

**SUBMISSION ON POLICY ISSUES RAISED IN ROUND 5**

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Submission for: My Self

Name of other person, business or organisation:

Do you agree to your submission being published: Yes

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Your submission:

**BACKGROUND** I am a retired Federal Industrial Commissioner and qualified B Econ (hons) from the University of WA. I had previously worked as a research officer in various State Government authorities and mediator as Industrial Registrar for the West Australian Industrial Commission in the Pilbara prior to my appointment to The Australian Conciliation and Arbitration Commission and then Australian Industrial Relations Commission. Immediately prior to that appointment I was Acting CEO of a State Government organisation. During and after my time as Commissioner I also undertook 2 statutory reviews of Occupational Health and Safety within WA. **SUBMISSION.** I have been aware for a number of years that Australian banks have been becoming more and more like any profit making commercial entity and less like the banks I knew as a younger person. In my younger days going through all the usual steps of life including marriage, children, house building and establishing a business I relied on my bank/s for advice that was in my interests and not that of the bank itself or of staff who could gain from the advice provided to me. I could also see the manager or his/her representative and therefore could put a name to the advice and information provided thereby providing me with an avenue of redress should difficulties arise. Plainly in view of the evidence before the Commission that is now a far cry from what Australian Banks provide their long suffering customers. It is also noted that the terms of reference of this Commission are limited and that if broadened it seems highly probable that the failures presented so far to the Commission would be extended. That is to be regretted because it is unlikely that full redress for the wrongs committed by Banks will happen. That of course is not the fault of the Commission but surely should be noted in the upcoming report. It seems apparent that with relaxation of past controls of the banking industry that banks have become increasingly profit oriented and that maximising returns and the well known competitive leapfrogging of reported annual returns that we see in the financial pages is the primary driver for the banks. As well increasing incentives for staff who "value add" to those profits has resulted in sharp practices which are detrimental to the customers as seen by this Commission. There is a very real social obligation that should be applied by the banking industry for the community. For example when I was young the Commonwealth bank was involved in educating children on the benefits of saving and of being careful with their money. There was also some conscience applied in providing loans and if the bank considered a person did not have adequate resources to service the loan it was refused in the interests of the prospective borrower as well as the bank. The relaxation of the lending regime has led to massive debt and while I concede that is not all the fault of the banks they do have a responsibility for a considerable amount of that, particularly in relation to credit cards and some other forms of credit... I could go on but it is evident even on the limited array of material before the Commission that something needs be done. It does seem to me that separation of personal and business banking from the other purely commercial activities of the banks is a desirable outcome and that there ought be better controls exercised in respect of the true "banking" activity. It is also plain that the existing regulatory authorities, including APRA are too close to the industry just as my and other reviews have found on occasion that department safety inspectors are too close to those they regulate. Often there is a revolving door whereby safety inspectors come from and return to the particular industry on a regular basis and have strong employment and personal ties with the industry. It seems apparent that the same issue arises in banking. Australian industry generally and banking in particular is relatively small in world terms and it is not too strong to suggest that "everyone knows everyone" and that common interests are strong and often to their benefit and the detriment often of their clients/customers. Thank you Robert Laing