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Fight the totalitarian ban on cash!

Stop Scott Morrison and KPMG from banning cash to trap Australians in banks.

• The Morrison government has introduced legislation to ban all cash transactions over $10,000 that carries a penalty of two years in jail.

• They say there will be exemptions to protect lawful activity—such as for withdrawing cash from a bank and individual-to-individual transactions such as for a used car—but these are not in the legislation. They will be in a separate regulation that the Minister can change at any time, so they are not protections at all.

• $10,000 is just the start: the ban is a recommendation of the 2017 report of the Black Economy Taskforce, written by a former global boss of KPMG, the giant international accounting firm which is already lobbying to reduce the limit to as low as $2,000.

• The excuse for the ban—to eliminate the so-called Black Economy—is a lie: authoritative studies show Australia doesn't have a serious black economy problem, and countries with cash restrictions and near-cashless economies have much bigger black economies than Australia.

• The author of the ban—KPMG—is in the middle of the real black economy, which is the trillions of dollars in tax evasion and money laundering committed by giant banks and multinational corporations worldwide with the assistance of KPMG and the other Big Four global accounting firms, which are currently the subject of a parliamentary inquiry.

• The real reason for the ban is to trap Australians in banks so we can't escape extreme economic policies such as negative interest rates and "bail-in", and to have a totalitarian surveillance system that can "monitor and measure" our financial activities.

• Negative interest rates and bail-in are intended to prop up the failing banking system. Australians should demand the government reform the banking system instead of propping it up with policies that require taking away our rights.

• Do not give up your freedom to use cash! Protect your right to financial privacy and to not being forced to use banks. Sign and share the Change.org petition; make a submission to the Senate inquiry; contact your MP and join a delegation to see your MP in person (see back page for details).

The cash ban bill

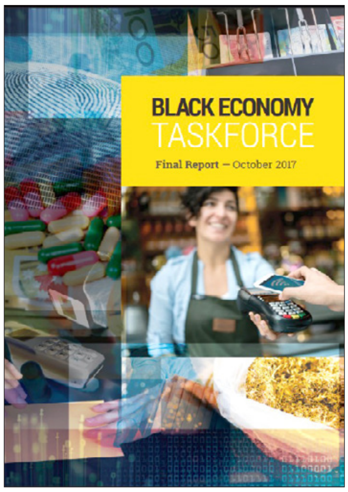
The legislation is called the Currency (Restrictions on the Use of Cash) Bill 2019. Treasury sneakily released an exposure draft online for consultation on the evening of Friday 26 July when nobody would be paying attention, with a deadline for submissions of 12 August. Due to an intense campaign to notify the public and encourage as many people as possible to object, Treasury received "4,000-plus" submissions by the deadline—incredible given that the average number of submissions for a typical Treasury consultation is 30! However, Treasury made a mockery of the consultation process by refusing to publish the submissions, and Assistant Treasurer Michael Sukkar introduced the bill anyway on 19 September.

The bill bans all cash transactions over $10,000, *without exception*, and imposes penalties of up to two years jail. (There is a defence for making transactions by mistake.) "All transactions" includes deposits and withdrawals in banks, cash gifts, and individual-to-individual transactions.

However, the government says there is nothing to worry about, because transactions like withdrawing money and individuals buying used cars from other individuals will be exempt from the law; in practice, it will mostly restrict businesses from transacting $10,000 or more in cash.

Don't be fooled! None of the exemptions to the ban are written into the law. They are written as "rules" in a separate regulation called a legislative instrument—*which the Minister can change at any time!*

Only the $10,000 limit is written into the bill and therefore requires new legislation to change. That said, global accounting giant KPMG is already pushing to reduce it to $5,000 or even $2,000.



The fraudulent report that recommended the cash ban. For more information see www.exposingtheblack economyreport.com

Official reason No. 1: Eliminate the black economy

Response: Australia doesn't have a serious black economy problem, and what we do have has been shrinking without totalitarian cash restrictions.

The $10,000 cash ban is a recommendation of the 2017 Black Economy Taskforce report, written by former KPMG boss Michael Andrew. The black economy includes tax evasion, money laundering, underpaying wages, fraud and counterfeiting, illegal gambling and drug trafficking.

