



Australian Citizens Party

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MEDIA RELEASE

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Government of, by, and for ... the people, or the banks?

After a flood of calls to Senators from concerned constituents, Treasurer Josh Frydenberg's bill to wind back responsible lending laws is effectively dead. The Senate voted on 23 June on the Greens' motion to dump the bill from Parliament, but while the vote was tied and the motion failed to pass because One Nation voted against it on procedural grounds, Senator Pauline Hanson declared: "I want to make it clear that One Nation is 100 per cent opposed to the changes to the responsible lending laws proposed in the National Consumer Credit Protection Amendment (Supporting Economic Recovery) Bill 2020." One Nation intends to bring the bill to a vote and move an amendment to kill the provisions weakening responsible lending, which will have the support of the majority of the Senate.

This is another great victory in the fight for an honest and effective financial system that serves, rather than fleeces, Australians and the real economy. However, it's also a reminder that this Morrison-Frydenberg government is dominated by shameless stooges for the banks. They did everything in their power to oppose the 2018 banking royal commission, and are now doing everything they can to pretend the royal commission didn't happen and let the banks return to their looting and gambling ways.

Never forget the social toll in tens of thousands of lives, families and businesses that forced the banking royal commission, which exposed extensive misconduct and criminality that Commissioner Hayne concluded in his final report was driven by "greed". Families like Wayne Ditchburn's, a concreter from Nowra, New South Wales, whom ANZ Bank put through hell for 14 years, taking their home and destroying their business, to cover up a fraud the bank perpetrated in 2005 by shifting their first homebuyer's grant and loan into an unaffordable business facility with a much higher interest rate. When Wayne detected the switch, and challenged ANZ, the bank callously advised him to take legal action if he wasn't satisfied.

Only a small minority of bank victims can endure the long legal torture banks rely on to grind their victims into defeat, but Wayne Ditchburn was driven by a deep fury to achieve justice for the hell suffered by his wife and children, for whom he was not even able to afford dental treatment. After eight years his tenacity led him to discover a whistleblower who had been involved in his case, and confirmed the details of his mistreatment. The information enabled Wayne to eventually force ANZ to a settlement, albeit one that couldn't make up for the way the bank had destroyed his family's hopes and dreams. Crucially, he didn't sign a gag order, which is why he is continuing to speak out to help other victims. Through Freedom of Information Wayne discovered he had supposedly put his signature on a form that signed away his rights under the Consumer Credit Code. "If I'm not a consumer, what am I?" he demands to know.

Wayne Ditchburn's case is one of the tens of thousands that led to the banking royal commission, where the corporate regulator, the Australian Securities and Investments Commission (ASIC), was shamed for its failure to crack down on misconduct and enforce the law. The Sterling First scandal illustrates it is an ongoing problem. Right now, more than 100 elderly Australians, many around Mandurah in WA, face being evicted from their homes—and some already have been—because ASIC failed to stop serial financial predators from luring their elderly prey into yet another failed scheme. Sterling First director Ray Jones was only discharged from bankruptcy from previous financial failures in 2015, the year Sterling First started its rent-for-life scheme. Fellow director Simon Bell had been a director of: Westpoint, a failed property development Ponzi scheme which cost 4,000 investors hundreds of millions of dollars when it collapsed in 2005; Keibel, which had acted like a bank to Westpoint; Finchley, which Keibel renamed itself in 2006 after Westpoint collapsed; Heritage, a new investment company Bell and other Sterling directors set up after the wreckage of the Westpoint and Finchley schemes; and Sterling, to which Heritage changed its name in 2013.

In each of these failures, ASIC only acted years after receiving complaints and warnings, and failed to stop the directors from moving on to new victims. The losses from the Sterling First collapse amount to \$18 million, for which the government should be liable, given ASIC's blatant failings, but so far Josh Frydenberg has refused to pay, preferring to see innocent elderly evictees on the street rather than acknowledge the regulatory system is broken and needs reform. The victims are now calling for a Senate inquiry into the scandal.

In not owning up to ASIC's failings, Frydenberg is protecting the banks, which fear effective regulation. As the Citizens Party has documented, there is evidence that former ASIC Chair James Shipton and

Deputy Chair Daniel Crennan, who came to ASIC during the confronting days of the royal commission, had an intention to do the right thing and step up enforcement; “we should be feared”, Crennan told the 23 March 2019 *Sydney Morning Herald*. Shipton and Crennan opposed winding back responsible lending laws, and dumped the “enforceable undertakings” ASIC had previously used to slap banks on the wrist, initiating legal action instead. For their efforts, Josh Frydenberg forced them out in October 2020 on a contrived expenses scandal, in much the same way PM Scott Morrison removed Christine Holgate, and replaced them with former Deutsche Bank executive Joe Longo, who the 3 June 2021 *AFR* noted “will be the ‘business-friendly’ regulator craved by Treasurer Josh Frydenberg.”

The good news is the Senate’s rejection of Frydenberg’s responsible lending wind-back demonstrates that, while the banks own this government, they are not all-powerful. The fight for a functional financial system, including a post office “people’s bank” that breaks the monopoly of the Big Four, is a fight we can win.

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