

SUBMISSION ON POLICY ISSUES RAISED IN ROUND 5

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Submission for: My Self

Name of other person, business or organisation:

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Your submission:

Most of my Super investments are in term deposits with Australian banks to shield me from the uncertainties of the stock markets. My income is heavily dependent on this secure investment to supplement my age pension. In a situation of a banking crisis APRA can direct that my deposits can be used to bail-in my bank because it may be "too big to fail". I then may be compensated with worthless bonds and my life savings are lost. The government deposit guarantee may not kick in because in this case there is no "loss" of deposits. We have seen this scenario already when in Malta during the banking crisis where the banks were bailed-in with customer deposits. There should be a Glass-Steagall type separation within the banks which splits the commercial bank arm that hold deposits from any risky investment bank section. I write to urge the Commission to recommend structural separation of ADIs, following on from Counsel Assisting Michael Hodge's closing statement to the Commission on 17 August 2018. Mr Hodge raised several 'policy questions' on which he invited submissions. He referred to the following: "Are there structures that raise inherent problems for a superannuation trustee being able to comply with its fiduciary duties?" "If these structures do raise inherent problems, is structural change of entities, mandated by legislation or otherwise, something that is desirable?" The overwhelming evidence identifies that Australian's superannuation has been looted to a tune of hundreds of billions of dollars (as reported by Dr Wilson Sy, former Principal Researcher at APRA) and this would never had occurred if structural separation of banking was in place. The present conflicts of interests in banking will remain and continue to loot superannuation until parliament legislates for full structural separation of ADIs. The Banking System Reform (Separation of Banks) Bill 2018 (https://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bld=r6136) that Bob Katter introduced on 25 June 2018, will achieve this and is most certainly "desirable". I would go further to say it is essential.