



Australian Citizens Party

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MEDIA RELEASE

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ASIC chair James Shipton copped the Christine Holgate treatment—for the same reason

James Shipton's fate is what happens in Australia when even modest efforts to regulate threaten the major banks, illustrating the urgent need for a public bank alternative to break the monopoly of the Big Four.

22 October 2020 is a day that should live in infamy in Australia. It was the day when Scott Morrison and Josh Frydenberg moved to force out the heads of two government agencies—Australia Post CEO Christine Holgate, and Australian Securities Investments Commission (ASIC) Chair James Shipton. The two were ambushed on the same day—22 October; in the same way—“stood aside” pending an “independent” inquiry; on the same pretext—an expenses scandal; for the same reason—taking on the banks!

The appalling treatment and removal of former Australia Post CEO Christine Holgate is now well-documented. She had taken on the banks to make them cough up to pay for post offices serving the customers the banks were abandoning through branch closures, and she had floated the idea of Australia Post expanding into a public postal bank, which the Big Four banks rightly saw as a threat to their monopoly; the subsequent inquiry confirmed that she had also become an obstacle to a longstanding political agenda to downsize and fully or partially privatise Australia Post. Armed with the pretext of an expenses scandal provided by Labor Senator Kimberley Kitching, Prime Minister Scott Morrison brutally and publicly ordered: “She can go!”

On the same day, it appears a premeditated intention to remove ASIC Chair James Shipton was set in play. Auditor-General Grant Hehir provided the pretext in the form of a letter that day to Treasurer Josh Frydenberg, informing the Treasurer of the Australian National Audit Office’s (ANAO) concerns that ASIC may have overpaid benefits on behalf of ASIC’s Chair and Deputy Chair Daniel Crennan—\$118,557 to KPMG for taxation services to Shipton, and \$69,621 for relocation accommodation expenses for Crennan. The next day, Frydenberg announced an “independent” Treasury investigation, and Shipton stood aside.

A comprehensive article in the Citizens Party’s *Australian Alert Service* by Melissa Harrison, drawing on investigative reporting by Anthony Klan in *The Klaxon*, and extensive coverage in the *Australian Financial Review*, documents the questionable aspects of this “independent” investigation:

- Frydenberg announced the review on 23 October, but he had already officially contracted Dr Vivienne Thom from private workplace investigations company CPM Reviews on 15 October to conduct it;
- Dr Thom’s review cleared Shipton and Crennan of wrongdoing, because in both cases the expenses were part of the package they had been offered to work for ASIC;
- Nevertheless Dr Thom applied a version of the contrived “pub test” to find “a person cannot expect ASIC to cover all [relocation] costs”—even though this was the agreement with ASIC and Treasury to recruit them (!);
- Weeks before Frydenberg’s “surprise” announcement of an inquiry, both James Shipton and Daniel Crennan had already advised they would repay the expenses that were part of their employment agreement;
- The terms of reference for Thom’s “independent” inquiry only allowed her to make findings of fact which would be referred back to Treasury for further investigation;
- Treasury received Thom’s report on 17 December 2020, but sat on it for weeks until it eventually released an “abridged” version to the public on 29 January 2021 missing several of Thom’s key findings, after which Thom abruptly resigned from CPM Reviews;
- Despite being cleared of wrongdoing, Crennan resigned, but Frydenberg announced he and Shipton agreed it was “in the best interests of ASIC” that Shipton ultimately step down (under pressure from Shipton’s lawyers, Frydenberg let Shipton remain as Chair until he was replaced by Joe Longo, who came from Frydenberg’s old bank, Deutsche Bank).

Threat to the banks?

James Shipton took over as head of ASIC in November 2017, the same month that then-PM Malcolm Turnbull appointed Justice Kenneth Hayne to conduct the banking royal commission. Shipton then

endured more than a year of watching his agency shamed almost daily in the commission's hearings, for its failures to protect consumers from predatory banking practices. When Hayne handed the final report to Frydenberg in an uncomfortable scene in February 2019, Frydenberg made a big show of pledging to implement the recommendations, and he wrote a letter to Shipton conveying the expectation that ASIC should step up its enforcement of regulations, with the rhetorical question: "Why not litigate?" Subsequent events show Frydenberg wasn't serious, but Shipton and Crennan were.

At a 27 March 2019 *AFR* forum, Shipton slammed the banks for criticising ASIC's stepped-up litigation only 50 days after the Royal Commission's final report was published, saying: "It is extraordinary that I am up here today saying something as basic as 'obey the law'." Crennan, who was recruited precisely to strengthen ASIC's enforcement actions, warned the banks: "We are not going away. The best thing to do is co-operate." Shipton also declared there was no reason to agree to the banks' demand to weaken responsible lending laws, saying that "I really do want to debunk any myth that these regulations are causing economic concern—they are not". And when ASIC lost its legal action against Westpac over responsible lending in 2019, ASIC announced it planned to appeal.

The government had other ideas. In 2019, the government, banking regulator APRA, and the Reserve Bank were desperate to revive the property bubble, by unleashing bank mortgage lending again. Pro-bank Senators like James Paterson and Tim Wilson from the banker-founded Institute of Public Affairs, attacked ASIC's decision to appeal the Westpac case. RBA governor Philip Lowe and Treasury Secretary Steven Kennedy pressured Shipton to drop the appeal, telling him the case might "undermine lending in the COVID-19 recovery". And, after heavy lobbying from the banks, Frydenberg attacked responsible lending laws at a property forum in October 2019. A year later, 25 September 2020, Frydenberg announced the government would wind back responsible lending laws to "kickstart the economy"—a month before he stood down the ASIC Chair who had declared there was no economic reason to do so. In the months afterwards various articles in the *AFR* reported Frydenberg had "privately expressed concern about the direction and culture of ASIC under Mr Shipton's leadership". As for his replacement, the 3 June 2021 *AFR* reported Longo signalled his support for Frydenberg's deregulation agenda and "made it clear at his first public appearance he will be the 'business-friendly' regulator craved by Treasurer Josh Frydenberg."

The Holgate and Shipton sagas remove all doubt that the Morrison-Frydenberg government is of the banks, by the banks, and for the banks. By even modestly seeking to improve enforcement of regulation, Shipton was threatening the housing bubble, and by extension the banks, which would be wiped out in a property crash. But a property bubble is the only economic trick the government has. It's past time to clean out this entrenched corporate banking power that is distorting our economy, by demanding real and enforceable financial regulation and honest regulators to enforce them. But we also need to restructure the financial system itself, by establishing public banking alternatives that will break the monopoly of the Big Four banks, support the regulatory health of the financial system, and invest in the real economy, not the property bubble. This is the reason the Citizens Party has drafted the Commonwealth Postal Savings Bank Bill 2021 to establish a post office "people's bank" that can serve all Australians.

The most important political fight really is the people vs. the banks, but it's a fight we can win— [join us!](#)

Click here to read Melissa Harrison's *Australian Alert Service* article "[Morrison government overthrows another inconvenience to the banks](#)".

What you can do

The Greens are moving a motion on Monday 21 June to dump Josh Frydenberg's National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020, to wind back responsible lending laws, from the Parliament. It will pass if the cross-benchers support it. Today and Monday morning call the cross-bench Senators and tell them they must support the motion.

[Click here for to find the contact details](#) of the cross-bench Senators (not Coalition, Labor or Greens).

[Click here to sign the petition:](#)
[An Australia Post 'people's bank'—a win-win solution for the nation](#)