The report claimed the black economy is growing and it is twice as large as the Australian Bureau of Statistics reported in 2012. It declared "the black economy is a significant, pervasive, damaging and growing economic and social phenomenon" which must be addressed with "urgency". The purpose of the cash ban, it stated, is to "reduce the ease" of making black economy transactions; in a 2017 interview Michael Andrew said the ban would "eliminate most of the opportunities for the black economy".

There is no evidence for these claims!

First, the Black Economy Taskforce report admitted the taskforce didn't measure the black economy. Its assertions were made using terms like "our assessment", "we consider", and "our judgement". *That is not evidence*.

Second, the most authoritative black economy study, of 158 countries, shows:

- Australia has the 11th smallest black economy in the world—much smaller than the European countries that are almost cashless or have cash restrictions; and
- Australia's black economy has almost halved since 1991!

The study by Leandro Medina and Friedrich Schneider, "Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?", published by the International Monetary Fund (IMF) as a Working Paper in February 2018, shows:

Figure 1: Australia has the 11th smallest black economy out of 158 studied. Japan has the highest rate of cash use in the world but it has an even smaller black economy than Australia. And France, Denmark, Sweden, Spain and Italy, which have cash restrictions or are almost cashless, have bigger black economies.

Figure 2: Australia's black economy halved between 1992 and 2015, the period of this study.

Figure 3: In contrast to Australia, the black economies of Denmark, Norway and Sweden expanded … *when they started going cashless!*

Figure 1

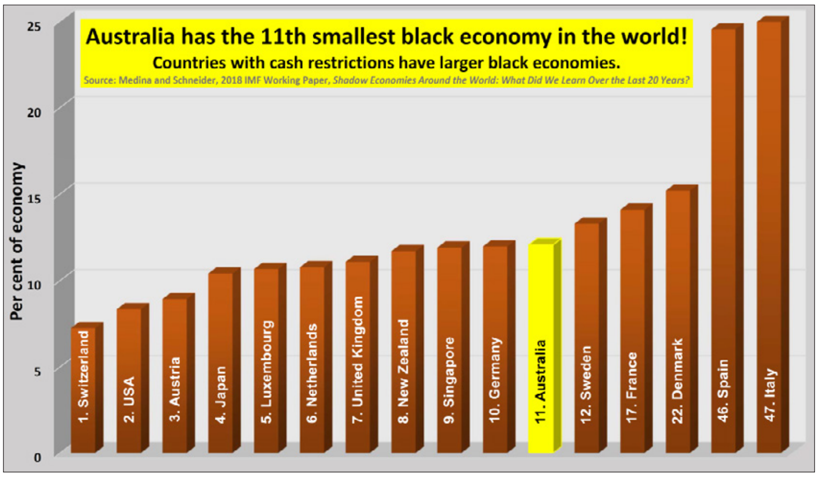


Figure 2

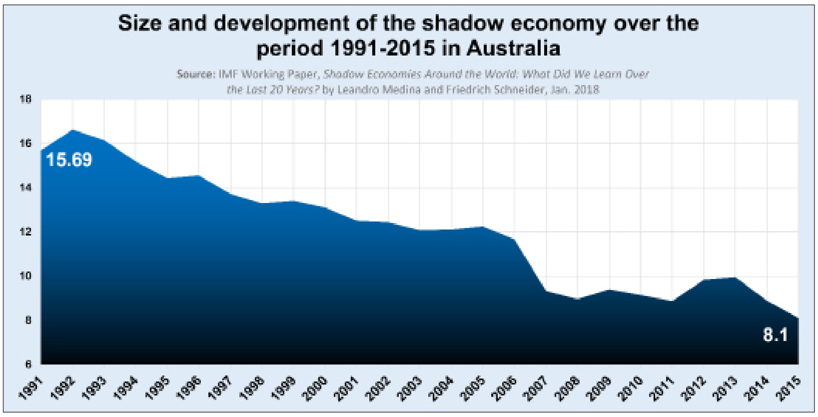
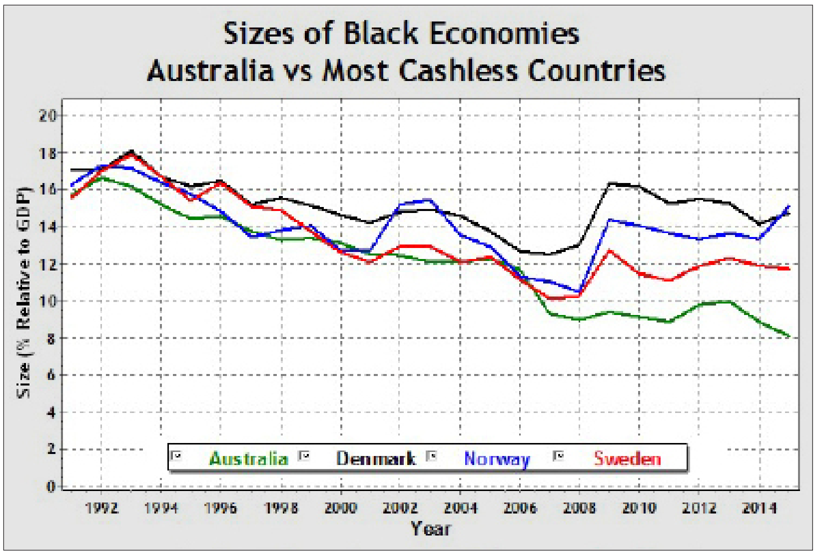


