6 August 2019

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Manager

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Dear Sir/Madam,

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

I have learnt that last Friday afternoon, 26 July 2019, Treasurer Josh Frydenberg released the exposure draft of legislation entitled “The Currency (Restrictions on the Use of Cash) Bill 2019”. Only two weeks have been allowed for public comment.

There are two notable features in the bill:

1. ALL cash transactions over $10,000 are banned, enforced by a penalty of two years jail,
2. Division 2 is blank, containing only the words “To be inserted”

This is an incomplete draft, released on a Friday afternoon (when no one is around) and with only two weeks for public consultation.

What is the government trying to hide?

The government has sought to assuage concerns by saying exceptions will be allowed, eg withdrawing and depositing cash in banks and buying a second-hand car, BUT these exceptions are not enshrined in the legislation. This means, at a later time, the Minister will be able to scrap the exemptions without having to go back to a public consultation to change the legislation. This is called the “salami tactic;” legislation is passed that appears sensible and agreeable, then at a later time important changes are sliced off because they were not part of the original legislation.

Just a few years ago, the governments of Greece and Cyprus prevented their people from withdrawing their money from their bank accounts, by a “bail-in” law. A “bail-in” law was passed through the Senate by the Morrison government in February 2018 with only eight senators present and no recorded vote.

Under Josh Frydenberg’s proposed legislation, the Australian Government will be able to use “bail-in” to prevent Australians from withdrawing more than $10,000 from their bank accounts. At a later date, the government will be able to reduce this amount even further to $2000.

The Reserve Bank of Australia has been progressively slashing interest rates to 1%, thereby eroding customer confidence in the banking system. Should this continue, a banking crisis will loom in Australia and like bank customers in Japan and Switzerland, Australian customers will be forced to pay to keep their money in a bank.

Bail-ins steal customer’s deposits to prop up failing banks and negative interest rates will force customers to pay to keep their money in the banks, under the threat of two years jail.

The reasons given for the need for this legislation is to stop money laundering and tax evasion; the “black economy”, but the underlying reason is the public’s loss of confidence in banks, especially since the global financial crisis. Customers are understandably concerned about the very low interest rates offered currently by banks and are actively looking for other places to keep their savings.

I am asking that instead of trying to prop up a failed banking system, the Australian Government scraps this iniquitous legislation and instead institutes much needed reform of the banking system.

Yours sincerely

L. N. Howlett