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POLICY PERSPECTIVES

The Art of Crisis Management:

The Howard Government Experience, 1996–2007

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PAPER No. 7 *Banking crisis: an issue in the making?*

PROFESSOR THE HONORABLE STEPHEN MARTIN AO
SPEAKER OF THE HOUSE OF REPRESENTATIVES, 1993–96

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- curating exhibitions that introduce Australians to leadership and policy challenges in a balanced and non-partisan way through the experiences of the Howard Government (1996–2007); and
- contributing to the civic education of all Australians.

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POLICY PERSPECTIVES

Policy Perspectives is a series of occasional papers published by the Howard Library which aims to reflect critically on policy decisions of the Howard Government in order to provide context and perspective for contemporary policy debates, and facilitate discussion among the policy community and the broader Australian public.

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EXECUTIVE EDITOR

Inquiries about *Policy Perspectives* may be directed to the Executive Editor, Andrew Blyth (email: a.blyth@adfa.edu.au)

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The Howard Government faced several crises in its eleven years in office, from the beginning of the 'war on terror', through the (almost simultaneous) collapse of Australia's second airline, Ansett, to the scandal of the Australian Wheat Board's dealings with Iraq's leader, Saddam Hussein and the waterfront struggles of Australia's stevedoring companies against union control.

How did the Howard Government respond to the crises it encountered; how did it 'frame' these crises for public understanding and support; what role did the media play in explaining particular crises and critiquing Government's responses; how were the Government's responses evaluated – by it and its critics – after each crisis had passed; was there a pattern from which we can learn to better inform contemporary government responses to crises such as the COVID-19 pandemic, and those that lie in wait?

These questions were the focus of the presentations and discussion at the John Howard Prime Ministerial Library's 2022 annual conference.

Speakers included former Howard Government ministers, academics, media commentators and crisis management experts.

Professor the Honourable Stephen Martin AO has had a long and distinguished background in the Australian Parliament, academia and the private sector. He is currently: Chairman, Bank of China (Australia) Ltd; Chairman, Applied Positive Psychology Learning Institute; Chairman, Global ICT Training & Certification, Singapore; Chairman, Advisory Board, SmartLaw Pty Ltd, Singapore and Immediate Past Chairman, Men of League Foundation.

Professor Martin represented the NSW-based electorates of Macarthur and Cunningham in the Australian Parliament 1984–2002. In Government, he served as Speaker of the House of Representatives, Parliamentary Secretary for Foreign Affairs and Trade, and Chairman of the Inquiry into the Australian Banking Industry. After retiring from Parliament, Professor Martin held several senior executive roles in academia, including President/Chief Executive Officer of the University of Wollongong in Dubai, Pro Vice Chancellor International at Victoria University, Melbourne and Deputy Vice Chancellor (Strategy and Planning) at Curtin University of Technology in Perth. Between January 2011 and April 2017 Professor Martin was Chief Executive, Committee for Economic Development of Australia (CEDA). He is currently Chairman and Independent Director of business organisations in Australia and Singapore. Professor Martin received an Order of Australia (AO) in 2022 for distinguished service to the people and Parliament of Australia, to charitable organisations, and to regional sport and education.

BANKING CRISIS: AN ISSUE IN THE MAKING?

Stephen Martin

Introduction

The Australian financial system is interictally tied to the fortunes and misfortunes of the global economy, as well as being a player in and helping shape the domestic economy. In many respects crises that impact the Australian banking system might emerge from international circumstances that some argue are perhaps beyond the control of the government of the day.

That said, while Australia is very much at the mercy of world economic forces, decisions made by the Howard Government between 1996 and 2006 dealt with several significant underlying issues that led to emerging crises with banking implications. In the light of subsequent events these contributed to governments inheriting significant problems. Banking behaviour identified over the past three years or so clearly indicate that the seeds of a banking crisis are always present in an economy such as Australia.

There is no better vision than 20–20 hindsight. It is therefore appropriate that in examining the Howard years to working backwards from the damning revelations of the Hayne Royal Commission.[1] Current issues confronting Australian banks bring to light failures of government policy in the financial sector whilst on Howard's watch. Did these lead to or contribute to the negative consequences for Australia of the Global Financial Crisis (GFC) and did the wholehearted embrace of deregulation explicitly result in the raft and breadth of misconduct of Australia's financial sector exposed by Hayne?

