

SUBMISSION ON POLICY ISSUES IDENTIFIED IN THE INTERIM REPORT

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Submission for: My Self

Name of other person, business or organisation:

Do you agree to your submission being published: Yes

Do you agree to your full name being published: Yes

Your submission:

Dear Commissioner Hayne,

In response to a question you raised in reference to Chapter 8 of your Interim Report: I believe the benefit of a new layer of law or regulation is exactly what the public want and that they are relying on your recommendations to spearhead that change in their favour.

There is a bill currently before the Australian parliament: the Banking System Reform (Separation of Banks) Bill 2018 which like the 1933 US *Glass-Steagall Act* is simple—in 18 pages it clearly defines what the banks cannot do—and leaves no wriggle room for the banks to contravene the legislation. It solves the questions about structural change, regulation and simplicity. By forbidding banks from owning and acting as agents for products they can sell or will profit from it eliminates any question of “conflict of interest” on their part. This bill would also bring the financial regulator APRA under parliamentary control, with a newly defined purpose; that is, to protect the customers of the banks, not regulate in favour of the banks! http://parlinfo.aph.gov.au/parlInfo/download/legislation/bills/r6136_first-reps/toc_pdf/18137b01.pdf;fileType=application%2Fpdf

You cited the *United States Banking Act of 1933* as an historical example of “legislative regulation of the structure of the banking industry.” You were not specifically recommending it but perhaps you should. There are currently bills before the US House and Senate for new form of Glass-Steagall to be reinstated. Five authoritative experts in a panel discussion on 26 September at the National Press Club in Washington, DC, left no margin of doubt that it was the “systematic take down and final elimination of the *Glass-Steagall Act* that actually *caused* the global financial crisis.” Here is a link to watch the dialogue: <https://www.youtube.com/watch?v=rGCTLV0bb6M&feature=youtu.be>

Regarding the financial regulator, I believe you should have Dr Wilson Sy testify at the Sydney hearings in November. He is a former head researcher with APRA from 2004-2010 whose whistle-blowing, even before the royal commission was announced, in regards to APRA’s “mode of operation”, must be heard and examined.

APRA has obviously failed in its stated purpose of maintaining financial stability. All the misconduct revealed during the royal commission indicates either APRA is completely naive to what the banks have been doing, which means they are incapable of their role, or wilfully complicit to permit and cover for such behaviour. Either way, APRA has condoned the exploitation of vulnerable people and exposed our banking, and financial system to the next anticipated “much bigger” global financial crisis.

In February the Government quietly legislated extended “crisis management powers” to APRA to deal with bank failure. What are they preparing for? The text of the legislation does not explicitly exclude *depositor’s funds* from being bailed-in if a bank or banks are at risk of failing, so the population will wear the cost of the banks’ bad practices yet again!

As stated at the outset, I believe the overwhelming majority of the population want the banks brought under new simpler but stricter regulations that will guarantee they function as a bank, and only a bank, and there is ready to enact legislation in the parliament that will do exactly that.

Yours sincerely,

Ann Lawler