Figure 3



Official reason No. 2: Reduce tax evasion

Response: The Big Four global accounting firms, including cash-ban author KPMG, are at the centre of industrial scale tax evasion (and money laundering), which they facilitate for their clients in giant banks and multinational corporations; this is the real black economy, not individuals using cash.

The government can't get its story straight. On 29 August, Assistant Treasurer Michael Sukkar told Alan Jones on 2GB that the cash ban wasn't really about tax evasion, but was more about "smashing criminal gangs". This was immediately ridiculed for the obvious reason that criminals won't care if cash is banned—they are already criminals. And a law enforcement official called in to the Alan Jones show to tell Sukkar that banning cash was the worst way to deal with criminal gangs. "Minister, don't do this to our country", he pleaded.

By the time Sukkar introduced the bill on 18 September, the story had changed. The bill states: "The principal object of this Act is to protect the integrity of the Commonwealth taxation system, by preventing the use of cash in order to avoid scrutiny by the Commissioner of Taxation seeking to enforce the taxation law."

The Black Economy Taskforce report singles out people who make cash payments for "child care, renovations, a haircut or car repair" as "part of the problem" of the black economy. In his 2017 interview, author Michael Andrew also criticised paying cash to "your nanny, your personal trainer, your gardener, your window cleaner" and "tradies offering discounts for cash".

"This is endemic", the report claimed. "It has even been described as a national sport."

Blaming individuals for tax evasion is shameless hypocrisy and an attempt to deflect from the truth!

KPMG's Michael Andrew (recently deceased) was the only Australian to ever rise to the level of global boss of one of the Big Four accounting firms. Like the other three, PwC, EY and Deloitte, his firm runs the world's tax avoidance and tax evasion machinery, through which corporations and ultra-rich individuals—not the hairdressers, tradies, nannies, mechanics, gardeners and window cleaners he slandered in his report—funnel trillions of dollars, pounds, euro, yen etc. into tax havens to escape paying their fair share of tax. This is the real black economy.

The UK's Tax Justice Network estimates that transfer pricing—corporations exaggerating the costs they pay to a foreign parent corporation—is used to evade over US$500 billion in taxes globally, while banks, corporations and the ultra-rich hold between US$21-32 trillion in "offshore" jurisdictions. These are the Big Four's clients. In the UK, the centre of the global offshore network, the Big Four write the tax laws they use to help their clients avoid tax; in Australia, Treasurer Josh Frydenberg's "High Level Advisory Panel" on tax is dominated by five executives from EY, three from Deloitte, five from KPMG and seven from PwC. Yet KPMG alone has been fined more than US$500 million for tax and accounting fraud, and the Big Four are now the subject of an Australian parliamentary inquiry!

So what does the former KPMG boss's Black Economy Taskforce report say about those activities? Nothing—it states that it didn't examine high-level tax avoidance and multinational profit shifting.

The same corrupt Big Four accounting machine is also at the centre of global money laundering. In 2012, when Michael Andrew was boss of KPMG, the US government caught two of KPMG's biggest long-term clients, British banks HSBC and Standard Chartered, in massive money laundering scandals.

The real reasons they want to ban cash

1: Trap Australians in banks so they can't escape negative interest rates and 'bail-in'

Negative interest rates: Desperate central banks are pushing down interest rates to below zero to prop up the bankrupt financial system; however, the IMF has published numerous discussion papers and studies saying that negative interest rates won't work if people can pull their money out of the banks in cash, and therefore cash restrictions are necessary.