In my view a strong economy, deregulatory zeal, a whatever it takes attitude of the banks, L-plate supervision and a government that was happy to let it rip laid the foundation for future crises in the Australian banking sector.

The Australian economy and banking

The 1990s were marked by serious financial dislocation and substantial banking sector losses at the start of the decade, from which a gradual recovery occurred throughout the decade. In contrast, the 2000s were relatively tranquil until the severe dislocation of the Global Financial Crisis (GFC), although the start of the 2000s was marked by two disruptive events- the global 'tech stock' boom and bust which had limited implications for Australia and the collapse of the major insurance company HIH in 2001.[2]

However, that period sowed the seeds of excessive lending, leverage, under-pricing of risk, and inadequate governance and regulation. Monetary and other regulatory authorities exercised a degree of restraint. Excessive profitability and remuneration issues emerged which were not seriously tackled until the Hayne Royal Commission.

An important influence on financial sector evolution was the pattern of net lending and borrowing by the various sectors in the economy. This was reflected in the shift of the household sector from net borrowers to net lenders and the increase in borrowing by the corporate sector. Compulsory superannuation and tax incentives for voluntary contributions to superannuation were also a major influence.

Despite the deregulatory zeal from government banking in Australia was and is still dominated by four major banks. Smaller banks and other financial institutions provide limited banking-type services. Many large foreign banks have a presence, but few offer retail banking although they provided a spur to competition.[3] The 1990's witnessed the beginning of increasing privatisation in Australia, a trend that was accelerated in to 2000's. Commencing with the Commonwealth Bank the trend included many State Banks.[4]

But with deregulation came a new spirit of entrepreneurship that saw many of Australia's banks adopt a whatever it takes business approach. The consequences of this arguably unfettered and ravenous behaviour saw regulators eventually refine corporate governance standards in an effort to rein in the cowboys. To quote Gordon Gekko in the movie *Wall Street*, 'Greed, for lack of a better word, is good'.

This raises the obvious question, should the Howard government have seen this coming with its negative consequences for Australian consumers and done more? Should the regulators certainly have been more vigorous in their pursuit of obvious bad behaviour?

In response to the internationalisation of the Australian economy, deregulation, the changing nature of banking and the need to ensure a strong and competitive financial system, governments pursued various strategies underpinned by detailed and extensive public inquiries.[5]

The Campbell Committee Report's conclusions were largely validated by the Vic Martin Review Report of 1983 following the election of the Hawke Labor government. The new Treasurer, Paul Keating, had requested the review to freshen up Campbell. It provided the impetus for the government to embrace deregulation with gusto. Floating the dollar, allowing the entry of more foreign banks and privatising the Commonwealth Bank were some of the more significant achievements.[6]

Financial deregulation, and its impact on banking, was reviewed by the House of Representatives Standing Committee on Finance and Public Administration (the Stephen Martin Committee) in 1991. Its report concluded that Australian banks were highly profitable by international standards. Deregulation had led to narrower interest margins overall but it appeared business was gaining more benefit than were consumers. Cross-subsidies were being unwound as 'user pays' became more prevalent.

The Committee concluded concerning the impact of deregulation on competition that:

> ...the four major banks have retained their market share and, accordingly, their dominant position in the industry; at the regional level, vigorous competition for market share is provided by locally based State banks, regionally operating banks and non-bank financial intermediaries; and foreign banks have had limited impact...

While the Committee was broadly supportive of the impetus to competition from deregulation, it acknowledged that banks had made some mistakes in handling the transition to a deregulated market. Access to the payments system was identified as a remaining barrier to competition. The long-standing reputations and extensive branch networks of the four major banks were seen as a barrier to entry for potential competitors in the retail banking market.

These inquiries and government responses have also sought to avert any possible crises or negative consequences for the Australian economy. A fundamental question is, did it work?

Following the Howard government's election in 1996, the Wallis Inquiry[7] sought further regulatory reform. Wallis proposed a new prudential regulator- Australian Prudential Regulation Authority (APRA) and a new market–conduct and consumer–protection regulator for financial services- Australian Securities and Investment Commission (ASIC). RBA was left responsible for monetary policy and the payments system. A Council of Financial Regulators was proposed to act as a co–ordinating forum, to discuss developments in the financial system and to co–ordinate responses to any areas of concern.[8]

Wallis was embraced by Howard, and the regulators were created as independent statutory authorities without direct oversight by a government department. Yet all was not what it seemed.

