

From:
To: [Committee, Economics \(REPS\)](#)
Subject: submission: Inquiry into the implications of common ownership and capital concentration in Australia
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To the committee,

The extent of capital concentration is an unknown. I doubt even the regulators could answer accurately. There is a good reason for this that was highlighted in the report of the Pujo Commission that discussed the problems of financial systems that led to the creation of modern financial systems. Put simply, US transactions were required to pass through privately owned clearing houses controlled by large financial institutions that could then collate financial intelligence to inform their investment decisions. Obfuscation was employed by legitimate businesses to conceal their financial plays and business transactions. Various modern Australian reports published by ASIC et al regarding the vulnerabilities of the financial system to exploitation by organized crime has discussed the fact that trusted insiders sometimes use the same obfuscation methods to conceal the laundering of illicit funds. There is little distinction between the methods used by sophisticated organized crime and 'legitimate' business.

Banking secrecy is often misunderstood by the common man as freedom from government oversight regarding unexplained wealth. Banking secrecy actually refers to a certain level of information security that prevents dissemination of law enforcement financial intelligence obtained for the purposes of taxation and regulation enforcement. Switzerland is a good example of the country with good banking secrecy and the banks are among the most willing to co-operate with authorities to illustrate the point largely due to their quick recognition of the consequences of laundering Mafia funds. There is a need for financial secrecy but also strong prudential and realtime oversight.

Competition can at times be illusory if through obfuscation, 'competing entities' are controlled by the same capital pool or the interlocking directorate.

ASIC has highlighted the problem of regulatory mandatory suspicious activity reporting requirements that capture legitimate transactions that represent legitimate business transactions. These mandatory reports reportedly obfuscate criminal intelligence due to the overwhelming amount of false positives required to sift through. Strengthening oversight of financial institutions via the appointment of special magistrates that will live under an extraordinary level of supervision could guarantee banking secrecy while securing Australia's position as a trusted financial center so long as the legislation explicitly reflects that service to the Crown is taken to mean performance of their explicit role.

In regards to the Treasurer's special focus on superannuation funds for this inquiry, restricting Super funds from conducting international transactions or investments with a grace period for divestment would simplify oversight and greatly benefit Australians. Super funds were created on a twofold premise that the labor class would own a part of Australia as reward for their labor and to provide for comfortable retirement. The ACCC has highlighted in their 30th of July 2021 media release, *Privatise for efficiency, or not at all*, that increasing unregulated privatization of monopolies impoverishes Australians. The grand socialist dream of the workers collectively buying the factory from its owners through super funds and being rewarded by the growth of the business they own and by their own hard work never materialized. Infrastructure security, maintenance and quality could be a direct reflection of the community if industry super funds could be offered financial instruments to finance public infrastructure. Construction delays or poor workmanship could be disincentivized if there were a powerful performance

incentive/disincentive in the form of industry super fund domestic investment.

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