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IPA: ROYAL COMMISSION A THOROUGHLY BAD IDEA

“A Royal Commission into the banking sector is a bad idea because it will not solve the key problems in that sector: too much red tape and a lack of competition,” said Daniel Wild, research fellow with the free market think tank the Institute of Public Affairs.

“The quality of Australia’s banking sector will not be improved by a Royal Commission. Only competition will improve quality and make the banks more responsive to the needs of consumers.”

“This is another example of businesses asking governments for favours. It is the responsibility of banks to clear up any uncertainty over their commercial operations, not taxpayers.”

“Abolishing the four pillars policy would immediately make the banks in Australia better by exposing them to the prospect of being acquired or taken over. Currently the government protects the banks from that possibility and this makes them unresponsive to the needs to consumers.”

“The solution is to adopt pro-market, rather than pro-business, reforms which means cutting red tape and cutting taxes.”

"A highly regulated banking system serves the interests of large, incumbent banks who rely on regulation to bolster their market share and profits at the expense of smaller competitors and customers."

“The government must also remove the ‘too-big-to-fail’ policy which guarantees that taxpayers funds will be used to bail banks out in the event they become commercially unviable.”

If a Royal Commission is to go ahead, its terms of reference should include the governance of Industry Super Funds. IPA research released this week revealed that more than $18,438,516 million (in 2017 dollars) found its way to Australian trade unions between the 2013-14 and 2016-17 financial years, via the payment of directors’ fees," said Mr Wild.

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