**From:** Andrew Randall <randall.andrew@gmail.com>   
**Sent:** Monday, 12 August 2019 11:56 AM  
**To:** RG - Black Economy <Blackeconomy@treasury.gov.au>  
**Subject:** Currency (Restrictions on the Use of Cash) Bill 2019

I think that the Currency (Restrictions on the Use of Cash) Bill 2019 as currently drafted will contribute to reducing the level of cash economy tax evasion in the economy.

I have identified some potential unintended consequences of the exposure draft of the Bill that will adversely affect the law abiding population which forms the majority of the community. The crux of the issue is **that cash has no truly safe** alternative for the prudent saver in the future economy. I will briefly explain my concerns.

For law abiding people, holding their *post-tax* savings in a bank deposit is currently less risky and more convenient than holding cash for reasons including security, low transaction cost and etc.

The Governor of the Reserve Bank of Australia recently testified in the House of Representatives Standing Committee on Economics that unconventional monetary policies may be needed. Needless to say, but the economy will be doing very poorly in this eventuality. The unconventional policies will have the same ultimate effect of promoting economic growth either by increasing inflation or reducing interest rates, both to the detriment of savers. It is very possible that the Reserve Bank of Australia may lower its official interest rates *below zero*, following the examples set in Switzerland, Denmark, Sweden, Japan and etc.

Law abiding savers will have to make a choice as to how to safely maintain their capital held in the bank, these can be summarised via the following options:

1. Withdraw their capital from the bank and hold it in cash or digital currency, now made less attractive as a consequence of the proposed Bill.

2. Invest into more complex and riskier financial products heretofore avoided by the saver, likely because they are relatively unsophisticated and risk averse.

3. Accept capital erosion by keeping their money in the bank.

In my opinion most people will take the first option, even if the Bill passes, as the benefits clearly outweigh the costs. This could increase the likelihood of a **run on the banks**.

The government seems to have also foreseen this prospect and has passed the *Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018*, which arguably enables a bail in of bank deposits in the event of a crisis. The unavoidable conclusion which many have drawn from this Act is that government policy makers intend that they should have the tools needed to mitigate any lack of confidence in the banks, and that a desirable outcome of this is that the costs of avoiding a banking crisis are borne by bankdepositors rather than the government. I truly hope this is not a desired outcome, as **depositors deserve no blame for any future financial crisis, and** **their continued confidence in the banks are crucial to prevent one**.

This Bill as drafted has raised concerns in the community, particularly through social media commentators, that I am sure you are aware of. The *perception* that the government has an ulterior motive in pursuing this bill should be addressed to maintain community confidence in the government and the banking system.

I urge you to consider including a mechanism that addresses my concerns in the bill, and not to proceed further until these concerns are addressed by legislation.