

The purpose of the Treasury Laws Amendment (Reserve Bank Reforms) Bill 2023 is to implement the recommendations of the recent RBA Review, including:

- \* The repeal of Section 11 of the Reserve Bank Act 1959 to remove the Treasurer's power to overrule the RBA;
- \* The repeal of Section 36 of the Banking Act 1959, by which the RBA can guide the private banks on how much they should be lending to different sectors of the economy, a tool the RBA can use to target inflation.

It is critical to stop this bill from giving up democratic authority over the RBA. To see why, look at the millions of Australian households being crushed by the RBA's interest rate hikes.

The latest household survey results from Digital Finance Analytics show record numbers of households are suffering financial stress from rising interest rates driving up the cost of living—50.1 per cent of households with mortgages and 73.57 per cent of households that are renting.

RBA Governor Michele Bullock and her predecessor Philip Lowe are complicit in the RBA's policy of lowering rates to near-zero, which drove up house prices to unaffordable levels and lured millions into unpayable debt, but then to address the inflation they caused they have savagely raised rates at the fastest rate in history.

Thanks to the RBA policies of these highly paid central bankers, now only one in seven Australians are confident they will have paid off their mortgage by the time they retire.

These are precisely the circumstances for which John Curtin and Ben Chifley legislated the Treasurer's power to overrule the central bank.

Ben Chifley wrote in his dissenting comments in the report of the 1937 Royal Commission on Banking: "I disagree with the contention often made that the raising of interest rates is a suitable or effective method of checking undesirable expansion [i.e. inflation]. In my opinion, this end can better be achieved by restricting the volume of advances [loans]." He also noted that the banking system caused the nation's financial problems by lending too much in times of boom, feeding speculative bubbles, but then withdrawing credit in times of economic depression, worsening the hardship people suffer—exactly as the RBA has done under Lowe and Bullock.

If Chifley were Treasurer, he would have intervened years ago to stop the RBA from dropping rates to near-zero and making housing unaffordable, and he would intervene today to stop the RBA from raising rates to crush indebted households, because he knew it's the government's responsibility to act for the people.

As an Australian citizen and elector, I emphatically oppose Labor and the Liberals giving those powers away to an unelected bankers' dictatorship. I wish to send a clear message to Parliament that the politicians must not give up democratic authority over the banking system.

I strongly oppose repealing Section 11 of the Reserve Bank Act 1959 and Section 36 of the Banking Act 1959, which enshrine democratic authority over the RBA and provide the RBA with tools to target inflation other than raising interest rates.

Thank you for your attention.

Yours sincerely,

Kirsten Muir