Hayne Royal Commission

Fast forward to The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (Hayne Royal Commission). Established on 14 December 2017 it followed revelations of a culture of greed within several Australian financial institutions and the lack of regulatory intervention by the relevant government authorities.

Financial planning scandals, interest rate rigging and failure of financial institutions to properly develop accountability, trust, responsibility and culture were exposed. People – even dead people – were found to have been charged for services they didn't receive, signatures forged, banks finding many ways to put their profits ahead of the fair treatment of their customers.[9] Later revelations indicated that financial institutions were involved in money laundering for drug syndicates, turned a blind eye to terrorism financing, and ignored statutory reporting responsibilities and impropriety in foreign exchange trading.

The final report in 2019 concluded that greed and a focus on sales and profit led to the bad behaviour, and non-compliance with the law, but that the implications for banks, regulators and the Australian economy ran deep.

In responding to the issue of 'why', the Commissioner determined that:

> .....the answer seem(ed) to be greed – the pursuit of short term profit at the expense of basic standards of honesty..... From the executive suite to the front line, staff were measured and rewarded by reference to profit and sales..... When misconduct was revealed, it either went unpunished or the consequences did not meet the seriousness of what had been done. The conduct regulator, ASIC, rarely went to court to seek public denunciation of and punishment for misconduct. The prudential regulator, APRA, never went to court. Much more often than not, when misconduct was revealed, little happened beyond apology from the entity, a drawn-out remediation program and protracted negotiation with ASIC of a media release, an infringement notice, or an enforceable undertaking that acknowledged no more than that ASIC had reasonable 'concerns' about the entity's conduct. Infringement notices imposed penalties that were immaterial for the large banks. Enforceable undertakings might require a 'community benefit payment', but the amount was far less than the penalty that ASIC could properly have asked a court to impose.

Hayne stated that there could be no doubt that the primary responsibility lay with the entities concerned and those who managed and controlled those entities: their boards and senior management.[10] The Commissioner made it clear the failings extended to organisational culture, governance and remuneration. The final report also emphasised many of the key principles of good governance, particularly the importance of board challenge of management and having the right flow of information to the board for directors to discharge their duties. The regulators were especially negligent in fulfilling their mandate.

Crises?

So were there 'crises' in banking during the Howard government that lead to such damning revelations by Hayne? Three specific areas where the seeds of potential and subsequent real crises were sown can be identified during the Howard years.

1. Structural issues

In 1990, the Hawke government adopted a 'four pillars policy' in relation to banking in Australia and announced that it would reject any mergers between the big four banks as a positive way to ensure four major financial institutions could provide the necessary level of competition and services to Australia.

The policy was strengthened in that the Commonwealth Bank was fully privatised between 1991 and 1996.[11] Wallis recommended that the model be dismantled but this was rejected by the Howard Government reflecting the broad political unpopularity of further bank mergers.

Has the public interest really been served by the four pillars policy that has seen four majors thrive, developing a profit at all costs culture and often been accused of collusion on things like interest rates? Findings from the Hayne Royal Commission would suggest not. For example, the Commonwealth Bank admitted that it had charged dead people for financial advice services, engaged in 'unconscionable conduct' and manipulated the bank bill swap rate five times between February and June 2012. In 2018 it settled an interest rate rigging case brought by ASIC for $25 million.[12]

The issue of Reserve Bank of Australia independence was a significant factor during the Howard years. Howard specifically recognised the independence of the Bank by statute in August 1996. The Bank's focus was to be on price stability while taking account of economic activity and endorsed the 2–3 per cent target range for inflation. To promote transparency and accountability, the Bank would release six-monthly statements and the Governor would report to parliament once a year.[13]

The Bank's decisions on monetary policy were directly responsible for the post-1991 growth cycle that benefited the Keating and Howard Governments.[14]

The Howard years also saw the 1997 Asian Financial crisis and 2001 US tech recession play out, with implications for economic policy and corporate governance. While Howard argued both had virtually no impact on Australia, a deeper review suggests otherwise.

The 'Asian financial crisis' started in currency markets in South-East Asia but spread to other markets undermining confidence in continued high growth in the region - the so-called East Asian Miracle.

