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Retirement Benefit Inquiry

Canberra

January 2020

Dear Chairman

-: HERE I STAND :-

This submission should be read in conjunction with :-

- **The Gaffey report to Federal Parliament.**
- **Speeches by the member for Dunkley 1990-1992. In particular Dec 1992**
- **The 1992 edition of the ASC (nowASIC) Field Manual**

I believe I am well placed to make these comments as:-

- **As former Federal Member**
- **As a former member of the Joint Standing Committee for Securities**

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- As a small business owner for more than 20 years.
- Former State President of the Australian Small Business Association.
- Contact person for ASBS and financial advisor Andy Finnin
- One of two ASBA representatives to appear before the Full Bench of the Arbitration Commission considering alterations to the awards- an essential step in the approval process.

AIM

The aim of this submission is to show that the Compulsory Superannuation was designed :-

- To be plundered.
- Almost every major financial services company was involved. Except some/all industry funds.
- The size of this financial carnage is hard to conceive
- Thousands of dead people were charged life insurance
- If proper fines were applied the \$400 trillion is more than the whole universe could afford.
- To show this is the GREATEST PROTECTION RACKET the world has ever seen.
- The regulators needed to protect the guilty ones from prosecution.
- A Royal Commission was thwarted when less than 1% of the submissions were examined.

COMPULSORY SUPERANNUATION

HOW AND WHY IT WAS SET UP TO BE PLUNDERED.

When the Hawke/Keating Government first promoted the idea of a compulsory superannuation scheme the Australian Small Business Association (ASBA) decided it would oppose its adoption.

At that time ASBA had many thousands of members some of whom leased premises in large shopping centres. The shopping centre owners were predominantly the large life offices. The managers of these shopping centres were employees but acted like modern day robber barons—they were hideous people and in most cases acted quite unconscionably. However at the time this was not a sound reason for opposing the super scheme. In retrospect it probably was when considering the Kenneth Hayne revelations.

On the recommendation of ASBS's financial advisor Andy Finnin we opposed the compulsory nature of the scheme. ASBA was not part of the I/R club so through a senior counsel we were granted very special permission to appear before the full bench of the Arbitration Commission.

Mr Tom Colchedas and myself were the only two individuals ever to be granted leave to appear before the Full Bench.— so we were able to learn what matters concerned the Full Bench —which in summary were:

- How would small business cope —realizing small business would provide much of the funding and do much of the administration work.

- The distortion to the economy of transferring 3% of wages from the wealth producing sector to the wealth management sector-then a group of large and powerful life Insurance Offices.
- The wealth transfer would never be re-invested in small business.
- The growth of wages the Commission realized was driven by the small business sector.

By competition for skilled/experienced people.

- How the economy would be distorted when people retiring would overprice assets as they sort better return on investments.

I am firmly of the belief the Full Bench would never have incorporated the scheme in the awards if they had any inkling it would ever be increased. In fact I believe the Full Bench took so long to decide was mainly because they thought the 3% was much too high. It took the Full Bench many many months to decide. The scheme was planned to support pensions not as a replacement.

It would be interesting if the full bench recorded their deliberations and whether they are available.

Andy Finnin knew the Insurance industry representatives negotiating the scheme with the Government:-

- These negotiators were only too well aware-National Mutual and Colonial were already in serious financial trouble.

Some observations:-

- The total value of retire funds in Australian is about \$3 trillion more than twice GDP.
- Of which 22% is in Australian equities and 24% in overseas equities .
- Only 4% in unlisted equities meaning almost nothing was invested in non- listed Australian equities.(small business)
- Of the almost \$3 trillion held in the funds nearly 45% or 1.3 trillion came from small business yet little was re-invested in small business.Explaining poor wages growth and lack of innovation.

The total amount held in retirement type funds worldwide is enormous may be \$50 trillion mostly controlled by armies of lawyers and accountants only seeking existing assets but creating few. Any wonder interest rates are so low as countries try growth policies while the entire retirement industry has the major economies (including Australia) immobile with all brakes locked rigidly solid.

A simple savings scheme was considered but finally dropped because many people did not have bank accounts and super would open up huge investment potential. The amount of money removed from the scheme in the way of fees and charges is breathe taking. If the average fees/charge is 2-3% and it has been in place for nearly 30 years.

