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## **Submission In Opposition to the Treasury Laws Amendment (Reserve Bank Reforms) Bill 2023 [Provisions]**

Closing date for submissions to this inquiry is 2 February 2024.

I wonder the motive behind the Treasurer proposing this Bill which includes him surrendering Section 11 and 36 control over the Reserve Bank of Australia (RBA). I do not believe they are in the communities best interest.

I urge politicians not to give up the democratic authority they have over the RBA and the Australian banking system.

Whilst the provisions might be little used they are necessary to moderate the RBA which is out of touch with the plight of ordinary Australian's domestic and financial situations given the Board Member's privileged status and financial security. They thus operate as technocrats remote from the impact and pain of their decisions.

The circumstances for which John Curtin and Ben Chifley legislated the Treasurer's power to overrule the central bank remain and should be retained for use by Treasurers and Governments that truly care about the plight of ordinary Australians.

The oversight and control provided over the RBA by the Act is essential to safe-guard citizens.

I object strongly to the repeal of:

- Section 11 of the *Reserve Bank Act 1959* to remove the Treasurer's power to overrule the RBA; and
- Section 36 of the *Banking Act 1959*, by which the RBA can guide the private banks on how much they should be lending to different sectors of the economy, a tool the RBA can use to target inflation.

Repealing Section 11 of the *Reserve Bank Act 1959* and Section 36 of the *Banking Act 1959*, would give up the longstanding democratic authority

the Government has over the RBA and remove the tools the RBA presently has to target inflation other than by raising interest rates.

Retaining this control is essential to allow the Treasurer to step in on behalf of struggling families to prevent them from being crushed by the RBA's interest rate hikes.

The present inflationary and high interest rate situation indicates that the Treasurer ought to have been considering overriding interest rate rises by exercising Section 11. Unfortunately for the record numbers of households suffering financial stress from rising interest rates driving up the cost of living—50.1 per cent of households with mortgages and 73.57 per cent of households that are renting (survey results from Digital Finance Analytics) this is counter to the Treasurer's position on controlling inflation. Rather than cutting Government expenditure to contribute to downward pressure on inflation, the Treasurer would rather leave it to the limited and painful option available to the RBA of increasing interest rates and maximising pain for business and mortgage holders.

One could argue that the Treasurer ought to have invoked his control by restricting the RBA's record breaking increases in interest rates. Although he has chosen not to exercise the power available to him the power should be left as is for use by more caring Treasurers.

Maybe the Treasurer is hoping that if the provisions are removed, the millions of Australian households being severely financially stressed as a result of the RBA's rapid interest rate rises, will not find out that he actually presently has the power to limit their pain.

To repeal section 11 and 36 will give the RBA unfettered power over the banking system and as we have seen they are a blunt instrument when it comes to their role in regulating the economy. Additionally the sections are essential to ensure that the RBA's role stays focussed on Australian interests rather than global interests.

I strongly disagree with the repeal of section 11 and 36 as it will give the RBA absolute power and absolute power corrupts absolutely. Control over the RBA must be maintained.

In conclusion, I repeat that the circumstances for which John Curtin and Ben Chifley legislated the Treasurer's power to overrule the central bank remain and should be retained for use by Treasurers and Governments that truly care for the plight of ordinary Australians.