

Submission to the Financial System Inquiry.

Government has a fundamental responsibility in a liberal democracy to show ethical and moral responsibility when considering legislation that has a impact on the every day life of its citizens Government must ensure the protection of the less power from the powerful.

The financial industry and the legislation that aims to regulate it should have at its heart a commitment to ensure that the financial powerless are protected from the financial powerful.

This submission relates to the place of the financial system in the broader society beyond the financial industry and its place in maintaining and contributing to social harmony and well being.

Too often the financial sector and its proponent's frequently failed to acknowledge that is but one component of a liberal democracy. As such it is answerable to the broader community for its behaviour and activities.

The financial industry is not an "island" but rather one of a number of social and political institutions that contribute to a stable harmonious society. It needs to be regulated in such a way that it meets its social obligations.

One such obligation is to manage responsibly citizens' savings-savings that are proscribed by law to be paid in the form of in compulsory superannuation. This flow of funds is remarkable and should not be exploited.

The Doctrine of premium non nocere (first, do no harm) is a good guide, The Harm Principle was described by JS Mill thus:  
"everyone should be free to act in any way, on the condition that those others are a not harmed by what is done."

This principle ought to be fundamental to informing the place of the financial industry in Australia.

A strong Legislation environment is critical.

The power in the financial system is skewed in favour of the financial institutions citizens rights need to be protected by strong legislation such as that provided by the Future of Financial Advice (FOFA) july2013 It redressed to some extent the historical imbalance that lead to such disasters as Storm Financial and West Point.

The presented proposals to change (not reform) serve only the interests of the industry.

The responsibility should be the advisers not the clients to adhere to good reporting

The requirement to obtain consent in writing from clients every two years to continue to charge fees must be retained.

An Annual fees statement must be mandated for all clients not just those from new clients since July 2013.

What is preposterous about these requests for “reform” of financial institutions including the banks is that they would not accept these requirements in their financial transactions.

The financial industry at heart must retain the best interests duty of the client.

These are hard won requirements that provide some protection and must be retained.

The philosopher Isaiah Berlin reflected, “total liberty for wolves is death to the lambs” an analogy that is not too unrealistic if the changes demanded by the big financial interests are agreed to.

All risk is carried by the people who have made and supply the money-wage earners and not those charged with the responsibility to manage these peoples life saving- the financial industry.

Government that raises the funds under legislation -compulsory super-must protect it .

Consumer-read citizen- interest is always paramount

And in a society where Australian Bureau of Statistics show almost half the adult population had low levels of literacy and numeracy a strong protective structure must exist and it ought be a fundamental element of the report to Government of the Committee

Jim Quinn