For instance, in a 5 February 2019 blog post, "Cashing in: How to make negative interest rates work", IMF analysts wrote: "In a cashless world, there would be no lower bound on interest rates. … When cash is available, however, cutting rates significantly into negative territory becomes impossible. … One option to break through the zero lower bound would be to phase out cash."

Several countries already have negative interest rates. While the Reserve Bank of Australia has been aggressively cutting interest rates this year to 0.75 per cent, Governor Philip Lowe has made it clear that the RBA is prepared to go to negative rates. In August Reserve Bank of New Zealand Governor Adrian Orr said NZ is also prepared to go to negative rates, which he said raised the need for cash restrictions.

The Black Economy Taskforce report states that its strategy is to "Move people and businesses out of cash and into the banking system", and explicitly quotes the IMF argument that restricting cash may benefit "financial stability and the *effectiveness of monetary policy*", i.e. cutting interest rates.

So don't let politicians tell you this ban has nothing to do with negative interest rates—they are either too ignorant to be Members of Parliament, or they are lying!

Bail-in: "Bail-in" is the policy of confiscating bank deposits to prop up failing banks, which is in force in the USA, EU (including UK), Canada, New Zealand and Japan. In February 2018 the Australian government snuck a version of this law through Parliament, but claimed that unlike every other jurisdiction with bail-in, the Australian law doesn't apply to deposits. The CEC and experts have identified a loophole in the law that could be used to seize bank deposits.

The EU experience shows that bail-in requires trapping people in banks: because the use of bail-in in Cyprus, Italy and Spain has spooked bank customers, this year the EU amended its bail-in law to allow it to freeze bank deposits without notice, so customers can't escape possible bail-ins. Under the cash ban law, the Minister would have the power to suddenly remove the exemption for bank withdrawals and limit withdrawals to $10,000 at a time, slowing down the ability of Australian bank customers to remove their deposits to escape bail-in here.

2: Financial surveillance state

In his 2017 interview, cash ban author Michael Andrew emphasised the need to "shift from a cash to a non-cash society where we can therefore *monitor and measure people's activities*" (emphasis added).

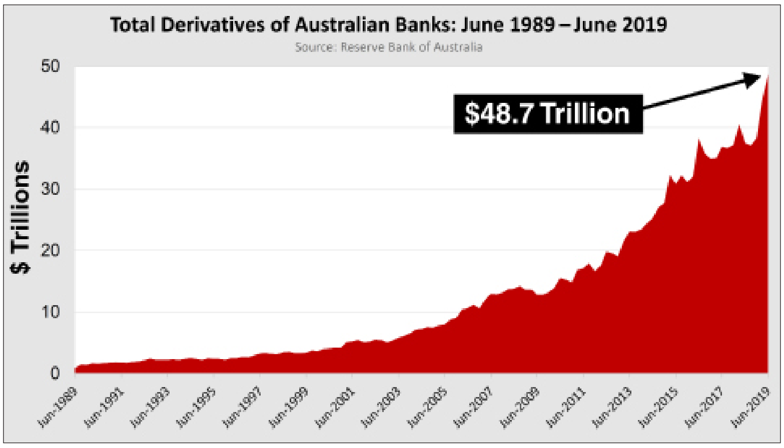
Every transaction that goes through the banking system can be tracked, not just by the government but by the banks themselves, which can charge fees and sell your data to other corporations. One of the reasons that Michael Andrew's old firm KPMG is already lobbying to lower the limit to $2,000 is that KPMG is the coordinator of a project to create the backbone infrastructure for a cashless economy, called the New Payments Platform (NPP). The NPP is a financial partnership between the Reserve Bank and 12 large private

The NPP is mutually owned by 13 organisations:

financial institutions, including all the major banks and the cashless welfare card company Indue. The Black Economy Taskforce report states that moving people and businesses out of cash and into the banking system "makes economic activity more visible, auditable and efficient", and heavily promotes the New Payments Platform as a "game-changer".

Forcing people into banks to be monitored is totalitarian—Australians should always have the right to use cash for privacy, to avoid bank charges and scrutiny, and because digital technology is not always reliable.

We need real financial solutions, not draconian laws to prop up the failing system!



