

Stand by for ASIC-Sterling First Senate inquiry!

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Lead Editorial

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As of AAS deadline, we still await a motion from WA Labor Party Senator Louise Pratt for an inquiry into ASIC and Sterling First to pass the Senate, as it's expected to do. The support of key figures from all parties and the crossbench was organised by the Citizens Party, our members, and hundreds of victims of financial crimes betrayed by ASIC's systemic failings.



Elderly Sterling First tenants protesting in Perth 13 October.

The inquiry is expected to be taken up by the Economics References Committee, with terms of reference

including: the Australian Securities and Investments Commission's oversight of the Sterling Income Trust; the need for legislative and regulatory reform to prevent such losses in the future; access to justice for victims of the Sterling Income Trust Collapse; the novelty of the products of the Sterling Income Trust; the scope of the proposed compensation scheme of last resort; why the scheme collapsed and where the money went; and any related matters.

This inquiry will be the first investigation into serious financial abuses since the banking royal commission. If you recall the reporting at the time, that royal commission unearthed corruption of the highest order. Yet, before the bodies were cold, the federal government moved to dismantle the regulatory response to that inquiry. Even with the minimal reining in of the banks that occurred, by early 2019 the housing bubble was beginning to cave in. The government proceeded to try to rip up responsible lending laws and encourage new home loans with all kinds of schemes. The RBA assisted with multiple rate cuts and the Australian Prudential Regulation Authority (APRA) watered down mortgage assessments. Prime Minister Morrison, Treasurer Josh Frydenberg and Assistant Treasurer Michael Sukkar begged banks to crank up their mortgage lending and begged people to buy homes. They couldn't allow the mainstay of their "one trick" economy to blow up. By October 2019 the government introduced its Deregulation Taskforce and began getting rid of any obstacles to carrying out its liberalisation program, a.k.a. restoring the full looting capacity of the banks. That included removing the chair and deputy chair of ASIC, James Shipton and Daniel Crennan, who had committed to implementing the royal commission recommendations; and removing the CEO of Australia Post, Christine Holgate, who had forced banks to provide a modicum of service to their customers with the Bank@Post deal, and worse, threatened to force them to compete by establishing an Australia Post bank.

Senator Pratt has also given notice of a second motion, to order the government to produce a review it conducted of ASIC's handling of the Sterling First case. Apparently, "Senator for bankers" Jane Hume, the Minister for Superannuation, Financial Services and the Digital Economy, has been sitting on the review since early 2020! This mystery report may well be a critical element to blow the whole story open. Aside from Pratt, several Senators have swung into motion on Sterling First, including Liberals and Greens such as WA Greens Senator Jordon Steele-John, who raised it in a parliamentary

speech.

Take note: What happens in the chambers of parliament is purely a rubber stamp. By the time MPs show up in the chamber, everything is already decided. All the action takes place outside, in a messy process which includes many interchanges between MPs, their parties, and those they seek advice from. Due to our efforts the Citizens Party is in the middle of that process, meaning we are effectively “in Parliament”, despite not having any elected members. Our efforts to bring public engagement into the political process represents the real Opposition in this country. When public engagement compels the “official” Opposition to fight, it can force the government to back down for fear of political backlash. Without that engagement, more often than not the Opposition runs dead, letting the government off the hook.

Stay tuned for updates and further marching orders as this fight heats up.

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