered money is being spent into the Australian economy through large transactions such as the foreign purchase of domestic real estate. There has been obvious regulatory failure to ensure that foreign nationals cannot purchase Australian residential real estate. The unregulated nature of Australian real estate has made it attractive to park criminal funds but there is no reliable data on the extent to which this is happening.

The Financial Action Task Force consistently rates Australia as a haven for laundering illicit funds. The “Panama Papers” scandal and recent media coverage of money-laundering through Australian casinos demonstrates that the public is aware that money laundering is occurring at the trans-national level rather than amongst ordinary Australian citizens who would be impacted by such a heavy-handed law.

There are alternative actions the Government should consider including;

1. Implementation of the full second tranche of AML/CTF legislation
2. Effective regulation of the purchase of real estate by foreign individuals and entities
3. Introduction of Glass-Steagall separation of banking legislation

The proposed law is an affront to the civil liberties of Australians and were the real intent of the bill and its consequences not so obvious it would be risible.

Sincerely,

**Aaron Hogan**