The ensuing economic downturn raised questions about the foundations of that growth, the soundness of the region's financial sectors, and the role of government in directing investment and lending. Several inter-related challenges subsequently emerged- implementing the financial sector reforms needed to attract foreign capital back into the region; establishing governance practices which will improve transparency and accountability; and developing growth strategies which are both sustainable and inclusive.[15]

At its heart, the Asian crisis was a banking crisis brought on by banks and their customers taking on too much foreign currency risk. No doubt macroeconomic policies were not always perfect, but the real problems were in the financial structure more than the macroeconomic settings. Other problems were the capacity of financial institutions and corporations to manage risk, and of the supervisors to enforce better management. The markets required to manage such risks were small or non-existent. More generally, capital markets were underdeveloped, especially local-currency denominated ones. Hence, not only were the risks concentrated in the banking system, but when the banks could no longer extend credit there was no other channel to make up the difference.[16]

It was a crisis of Asian governance- the region's financial, economic, legal and political systems were too weak to manage the demands of globalisation.[17] The crisis arrived in Howard's re-election year and was the major single influence on the formulation of Australian macroeconomic policy in 1997/98. The ensuing declines in Asian exchange rates, domestic demand and imports were relatively quickly transmitted to the Australian economy- financial markets, particularly the foreign exchange and equities markets, falling exports, a widening current account deficit and a slowing in domestic demand.[18]

The Reserve Bank of Australia however played a critical role in terms of monetary policy and had an influence in monitoring and forecasting economic developments. With central issues in the Asian crisis being the volatility of international capital flows, the fragility of financial sectors and the role of exchange rates, this meant that much of the discussion concerned core central banking issues[19]. Howard ensured that the RBA knew the government's preferred position to not increase interest rates.[20] Was Bank independence, championed by Howard, compromised? It could be argued that it was.

A somewhat mild economic downturn occurred in 2001, particularly in the USA, but its effect on Australia was limited. Its cause can be traced to the collapse of the dotcom bubble, the 9/11 attacks, and a series of accounting scandals at major U.S. corporations.

In the second half of 2001, the Reserve Bank of Australia continued to move monetary policy to a more expansionary stance to support growth in domestic demand, as the international economic environment weakened. The RBA lowered official interest rates on three occasions in the second half of 2001, by a total of 75 basis points, to 4.25 per cent. Two of these moves came after the events of September 11 as central banks world-wide lowered rates aggressively in the face of financial market instability and risks to the economic outlook.

In the first half of 2002, the RBA removed the additional stimulus as global economic recovery appeared to take hold and with the Australian economy continuing to make solid gains. The cash rate was 4.75 per cent in June 2002. Interestingly, a major contributor to economic growth was the rebound in dwelling investment. In 2001–02, the housing sector contributed 0.9 percentage points to GDP growth of 3.8 per cent.[21] A portent of future problems in the sector that the Howard should have responded to?

The 2001 collapse of HIH Insurance and community concern regarding growing bank profits pointed to a trend in corporate Australia that the government and its regulators should have seen coming. There were clearly implications for the wider financial services sector.[22]

Although a Royal Commission[23] found that APRA did not cause or contribute to the collapse of HIH, several shortcomings in its supervisory practices were identified. It noted that APRA eschewed 'light touch' supervision in the wake of the collapse and recommended that APRA develop 'a more sceptical, questioning and, where necessary, aggressive approach to its prudential supervision of general insurers'. While it has been argued this led to a more assertive supervisory culture in APRA, subsequent criticisms particularly during the Hayne Royal Commission show this to be a fallacy.

A serious political problem that arose for the Howard government concerned the closure of bank branches, justified by competition and technology changes for those Australians who lived in rural, regional and remote parts of the country. These were significant constituencies for the Liberal and National Parties- an electoral crisis in the making.

In response, a parliamentary inquiry was established to 2002, reporting in January 2004 on these matters[24]. The banks responded initially by placing a moratorium on further bank closures, but this only forestalled the inevitable. Clearly the banks saw technology solving many of the problems identified as they sought to improve their bottom lines. The government meanwhile sat back, wedded to their version of deregulation, competition and getting out of the way of business. It could be argued the closure of bank branches led to many communities virtually ceasing to exist.

