7th August 2019

Black Economy Division

The Treasury

To the Black Economy Division,

**Re: Currency (Restrictions on the Use of Cash) Bill 2019**

I am writing to express my strong opposition to the draft:

* Currency (Restrictions on the Use of Cash) Bill 2019;
* Currency (Restrictions on the Use of Cash – Expected Transactions) Instrument 2019; and
* Currency (Restrictions on the Use of Cash) (Consequential Amendments and Transitional Provisions) Bill 2019.

My concerns is that the use of this Bill and associated instrument, specifically where this ‘instrument’ exempts depositing and withdrawing from a bank, most consumer to consumer transactions, and crypto currencies at this stage, rather than embedding such exemptions in the actual Act, allows a unilateral change at any point in time by the Treasurer to change those exemptions without Parliamentary approval.

The proposed Bill appears to have manifested itself not from the belief of targeting the so called Black economy, but rather as a result of the paper published by the IMF, titled “Cashing In: How to Make Negative Interest Rates Work”, which talks to how to address the ‘issue’ of negative rates.

From the IMF, “In a cashless world, there would be no lower bound on interest rates. A central bank could reduce the policy rate from, say, 2 percent to minus 4 percent to counter a severe recession. The interest rate cut would transmit to bank deposits, loans, and bonds. Without cash, depositors would have to pay the negative interest rate to keep their money with the bank, making consumption and investment more attractive. This would jolt lending, boost demand, and stimulate the economy. When cash is available, however, cutting rates significantly into negative territory becomes impossible.”

Hence, this system forces the population to remain in the banking system as removing cash from Banks as a way to avoid a negative interest rate environment would then have employed such restrictions as this proposed Bill. This is a direct affront and assault to economic freedom in Australia and represents a significant limitation to Australian civil liberties.

The Black Economy Taskforce have failed to establish strong evidence that the proposed cash transaction ban will have any material impact on reducing the very thing that it sets out to achieve.

This concerns with the proposed bill and associated legislative instrument need to be further reviewed and rectified before the proposed bill is introduced into Parliament by the Government.

Yours Sincerely,

Cemil Ozcelik