

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

Do you agree to your full name being published: Yes

Your submission:

I wish to congratulate Justice Kenneth Haynes and his Royal Commission team for the magnificent work that has been done to peel back the cloak of respectability crafted by the banking and finance institutions. The Royal Commission has dramatically revealed for all to witness the decay and corruption that has permeated Australia's banking and finance sector. I also wish to respond to the royal commission's invitation for public submissions on whether there should be a legislated structural change to fix superannuation problems. I have been a student of economics and banking since high school in the late 1960s and I have firmly concluded that commercial banking needs to be supported and protected from the pernicious lust for money that occurs when banking becomes associated with speculation. In this respect, I am a vocal advocate for the Banking System Reform (Separation of Banks) Bill 2018 moved in federal parliament by Representative Bob Katter. Commercial banking provides a necessary function in society as supplier of credit for productive purposes. In that sense, bank credit is similar to the supply of any other essential utility such as electricity and water: it needs to be regulated for quality, reliability and equitable distribution to all, not rationed to selected individuals or provided on the basis of the highest bid. Regulated commercial banking can provide this but it needs to be unencumbered by the conflicting objectives which inevitably come from vertical integration. As Prime Minister Ben Chifley stated in his 1949 election speech: "No factor counts more in the health of the economy, the state of employment and the expansion of industry than the control of money and credit through the banking system". The Greens political party has supported the premise of Representative Katter's Separation of Banking Bill that commercial banking needs to be quarantined from speculative investment banking. However, the Greens have taken the idea further than Bob Katter's bill, in that they would require all financial institutions to operate in only one of four areas: 1. Deposit and loans, including savings accounts, credit cards, mortgages and business lending 2. Large-scale superannuation funds, including default funds and choice funds 3. Insurance, including life insurance and general product insurance 4. Complex financial products used for investment banking, hedge funds, self-managed super funds, financial markets, auditing and liquidation I wholeheartedly support this proposal which would prevent cross-contamination of the primary financial bodies but would also help to make regulation and oversight of the finance sector more transparent and efficient. Despite efforts by a number of patriotic Australians throughout our short history, Australia's banking and financial system has been captured by the international banking system which has operated out of the City of London since 1694 when the Bank of England was first chartered. Study of this international banking system reveals that it is really a supranational system in that it is effectively unregulated and so operates beyond the effective control of any government. Where regulation is in place, close examination reveals that the regulators are "independent" and at "arms-length from government" ensuring that the regulators are vulnerable to capture by the very systems they are supposed to be regulating. The Royal Commission has already demonstrated that this is indeed the case with our own APRA, ASIC and RBA. As one astute commentator on the banking system has observed, "bankers are adept at getting between the wallpaper and the wall" when it comes to finding loopholes in complex legislation to control banking so, in my assessment, the more separate and siloed the various arms of the banking and finance sectors can be, the better it is for society. Superannuation must be separate from other financial activities. These funds must be "siloed" so that members funds are not contaminated by other financial enterprises and not diluted by questionable fees and conditions. As a participant in an industry superannuation fund, I have been very happy with the way my super contributions have been invested and managed. However, it is because the fund is a single-purpose entity (ie it manages only superannuation) that I am able to have this confidence. If my super were with a vertically-integrated institution, I would be constantly worried that my future income could be jeopardised by imprudent actions on the part of the banking/finance/insurance/speculation activities of the parent company. Thank you for reading my submission and thank you for the magnificent work you are doing to return control of Australia's banking and finance sectors to the rep-representatives of the Australian people. Yours sincerely, Anthony Allison [REDACTED] September 21, 2018