

04/01/2024

Attn: Senate Standing Committees on Economics  
PO Box 6100  
Parliament House  
Canberra ACT 2600

**RE: Amendment (Reserve Bank Reforms) Bill 2023 - Rejecting the repealing Section 11 of the *Reserve Bank Act 1959* and Section 36 of the *Banking Act 1959*.**

**To Whom It May Concern,**

I am making this submission because I believe the two sections are crucial to a functioning democracy and enshrine democratic authority over the RBA and provide the RBA with tools to target inflation other than raising interest rates.

Rather than removing these two sections I would prefer that our elected government actually use these provisional powers. Removing them takes away any democratic influence the electorate has on a very crucial institution. I do not think this would be a positive outcome for the people of Australia.

Ben Chifley stated in his dissent, reservation and addenda on the 1937 Banking Royal Commission:

“6: Banking differs from any other form of business, because any action – good or bad – by a banking system effects almost every aspect of national life. A banking policy should have one aim – service for the general good of the community.”

On reviewing this act I would prefer to see the elected government of the day and the Treasurer take advantage of these powers. There seems to be a very prescriptive approach that has been used by the RBA in recent years, put simply to raise or lower interest rates. Can there not be a better way to drive the RBA to remember it is a service for the general good of the community and not the commercial/private banks?

On reviewing Sections 11, 36 and 50 there appears to be multiple powers that could be exercised to provide a better outcome for Australia. Combined the sections could be used to effectively manage inflation and supply chain problems for example.

These being:

- Section 11 - would enable the RBA Governor to be overruled in part to stop unfair interest rate changes for example. I think this is a crucial clause given the excessive use of this approach what in the past three years.
- Section 36 – perhaps the RBA could use this power to give direct guidance to the private and commercial banks to lend to specific areas of the economy for example lend to small businesses.
- Section 50 – RBA can tell private and commercial banks what level of interest rates can be charged. These could enable a focus on regional areas or 1<sup>st</sup> home buyers for instance at a lower rate to assist these crucial areas, rather than what is most profitable for the private/commercial banks.

Using the sections the RBA could be directed to drive investment into crucial areas of concern in the economy – training, infrastructure or skills etc as alternative ideas to the 1 size fits all approach currently adhered too.

The RBA has a massive influence and decisions it makes “effects almost every aspect of national life”. I do not think that untethering it from the elected government of the day is in the best interests of the people of Australia. Therefore, I submit to reject the repealing Section 11 of the *Reserve Bank Act 1959* and Section 36 of the *Banking Act 1959*.