2. Interest rates and housing affordability

At the commencement of the tenure of the Howard government, banks provided something like 78 per cent of mortgage loans, had substantial branch networks and saw the enhancement of technological change for the Australian financial sector.[25] This raised the issue of access to home ownership, particularly for first homeowners.

With ubiquitous prosperity, cheap money, and tax breaks for homeowners and investors, discussion turned to the likely emergence of a housing bubble. Australian home prices had risen about 250 per cent from 1989 to the early 2000's. All capital cities saw strong increases in property prices since 1998. These increases coincided with record low wage growth, low interest rates and record household debt equal to 130 per cent of GDP.

The influence of interest rates and banking policy on property prices should not be understated. Financial deregulation led to greater availability of credit and a variety of financial products and options. RBA maintained a low cash interest rate policy which reduced the cost of financing property purchase. In addition, the easy availability of interest-only loans made possible for property investors to borrow to purchase a property and compounding the benefits of negative gearing.[26]

Whilst APRA tightened regulations around mortgage loans that initially led to a drop in new home loans the Howard Government should have seen this was only a temporary reprieve. The political argument that maintaining low interest rates equated to who was the better economic manager contributed to the crisis in home ownership and rising prices. However, a number of other factors that were directly controlled by the government contributed to this.

The strength of the economy between 1998 and 2008 saw real net national disposable incomes increase by 2.8 per cent a year on average from about $32,000 to about $42,000.This was accompanied by a consequent rise in the number of two-income households, relaxation of lending standards, active promotion of real estate as an investment, population growth creating demand that was not matched by supply, planning and land release issues and a tax system that was skewed in favour of property investors.

Additionally, in 1999, property sale proceeds were subject to a reduction in Capital Gains Tax from 100 to 50 per cent and in July 2000 the government introduced the First Home-Owners Grant of $7,000 for established homes, and $14,000 for newly built homes.

In response to concerns about housing affordability, Howard initiated a Productivity Commission inquiry into home ownership in Australia[27]. Its 2004 final report observed that general taxation arrangements (capital gains tax, negative gearing, capital works deductions and depreciation provisions), lending regulations, lower interest rates and planning issues lent impetus to the surge in in investment in rental housing and consequent house price increases.

In what must rank as one of the most incredible responses to a major report, the Government concluded that there was no conclusive evidence that the tax system has had a significant impact on house prices.

This issue remains just as alive today as it has through the past two decades. Should the government have done more? If so the current housing crisis – high prices, affordability – might have been curtailed. As noted by Hayne, banks' avarice for profits, the ready-made market for a mix of housing products and their sales incentives for staff saw little change from the mid-2000s to today. Government policy failure has exacerbated the crisis in housing affordability.

3. Corporate governance and crisis preparedness

One major issue identified by Hayne was already perceptible in the financial services sector in the Howard years was a portent of what else was to follow- the failure of banks to develop and impose appropriate corporate governance policies and practices, and to put people before profits. The failure of the regulators in this respect is also worth a strong mention

Consider as one example the NAB foreign currency scandal in 2004 which had significant ramifications for the bank, customers and Australia's financial regulator[28]. It could also be argued that it had significant implications for the Howard Government. If deregulation, championed by the prime minister for years was supposed to lead Australians to the promised land of financial security, how did it go so wrong now. And did it have wider implications that potentially increased the risk of a major financial sector crisis?

In January 2004, APRA was informed of irregular activity on NAB's currency options desk. NAB immediately hired PWC to undertake an investigation that showed amongst other things final loss from the FX options unauthorised trading was $360 million; the losses significantly increased between September 2003 and January 2004; the four traders involved exploited loopholes and weaknesses in systems and processes to hide trading losses and protect bonuses; and the trading losses had been reported to management by several junior employees.[29]

The immediate effect of the trading scandal triggered several changes at NAB including the departures of Chief Executive Frank Cicutto on 2 February and then chairman Charles Allen on 16 February.[30]

APRA also launched an inquiry and released its report on 24 March 2004.[31] Essentially it concluded:

- Line Management turned a blind eye to known risk management concerns because 'Profit is king'. As long as the business unit turned a profit, other shortcomings could be overlooked.
- Operations verification procedures contained significant gaps, raising questions about the adequacy of its resourcing and skills, and whether its mandate had been weakened by pressure to reduce costs and its growing subservience to the front office.
- Market Risk failed to engage the trading desk effectively to resolve them and failed to attract the attention of higher management or otherwise escalate its concerns.
- Executive Risk Committees were particularly ineffective, missing or dismissing risk information pertinent to the problems that emerged and failing to escalate warnings.
- The Board was not sufficiently proactive on risk issues, despite often asserting that risk needed the Board's attention. Until the establishment of a separate risk committee, it appeared content to leave the elevation of risk issues to its Audit Committee.

