Senate Standing Committees on Economics PO Box 6100 Parliament House Canberra ACT 2600

Dear Committee,

Submission: National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020.

I am a 75 year old Australian citizen with 6 children, many grandchildren and several great grandchildren and I continue to run a small business.

As a result of the current financial climate, I am deeply concerned by the state in which we are leaving the country as a legacy to the children that follow us. This is particularly true of the power that our government is giving the banking sector and their continued failure to reign them in despite the criminal and extraordinarily reckless and abusive behaviour by the banks as uncovered by the Royal Commission. And this is despite the fact that the Commission was Hog-Tied from the start by its restricted terms of reference.

The banks continue to demonstrate that they just cannot be trusted and so I'm therefore, strongly opposed to any softening of the bank lending rules and would much prefer to see such rules strengthened; particularly those relating to conduct and perhaps gaol sentences for those senior staff at the top who are found guilty of serious offences.

Australia only narrowly escaped the most negative aspects of the last GFC because, at the request of the Kevin Rudd Government, the U.S.A. government bailed out the American Insurance Company (AIG). Had it not been for that move, Australia would have gone down.

Sadly however, it is clear that we learned nothing from the GFC as the banks have been allowed to continue their reckless ways as is demonstrated by the massive housing bubble and by the bank's increased exposure to high risk derivatives. Government also failed to take measures to prevent a repeat of the problem; their only reaction being to legislate a 'Bail-in' law to save banks from failure. And how does Bail-In work? By allowing banks to convert private deposits into bank shares without the citizen's permission or even their knowledge. This has already happened in Australia before and recently in other countries – eg: Cyprus, so it's a real thing and a real threat to the ongoing welfare of Australia and particularly its citizens. Following the results of a recent Senate Enquiry, the government have agreed to change this to exclude private monies but as yet, have not done so.

The other government action was to spend a great deal of time and (our) money blocking calls for a full Royal Commission into the banking sector from all walks of life. Fortunately however, a few breakaway members of the Government forced the formation of a Royal Commission albeit with very restricted Terms of Reference and the ensuing Haynes report exposed extremely poor behaviour including poor lending practices.

The horrific reports from the Hayne's Commission, the equally disturbing experiences reported by citizens (See: "Banks Reform Now (BRN)") and the even worse findings of the "Banking and Finance Consumers Support Association (BFCSA)", show that the rights of borrowers were simply ignored because the banks knew that the borrowers did not have the funding to fight them in court. Clearly, borrowers were at the mercy of the banks even when they had the law on their side so what chance if they don't even have the law with them.

Unfortunately the recommendations of the Royal Commission have been largely ignored by this government. Among them, Commissioner Hayne recommended that the responsible lending laws in the National Consumer Credit Protection Act should not be amended to alter the obligation to assess unsuitability and also recommended an improvement to the enforcement of laws like responsible lending, recognising that they were no good if they were not enforced. And here we are --- looking at a Bill to negate this very principle. Following the issue of the Hayne's report, the Banks agreed to earn the trust of the people by being trustworthy and that they would implement all of the Hayne's recommendations. There have however, been several serious breaches since that commitment and nothing really done about them.

From all the evidence, it seems that borrowers need more protection not less. And, more protection under law and with severe penalties that are actually enacted and enforced.

It is pointless and irresponsible to attempt to fix a short term problem by creating a long term disaster for the innocent people and businesses.

The pressure for relaxed laws is to push more capital into the housing market and to thus keep it afloat. However, this will only create a housing bubble (sound familiar?) and will simply delay the inevitable. Finally, when the bubble does bursts – and it will, there will be many more individuals hurt beyond recovery with resulting bankruptcy and penniless aged people.

The support Australia needs through these times can work to our advantage by targeting long term and permanent solutions that will not only help Australia through this, but provide long term and stable growth for the future. Australia has long needed this long term vision and this is a golden opportunity to grow. We need to grab this chance with both hands --- not create further problems.

The nice thing about this is that it can be fully or partly funded through the creation of a new "Peoples Bank". This proposal has been well thought through by others including One Nation. The new banking service could provide almost immediate relief and implementation by utilising the Australia Post and the boost to manufacturing. This could be structured around the preliminary plan recently announced by the National Party. Another great aspect of all this is that it keeps Australia, Australian which gives strength to our sovereignty which is something we've been seriously failing to do over the years and now, we are strongly controlled by overseas corporations.

Funding major infrastructure projects and re-creating a manufacturing industry is the proper way to go; build our future not "Band-Aid" our way to inevitable failure.

Funding major infrastructure projects and re-creating a manufacturing industry will provide many jobs, job security and with it, social harmony. These can be funded using the aforementioned credit system of the new people's bank.

For the good of Australia and its people, there must not be any softening of lending rules but a tightening and a general tightening and enforcement of all laws relating to banking behaviour. We paid for the Royal Commission, now let's implement and enforce <u>all</u> recommendations.

It is evident that we need much more protection --- NOT less.

Yours Sincerely

