

Documents of the Inquiry

A.1 Terms of Reference

The Terms of Reference were announced by the Treasurer, the Hon Peter Costello MP on 30 May 1996.

Mission

The Inquiry is charged with providing a stocktake of the results arising from the financial deregulation of the Australian financial system since the early 1980s. The forces driving further change will be analysed, in particular, technological development. Recommendations will be made on the nature of the regulatory arrangements that will best ensure an efficient, responsive, competitive and flexible financial system to underpin stronger economic performance, consistent with financial stability, prudence, integrity and fairness.

Specifics

1. The Inquiry will report on the results arising from the financial deregulation flowing from the *Inquiry into the Australian Financial System* (Campbell Report) published in 1981. This will involve examining and reporting the consequences for:
 - (a) the choice, quality and cost of financial services available to consumers and other users;
 - (b) the efficiency of the financial system including its international and domestic competitiveness;

- (c) the economic effects of deregulation on growth, employment and savings;
 - (d) the evolution of financial institutions and products offered by them and the impact on the regulatory structure of the industry.
2. The Inquiry will identify the factors likely to drive further change including:
- (a) technological and marketing advances;
 - (b) international competition and integration of financial markets;
 - (c) domestic competition in all its forms;
 - (d) consumer needs and demand.
3. The Inquiry will make recommendations on the regulatory arrangements and other matters affecting the operation of the financial system (including prudential and other regulations made by the Reserve Bank and other bodies) as will:
- (a) best promote the most efficient and cost effective service for users, consistent with financial market stability, prudence, integrity and fairness;
 - (b) ensure that financial system providers are well placed to develop technology, services and markets and that the financial system regulatory regime is adaptable to such innovation;
 - (c) provide the best means for funding the direct costs of regulation;
 - (d) establish a consistent regulatory framework for similar financial functions, products or services which are offered by differing types of institutions.
4. The Inquiry in its consideration of financial system regulation may not make recommendations on, but will take account of:
- (a) the objectives or procedures of the Reserve Bank in its conduct of monetary policy;
 - (b) retirement incomes policies;
 - (c) the regulation of the general operation of companies through corporations law;

- (d) policies for the taxation of financial arrangements, products or institutions.
- 5. In carrying out its investigations, the Inquiry may invite submissions and seek information from any persons or bodies.
- 6. A final report is to be provided to the Treasurer no later than 31 March 1997.

A.2 Documents Issued by the Inquiry

The Inquiry's Discussion Paper canvassing options for regulating the financial system was released on 28 November 1996. Copies were sent to organisations and individuals who made submissions, and were available through the Inquiry's home page at <http://www.treasury.gov.au/fsi/> and Commonwealth Government Bookshops.

The Inquiry issued the following press releases which were made available to the public on the Inquiry's home page:

- Financial System Inquiry Calls for Submissions
(20 June 1996)
- Financial System Inquiry Hungry for Facts
(14 August 1996)
- Financial System Inquiry Releases Public Submissions
(11 September 1996)
- Financial System Inquiry Releases Discussion Paper
(28 November 1996)
- Wallis Responds to Public Debate on Inquiry Paper
(6 December 1996)
- Supplementary Submissions to the Financial System Inquiry
(15 January 1997)

The Inquiry also released Information Circulars with the Press Releases of 11 September 1996 and 28 November 1996. These circulars dealt with administrative matters, such as advice regarding the dates of public consultations, how to make submissions, and how to obtain copies of public submissions. These circulars also included a list of submissions made to the Inquiry at the date of issue.