APRA concluded that cultural issues were at the heart of these failings. There was a conscious effort to embed a more commercial culture in risk management areas within NAB. Terms such as 'business partnership' and 'embedded risk management' were used frequently.

Remedial actions fell into two specific areas- fixing cultural, governance and risk management issues and fixing risk management and operational controls for traded markets area across NAB. These affected both staff and most importantly the Board. The Board was required to develop policies that promoted and supported 'whistle-blowing' and to review incentive arrangements to ensure that these promoted behaviours that had appropriate regard to risk.

With respect to governance the Board, its Committees and Executive Risk Committees were required to clarify the appropriate escalation channels available to enable the Board and its committees to deliberate on serious risk issues. The Board must establish more transparent risk reporting systems and place greater reliance on independent checks and balances on executive management to enable it to discharge its duties appropriately. It was required to review, and formally approve, all market risk limits in Global Markets, set risk escalation policies, streamlining reporting lines, improve data integrity and improve accountancy reconciliation processes.

Given my previous comments on the creation of APRA and its vital importance as Australia's financial regulator it is surprising that scandals such as this occurred. In fact, there was some criticism levelled at John Laker, APRA Chair, at the time. Laker told a parliamentary committee that APRA had raised concerns with NAB regarding its risk management in early 2003 and told them to fix them. In August 2003 APRA directly raised these concerns with senior management. Why was no action apparently taken? And even more importantly, who was watching the watcher?

For the Howard Government, if deregulation, championed by the prime minister for years was supposed to lead Australians to the promised land of financial security, how did it go so wrong now. And did it have wider implications that potentially increased the risk of a major financial sector crisis?

The question must therefore be asked how much information was conveyed to the government and did they foresee a potential larger crisis emerging? Or was the protective sunscreen that is 'independent of government' used to ensure any blame was truly apportioned to the bank?

APRA has continued its (belated) pursuit of banking supervision, particularly in ensuring Australia's financial system is prepared for any potential crisis or emergency. APRA recently described how it balances the need for appropriate risk-taking by financial institutions while minimising the potential for disorderly failures that might harm bank depositors.[32] Several important pointers are given:

- Australia needs a financial system that harnesses the creative power of risk-taking, and the innovation and efficiencies derived from risk taking. On the other hand, it cannot have a system that is brittle and overly prone to failure – particularly catastrophic failure. Failure always involves pain and cost, but that cost must be acceptable.

- APRA seeks to ensure that any failures that do occur will be orderly failures. An orderly failure is one where a regulated entity hasn't reached its intended destination, but where the entitlements of protected beneficiaries and the stability of the financial system remain intact.
- Leaders need to have thought seriously about financial stress scenarios, come up with a credible plan, and then tested their institution's ability to execute this plan. If you are going to step up to the controls of one of our institutions, it is your responsibility to assure yourself that you can land it safely in the unlikely event of an emergency.
- The essence of financial contingency planning is our expectation that institutions must be ready to manage their own destiny in all reasonable circumstances. Boards of APRA-regulated institutions must be aware that it simply isn't acceptable to rely on ordinary insolvency or APRA stepping in to solve the problem.

Conclusion

Professor David Lovell's introduction to this conference stated: 'Adversity does not equal crisis and maladroit government responses are caused variously by inexperience, secrecy, arrogance (and its cousin denial) inattention and, at worse, incompetence'.

While Australia might have been spared the worst in terms of international financial crises during the Howard years there is little doubt that the Australian banking sector was allowed to develop practices and procedures that were not in the spirit of deregulation and certainly not in the best interests of consumers. It can be demonstrated that significant genuine crises that emerged in banking had their genesis in policies pursued by the Howard government.

