**From:** Hugh Mallen <hugh.mallen@gmail.com>   
**Sent:** Sunday, 11 August 2019 11:35 PM  
**To:** RG - Black Economy <Blackeconomy@treasury.gov.au>  
**Subject:** Submission: Exposure Draft—Currency (Restrictions on the Use of Cash) Bill 2019

In submission to the Currency (Restrictions on the Use of Cash) Bill 2019,  
  
After careful review, it is my firm opinion that **this bill should not be allowed to pass**.  
  
My name is Hugh. I am a senior engineer, a church leader, and a hobby economist. My particular interest is in monetary policy and the global banking system and have completed related studies ([coursera.org/verify/SJ2PV62R4L](http://coursera.org/verify/SJ2PV62R4L)). It is through this study that I have come across this Bill. My study makes me suspect that this Bill may have **more to do with giving the RBA greater monetary influence** or effectiveness and **little to do with the stated (excellent) aims** of tax avoidance and money laundering.  
  
One of the key planks of our civil society that we all enjoy the prosperity from, is that of personal economic liberty. Each citizen of Australia is permitted to conduct their own financial affairs with freedom of choice and some degree of discretion. This Bill appears to be one of many in succession that seek to erode the civil liberties of Australians. My concern in this bill is that by making cash payments over a threshold a criminal offence there must be a substantial increase in surveillance of behaviour between all people in order to prevent the wrongdoing actions of a small number. In addition, it removes the freedom to choose a secret method of payment of pure innocence, such as a surprise gift to a loved one or an anonymous, non-monetary gift. **This Bill undermines our personal economic liberty.**  
  
The evidence uncovered by the royal commission into misconduct in the banking, superannuation and financial services industry suggests that **this Bill is seeking economic justice in the wrong sector.** With currency making up a very small fraction of the money used in the economy (less than 4%) it seems highly unlikely that restricting the use of cash will have much impact on the black economy. The royal commission findings suggest that large parts of it occur within the banking and financial services sectors. CBA alone paid $700 million penalty to AUSTRAC for 53,506 counts and value of $625 million worth of suspected money laundering transactions. Overseas experts on these subjects suggest that real estate and acounting services by the large accounting firms represent the largest money laundering or tax evasion threats. **By targeting the cash economy this Bill will do very little counter tax evasion or money laundering.**  
  
However, this Bill provides the precise mechanism required in a low to zero cash rate environment to provide the central bank (RBA) **increased monetary control** over what the IMF refer to as **deep negative interest rates** (Agarwal 2019). It is thought that the board of the RBA need to drop the cash rate by 4-6% to effectively deal with a major recession. However with the zero lower bound this is impractical when the cash rate is as low as it is around many global central banks, including the RBA. With legislation such as this Bill the regulation can be adjusted in the future to phase out all cash allowing the RBA to reduce the cash rate to levels such as -5% and not cause a run on the banks. Such a bank run can be made criminal by the regulatory levers within this Bill. People who had previously hoarded cash would also be considered criminals if they sought to exchange it for goods or services under such policy settings. It is nonsense to criminalise the risk adverse.  
  
I have alluded to a feature of this Bill that I also disapprove of in my last paragraph. **The structure of this Bill leaves too many parameters open to change via the regulatory framework (and therefore not by parliament)**. Where Bills that restrict cash have been applied in various European countries it has later been tightened to a lower limit. The structure of this Bill allows the exemptions on applicability to be lifted (e.g to include equivalent restriction on Bitcoin) without additional discussion in parliament. This Bill has been applied so broadly as to apply to all monetary transactions of every type within the economy such that it requires the regulatory parameters to remove most other economic relationships. This is unacceptably far reaching and over reach. T**he Bill must be re-written with precise restrictions placed in the legislation and not the regulatory parameters**.  
  
Key changes to the manner in which our economy functions ought to have cost-benefit analyses conducted to determine expected success or failure of the legislation. **How much will policing this new restriction cost? What are the expected increases in tax revenue collected?** These questions appeared unanswered.  
  
**I consider it foolish of government to seek negative interest rates** in effort to push further credit increases. Our economy is suffering from many ailments: low inflation, high unemployment, low wages growth, low credit growth, and extremely high private debt and foreign debt levels. It is clear that government seeks to play hot-potato to push these problems as far into the future as possible rather than taking effective leadership to diagnose and treat this economic malaise. **The wisdom of history suggest that there is only one remedy for these times of extremely high global debt: debt cancellation, forgiveness and jubilee.** This will be done. The structure of trade relationships within and between economies demands it. The safe path is to do it through deliberate, steady, and measured policy. In partial measures, targeted, and testing success the great quantum of (largely) mortgage related debt can be unwound back to wise and sensible levels for a macro-economy (30-50% of GDP). History suggests that time and again leaders who do not take this path lead their nations into global conflict, anarchy or revolution as the only other means of achieving freedom from such a burden of debt. With the destruction of debt society is released into productive investment and expansion. Prices return to their fundamentals. Small business and households thrive with reduced costs for rents and land. Australia has many things to be proud of, but the second highest global levels of household debt is not one of those things.  
  
In summary, **this Bill should not be allowed to pass.**  
  
Kind regards,  
  
Hugh Nguyen-Mallen  
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