The cash ban is another desperate attempt to bandaid over the growing crisis in the economy and banking system. The crisis is not just in Australia, but worldwide, as are the extreme policy responses like negative interest rates and bail-in, and cash restrictions to make them work.

Don't accept losing your rights to prop up the failing system—demand solutions that address the crisis instead!

Australia has record foreign debt, record household debt which is the second highest in the world after Switzerland (but if Victoria were a country it would have the highest household debt), and a housing bubble that is wobbling dangerously. At the centre of this mess is the banks, especially the four major banks, which have the highest exposure to housing debt of any banks in the world, much higher than the banks in Europe and the USA that crashed when their housing bubbles burst in 2008. If Australian house prices crash, the banks will be wiped out, and so will the economy.

On top of their exposure to housing debt, the banks also have massive exposure to the dangerous financial gambling products called derivatives. In just 10 years since the global financial crisis, Australian bank derivatives have skyrocketed from a little less than $14 trillion, to now $48.7 trillion! They grew by more than $10 trillion in the first half of this year. Derivatives gambling is very profitable when everything goes right, but when it goes wrong it can be catastrophic.

The CEC is fighting for policy solutions that will fix the economy and financial system, instead of ones that shred people's rights to prop up the existing failed system. These policies include:

• A full, Glass-Steagall separation of normal banking from the toxic financial speculation, including in derivatives, that has looted the global financial system in recent decades;

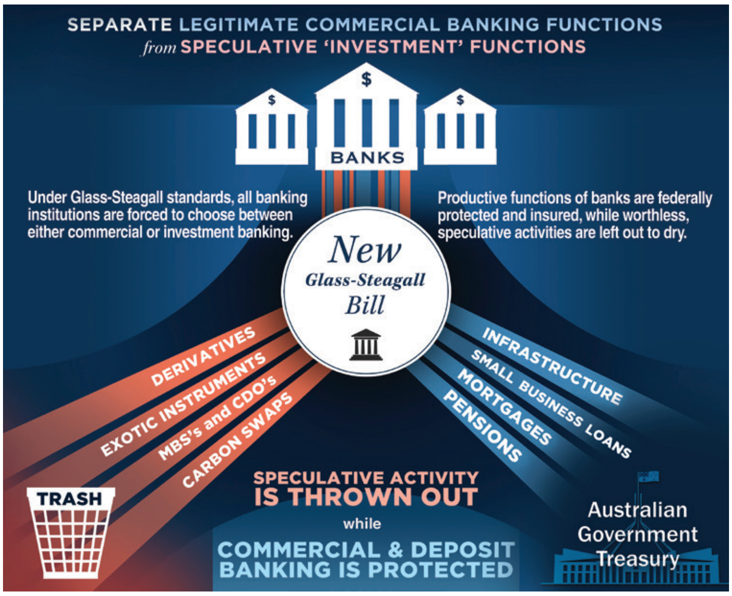
• Amending the 2018 bail-in law to explicitly protect deposits from being bailed in;

• A government audit of the major banks using the Auditor-General so the government can discover the real risks they are hiding, and step in to sort them out;

• A moratorium on foreclosures on family homes and family farms, so the banks share the responsibility for the bad loans they have made, often recklessly and fraudulently, instead of being allowed to mass-foreclose and cause severe social chaos;

• A national bank—a government-owned and -controlled bank like the original Commonwealth Bank in the 1940s—which both regulates the private banks and provides public credit for investments in nation-building infrastructure and productive industries. Through such investments we can restructure the Australian economy away from its concentration in mining, housing and financial services addicted to debt, to one in which prosperity is underpinned by productive enterprises and jobs.

Stopping the cash ban law will help to stop extreme policies like negative interest rates and bail-in, and force Parliament to consider these real solutions instead.



What you can do to stop the cash ban

• Make a submission to the Senate Economics Legislation Committee inquiry into the cash ban law that the ALP, One Nation, Greens and Centre Alliance forced the government to agree to. The deadline is 15 November. Email submissions to economics.sen@aph.gov.au

• Call and email your MP and Senators to object to the bill. For contact details go to aph.gov.au/Senators_and_Members, or call the CEC on 1800 636 432

• Join a delegation of other people in your area to see your local MP in person—call the CEC on 1800 636 432 to be put in touch with other people.

• Sign and share the petition on Change.org: Stop Scott Morrison from banning cash to trap Australians in banks!