Failure by Howard in terms of housing policy and corporate governance regulation and the wholesale embrace of free-market business philosophy coupled with significant inaction by regulators were to blame. Deregulation yes, but total hands-off no. Hayne was right- culture was and should be at the centre of banking practices. And government and its regulators have critical roles to play.

Interestingly, more recent events with both NAB and the Commonwealth Bank in foreign currency dealing and other issues would indicate that the lessons of the past have not been learned. Boards still have a lot to answer for. But APRA's renewed emphasis on culture, risk and good governance following their public humiliation by Hayne is keeping all ADI's on their toes.

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32 Renee Roberts, 'Failing to plan is a Plan to fail', Speech to Risk Management Institute of Australasia Annual Conference, 31 March 2012.

The Howard Library Annual Conference Series

The Liberal-National Party Coalition led by John Howard won office on 2 March 1996 and continued to hold power until 3 December 2007 (after losing the election held on 24 November 2007). UNSW Canberra is hosting a series of retrospective conferences to assess the performance of the Howard Government. Each event provides the basis for collections of essays contributed by principal participants, key public servants, leading commentators and notable scholars drawing on documents in the John Howard Collection held at the Australian Defence Force Academy Library and other papers managed by the Howard Library at Provisional (Old) Parliament House. This series has become the authoritative treatment of the Howard years.

Contributors are asked to focus critically on the Coalition's policies and performance to reveal the Government's shortcomings and failures. This commitment to a candid critique attracts the attention of the press and current-serving politicians, affording the volumes a substantial public profile at the time of their release. UNSW Press is the series publisher.

The first conference covered the 1996 election, the Coalition's readiness for office, the main policy decisions and practical challenges of the first year of the Howard Government, including gun control and ministerial responsibility.

The second conference dealt with the second and third years of the Coalition's first term in office (1997-98) and most of its second term (1998-2001). It canvasses the High Court's Wik decision and native title, the Patricks waterfront dispute, the constitutional convention, the Coalition's near defeat at the 1998 poll, the Government's response to post-independence violence in Timor-Leste and the introduction of the GST.

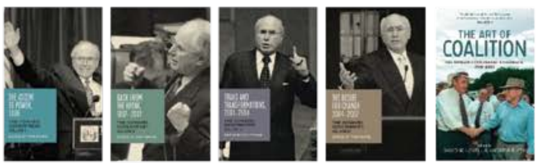
The third conference focused on the controversial events leading to the 2001 election including the MV *Tampa* crisis, the collapse of Ansett Airlines, the '9/11' terrorist attacks and the invasion of Afghanistan. It looked at the decision to invade Iraq in 2003, the outbreak of the 'history wars', managing the environment and health care, the challenges faced by the Labor Opposition and the rise of Mark Latham.

The fourth conference was concerned with the period October 2004 to November 2007 and examined the Coalition's control of the Senate, the advent of Work Choices, the progress of Indigenous Reconciliation and the Northern Territory intervention, and the election that saw the Coalition lose office and the Prime Minister his seat in parliament.

Our 2022 conference focused on crisis management and assessed the Howard Government's responses to the crises it encountered in its eleven years in office. From the beginning of the 'war on terror', through the (almost simultaneous) collapse of Australia's second airline, to the scandal of the Australian Wheat Board's dealings with Iraq's leader, Saddam Hussein and the waterfront struggles of Australia's stevedoring companies against union control. How did it 'frame' these crises for public understanding and support; what role did the media play in explaining particular crises and critiquing Government's responses; how were the Government's responses evaluated – by it and its critics - after each crisis had passed; was there a pattern from which we can learn to better inform contemporary government responses to crises such as the COVID-19 pandemic, and those that lie in wait? The ensuing papers aim to critically reflect on those policy decisions of the Howard Government in order to provide context and perspective for contemporary policy debates and facilitate discussion among the policy community and the broader Australian public.

UNSW Press Howard Government Series Titles

I	The Ascent to Power, 1996 (released 2017)
II	Back from the Brink, 1997-2001 (released 2018)
III	Trials and Transformations, 2001-2004 (released 2019)
IV	The Desire for Change, 2004-2007 (released 2021)
V	The Art of Coalition: The Howard Government Experience, 1996-2007 (released 2022)



Contact us

Old Parliament House
18 King George Terrace,
Parkes, ACT 2600, Australia

info@howardlibrary.unsw.edu.au

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