Manager

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Dear Sir/Madam

Submission: Exposure Draft - Currency (Restrictions on Use of Cash) Bill 2019

Having leant that the Treasurer has released the exposure draft of Legislation entitled “The Currency (Restrictions on Use of Cash) Bill 2019” there is concern over the two notable features in the bill, namely:

1. All transactions over $10,000 are banned, enforced by a penalty of two years jail
2. Division 2 is blank with the exception of the words “to be inserted”.

Exceptions, such as a cash withdrawal for payment of a second hand car, are not enshrined in the bill. Under this proposed legislation the Australian Government could use the “bail-in” law, passed in February 2018, to prevent Australians withdrawing more than $10,000 from their bank accounts.

The Reserve Bank has continued to slash interest rates to 1%, eroding confidence in the banking system. If continued, customers may be forced into paying banks who hold their hard-earned money.

The Reserve Bank of Australia’s (RBA) Governor’s arguments for extremely low interest rates currently on offer from banks are driving customers to look for alternative places to keep their savings. For example, peer-to-peer lending has gained in popularity.

Extreme interest rates could also cause a run on the banks, with some people already withdrawing funds because they feel their savings are safer “under a mattress”. Without large depositors, the banks will not be able to pay investors as much for their shares which had a further knock-on effect.

His argument that he may reduce interest rates even further because of international economic factors provides no savings to meet the needs when sudden crises arise.

His argument that he may lower interest rates to help reduce unemployment has not shown true thus far. Unemployment is driven by many factors, not the least of which is the high wages negotiated by unions for their workers.

His argument that the government needs to spend on infrastructure is redundant as this is already taking place.

The argument that it helps mortgagees is irrelevant as many are not impressed for example by having their mortgage reduced from 25 years to 24 years. Demand for homes is not limited to an association with interest rate cuts. People are more inclined to take fewer risks, and less likely to borrow regardless of the interest rate cuts because they have done little more than generate more fear rather than confidence.

The government will not collect as much in revenue from taxes paid by savers with no interest on savings to tax.

I am asking that, in the absence of evidence for the Reserve Bank Governor’s argument that slashing interest rates will help the economy, and the lack of evidence that proposed the restrictions will stop money laundering, we scrap these features of the draft legislation.

Yours sincerely

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