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**Sent:** Friday, 9 August 2019 7:24 PM  
**To:** RG - Black Economy <Blackeconomy@treasury.gov.au>  
**Subject:** Currency (Restrictions on the Use of Cash) Bill 2019

# Cashing In: How to Make Negative Interest Rates Work

FEBRUARY 5, 2019

[Ruchir Agarwal](https://blogs.imf.org/bloggers/ruchir-agarwal/) and [Signe Krogstrup](https://blogs.imf.org/bloggers/signe-krogstrup/)

"When cash is available, however, cutting rates significantly into negative territory becomes impossible. Cash has the same purchasing power as bank deposits, but at zero nominal interest. Moreover, it can be obtained in unlimited quantities in exchange for bank money. Therefore, instead of paying negative interest, one can simply hold cash at zero interest. Cash is a free option on zero interest, and acts as an interest rate floor."

Given our increasingly intrusive government, I am convinced that the actual intent of the Currency Bill 2019 is the first step in the process to 'dis-incentivise' Australians from saving money and possibly represents an eventual step to eliminating the use of cash for all but the smallest of transactions.

My wife and I have a mid-range five figure AUD savings amount in the bank at this time and deeming is not an issue. What annoys me, to the extreme, is that due to the incompetence, greed, self-interest or whatever of those who manage our economy, we may be asked to prop up a system which has clearly been failing those at or near the bottom of the economic pyramid.

We have a government which, for instance, did nothing about regulating the excessive, irresponsible lending by our banks despite warnings issued by APRA and the Reserve Bank going back to 2014/2015 (from memory). The potential for disaster in regard to levels of household indebtedness has been patently obvious for many years, however, government (LNP during the period in question) has simply kicked the can down the road in the hope that the inevitable recession will come when they are not in office.

I am also highly dubious of the statement that the bill is specifically designed, as one of its aims, to catch those avoiding taxation. If tax avoidance was a priority, and cost-benefit was a consideration, the government would enact legislation to restrict some forms of currently-legal tax minimisation. Minimisation which permits corporations to off-shore profits or which permits prime ministers to avail themselves of facilities provided by the Cayman Islands. Such legislation, I suspect, would affect the powerful rather than the plebs hence it will never be seriously addressed.

 I for one will not be leaving any substantial amount ('substantial' in my world) of money in a bank if it costs me money to do so. Whether the withdrawal of those monies will have the desired stimulatory effect on the economy will not figure in my consideration of how I dispose of those funds. The only certainty is that it will be disposed of legally as I am one who believes that tax is the price paid to live in a fair society.

Come clean on this legislation and specifically rule out that which is not intended to be potentially ruled in. Let Australians see what the government is doing rather than slipping it in the back door at a later date if the  house of cards they have been propping up begins to fall.