The retirement industry in Australia has received and in many cases stolen as much as \$1 trillion in fees and charges in 30 years and contributed. Is that a con.?

TRAGIC IRONY

The wealth management companies stole and plundered the savings of millions of their customers yet they have retained the right to collect and give credit worthiness opinions on the very same people they stole from. This right should be withdrawn and substituted with very substantial penalty, at least \$5million for each offence by a person and \$100million for each offence by a corporation.

Possible remedies:-

- To expose some fees and charges-each account must show:-

The total amount deposited since the account was created

The total fees and charges removed since it was created.

- Each business must receive.

Notice of total amount collected and total amount of all fees.

Really words cannot adequately describe the size of this financial scandal ..Repeat my earlier

statement that the regulators are and have been running the GREATEST PROTECTION RACKET ever in the world history. If you steal from a bank the police will prosecute if the bank steals from you the bank shareholders may pay a fine.

Comparison with say ICELAND

Three big banks were as valuable as some of ours-instantly totally worthless.

These banks did not act ethically –promoting worthless securities –a-la Lenman bros.

But they did not finance child abuse and terrorists as did CBA and Westpac.Both of whom should be allowed to fail as they face \$trillions in fines.Both these big banks together with AMP are valueless and must be allowed to fail.

Iceland jailed 36 bankers for a total of 95 years.Australia must face the prospect of jailing say 500 people AMP + banks +ASIC protectors for as much as a total of 2000 years

PS Attached an outline of possible alternative postal type scheme.(wombat accounts)te this submission.

As I complete this submission the PM is saying he will do something about the bad behavior-well an immediate start would be:-

- Close the ASIC,APRA and AFCA offices and call in the Federal Police
- Inform all Wespac shareholders that the company Banking License is under review-which it should be.
- Re constitute the Hayne Royal Commission so that it expose wrong doing by Bank Persons,bureaucrats and politicians.

Observations

Failure of the bureaucratic class throughout much of the world –Australia being but a small example

It gained momentum with the recession we had to have-complete failure to understand peoples aspirations as shown by the 1996 election result.

The bureaucratic class have acted in much the same manner throughout the western world Trump was elected to seal up the swamp in Washington.

Germany failed to understand its unpopular immigration policy

Brexit was all about the EU failure to heed UK immigration.

Hungary, Poland Denmark ,Italy -all have governments elected on anti EU policies.

Aus.compulsory super has been plundered by the bureaucratic class as regulators.

What ever policy(s) your inquiry suggests will need to be considered in the light of anti-bureaucrat sentiment in the community.

Summary and Conclusions

- **That ASIC has never followed its charter.**
- **That the regulators start regulating-immediatel-immediately**
- **That all previous matters be re-considered going back to when the ASIC legislation came into law**

Recommendations,

- **That if the regulators fail to act (prosecute say 200 undividuals)withind 30 days all matters should be taken by the Federal Police**
- **That a new savings scheme be investigated generating wealth and investment in Australia.**

WOMBAT POSTAL ACCOUNTS

OUTLINE NOTES

By Andy Finnin and Frank Ford

A.F. what Australia needs is tens of thousands –no a hundred thousand successful financially strong that can do research and development and offer staff training..

Based loosely on Japanese style Maruyu accounts-ie postal accounts.

Interest received to depositors 2- 2 ¼-%not taxable

Amount not subject to social security or pension inclusion.

Interest paid by borrowers-\$4.5%

To qualify a business must have been operating for a minimum of 5 years

A.F.-if a business fails it will be in the first 4 years-rate small businesses failures 75-80%

A.F.-no business that has been operating more than 10years must not be allowed to fail

Frank Ford

PS in 1990 this was submitted to Brian Wright and Ken Wright of then Commonwealth Development and received enthusiastically.

Total amount allowed for each account holder \$100,000

A.F.-in US 64% of research and development is carried out by small business

A.F.-in Australia the amount of research and development is thought to close to 70%

Used only for plant and premises purchase

Up to 100% value of purchase

Must be Australian owned.

Only available for owner/occupiers-ie cannot be used to purchase lease/investment properties