

25th October, 2018.

The Commissioner,
The Banking Royal Commission,
Australia.

Honourable Commissioner Hayne,

Re: Submission concerning current opaque banking practices.

1. As social pensioners (my wife and I) of the Dept. of Human Services, I am concerned that should there be a 'bail in,' we would be bereft of our little nest egg designed for home maintenance and improvement. Our modest home is fully paid for (the title deeds are in our possession), but a home and garden need constant attention. It would be devastating for us to see our home neglected because our personal funds have been rorted away by an institution we have no choice but to trust.

The poignant memory of what happened to folks' personal funds in Greece and Cypress is a memory still clear.

Our previous prime minister assured the Australian public that the banks were sufficiently robust to survive a slide in home values. However this was not the source of concern, but the very real dangers inherent in the mysterious and toxic derivative speculations of the banks were. His deliberate obfuscation heightened my misgivings.

Please investigate, on my behalf (and I am sure thousands of folk who have no comprehension of what this is all about) APRA's bail-in powers. Also the banks' ability to change the terms and conditions of deposit accounts without notice to allow APRA to order a bail-in of deposits. I understand this will entail investigating the 'Financial Sector Legislation Amendment Act of 2018.' Am I to understand the banks are empowered to arbitrarily change their terms and conditions? If this is so, then please rule most strongly against this monstrous arrogation.

2. My concern also is for the many hard working Australian families endeavouring to make their regular home loan repayments. My children, their friends and grand children would be among those impacted and could lose everything should the current banking system of this country collapse.

Unthinkable; yes, but not unexpected, judging from the current dire warning signs! The fate of many American families after the banking collapse there, remain etched on the memory.

In the iconic and successful Australian film, "The Castle" (1997), Darryl expostulates when threatened with eviction from the family home,

"It's not a house it's a home, a man's home is his castle."

I understand this quote has its origin in a ruling given in 1604 by the English judge and jurist Sir Edward Coke (1552-1634):

“the house of every one is to him as his Castle and Fortress as well for defence against injury and violence, as for his repose;”

Families secure in their own homes is foundational to the wellbeing of our Australian society.

3. A further concern of mine is for the farmer.

He relies heavily on bank credit in order to produce food for local consumption and export. A bank collapse coming on top of the recent floods and severe drought conditions would be the ruin of many more farmers. This would further severely compromise have already demonstrated precarious the state of his mental health.

4. Small/medium business is also heavily dependent on bank credit.

This area of the economy provides the majority of employment outside of the public sector. Already it is difficult for younger people to find gainful long term employment upon gaining academic qualifications. A bank collapse would cause general mayhem.

5. Conclusion.

Commissioner Haynes, I urgently request of you to inspan all the powers and authority vested in you and your personal influence, to prevail upon the elected representatives of our country to act responsibly on behalf of the electorate to ensure families are not left homeless, without affordable food and gainful employment.

At present there is much talk about ‘mental health’. Imagine the devastating despondency and despair that would sweep the country were the banks to fail. A pro-active step the government should take is to immediately separate the speculative activities of the banks from the commercial deposit-taking functions.

In my humble opinion, the immediate solution is for Government to isolate the dangerous speculative division of the banking industry from the commercial deposit aspect of banking by way of a ‘Glass-Steagall’ separation.

Thank you.

Gerrit Frederick van der Tang,
