

**Chris Priestley and Claire Priestley  
Walgett NSW 2832**

15/07/2016

The Director  
Bank Victims Pty Limited  
101/15 Albert Avenue  
BROADBEACH QLD 4216

Dear Sir/ Madam

**OPEN LETTER ON BANKING PRACTICES**

My brother Chris and I have been following Bank Victims reports on its website and we appreciate the tireless efforts you have made to redress breaches of trust by the banks.

It is an important time in Australian politics and banking following the recent Federal Election. There are new members of parliament in both houses who will want to review allegations of misleading and deceitful conduct by banks in recent years. The members will form personal views on issues in the media (especially the ABC), which have left the public speechless.

New members will want to understand the disingenuous history of banking codes since 2003, and its impact on Australians, including farmers that rely on hardship provisions in the code during droughts, floods and other natural disasters. The parliament might also want to understand a decision made by banks to carryout another banking code review at such a crucial time.

**BACKGROUND**

**1993 - Code Introduced**

The first banking code was introduced in 1993, following recommendations of the Martin Committee in 1991. Under this version of the code, banks agreed to have procedures for the resolution of disputes with customers.

**2001 - The 'Viney Review'**

Richard Viney reviewed the code following the introduction of self-regulation of banking in 2001, and made recommendations for change. There were a considerable number of submissions however the federal regulators placed no importance on overseeing banks' adherence to the code.

**2003 - Revised Code Published**

Following the Viney Review in 2003, banks published a revised banking code and – for the next ten years – banking regulators have failed to require banks to deliver agreed banking practices.

**2004 - Unpublished CMCC Constitution enacted**

The enactment of the CMCC Constitution in 2004 was a pivotal moment in the history of Australian banking. The Constitution had the effect of modifying the terms of the code, limiting consumers' ability to bring complaints to the banks and for those complaints to be investigated. The Constitution transformed the relationship between banks and customers.

Since 2004, subscribing banks, the CCMC and its Association, the FOS and the Bankers Association have failed to publish the Constitution. Rather, it had been kept secret from costumers and government members until recently.

The effect was a public banking code that seemed fair and reasonable to consumers. However, without the Constitution being attached to the contract the code the banks could mislead their customers. During a ten years period, the CCMC had investigated virtually no disputes as required under the code and no banks were named for code breaches.

### **2004 – 2009 Further Reviews fail to find problems**

Following the publishing of the 2004 Code and the introduction of changes set out in the Constitutional, new code reviewers were invited to review the banks disingenuous code.

- 2005 - Federation of Effective Markets and Governance (FEMAG) was the first - post constitution code reviewer – to carry out a review
- 2008 - Jan McClelland - the second post constitution reviewer - carried out the second review in 2008
- 2009 - Phil Khoury was appointed the review the CCMC's program

None of the - post constitution - reviewers identified lack of probity by banks, despite presumably having access to the CCMC's records.

### **ANOTHER REVIEW 2016**

#### **2016 – Phil Khoury invited back to review the code**

Under mounting pressure, banks appointed Khoury to carry out another code review and make recommendations. Despite his professional qualifications, it is unclear if he will make new findings, as relevant details of the Constitutional and banks' lack of full disclosure would have been evident in 2009 when he carried out the earlier review.

In light of several banking reviews since 2003, it is difficult to understand how self-interested parties and banks regulating themselves were not considered relevant during parliamentary banking inquiries. Therefore new parliamentary members should be provided sufficient time to investigate allegations of lack of probity, dishonest conduct and deceitful practices by banks, which have caused damage to thousands of Australian farmers and bank customers in recent years.

Chris and I – and all farmers – must support Bank Victims view that there has never been a more important time for a full, independent banking review:

- Previous reviewers appointed and paid by banks, apparently found no problems with lack of full disclosure and the Constitution of the CCMC that changed contract terms between banks and customers.
- Documents published by a number of Senate Inquiries alleged bank Chief Executives and directors, the ABA, CCMC and its Association and the FOS have been aware of unlawful banking practices, as they were financed or employed by the banks.
- ANZ data suggests there have been 2.5 million complaints by bank customers. None of the complaints resulted in bank or bankers being named under provisions in the codes.
- During the past ten years, Treasury, ASIC and ACCC have made no public announcements that banks have acted either deceitfully and dishonestly.

The introduction of banks regulating themselves and self-review by banks is a seemingly attractive free-market concept, but it has not worked effectively in Australia during the past ten years. The new members of parliament should have an opportunity to decide whether it is necessary to have an independent inquiry into banking practices and banking codes since 2003. This would allow all sectors in community to express views on the decision by the government to allow the banks to regulate themselves.

We would like our experience considered relevant because after record years of drought followed by a natural disaster in our region the bank foreclosed on our farming enterprise.

These allegations - and inaction by regulators – should be investigated by the parliament prior to a new government supporting another banking code review in 2016.

This is Chris and my true story and we have attached copies of media articles to support our statements.

Yours sincerely,

A handwritten signature in blue ink that reads "Claire Priestley". The signature is written in a cursive, flowing style.

Chris Priestley and Claire Priestley

# The Sydney Morning Herald

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## Rudd, Howard battle for farm vote

Published: October 31, 2007 - 10:40AM

John Howard and Kevin Rudd put on their working boots in a tussle for the farming vote as Australia worst drought on record rages on.

The prime minister is offering yet more money for financially strapped farmers, while the opposition leader took a slightly different tack to offer help with climate change.

Mr Howard said cabinet would meet on Tuesday to finalise plans for more financial help for farmers battling a drought now seven years long in some regions.

"I can inform farmers that in addition to the extension of the exceptional circumstances ... the government has decided that it will ease the off-farm income and assets tests," Mr Howard told ABC radio.

The decisions mean farmers will be able to earn more money from other income streams before financial aid is cut.

"The precise extent of that easing will be announced after the cabinet meets in Sydney next Tuesday," Mr Howard said.

"But I can inform farmers that amongst the additional measures that we are going to bring in, in order to help them through this very severe drought, is that we will respond to their requests to ease the off-farm income and assets test.

In turn, Mr Rudd went to the dry and dusty north-west NSW town of Walgett to offer a drought aid election pledge.

"A Rudd Labor government will help Australia's farming community get through the current drought and will invest \$60 million over three years to help them respond to climate change," Mr Rudd said.

Climate change is the major difference between the two parties' approach to drought aid with the coalition admitting there is a link but doubting the strength and Labor claiming climate change created the long drought.

The Labor plan adopts, in part, a policy suggestion only released on Thursday by the National Farmers' Federation.

The NFF called for what it described as climate management grants "to help farmers prepare for, manage and recover from drought, with the intention of alleviating the impact of future severe droughts".

Labor said it would send scientists to work with farmers.

"Under the plan, scientists will work with farmers on practical pilot projects to identify better farming practices such as stubble retention and minimum tillage such as seed drilling."

Nationals Leader Mark Vaile, on the road in western NSW, said the drought was now strangling this year's wheat crop.

"The further west you go the drier it's getting and once you get beyond Parkes it is getting quite drastic in terms of the conditions," he said.

"It is only a matter of weeks now that if there isn't follow up rain then that will be the end of this year's crop."

Mr Vaile said the conditions were stripping up to 100,000 tonnes a day from the crop forecast.

"It will have a compounding effect (on the economy)."

He said there was still some hope for grazing areas east of Parkes.

"They have had rain and it's hanging on quite well."

*This story was found at: <http://news.smh.com.au/national/rudd-howard-battle-for-farm-vote-20070921-107z.html>*

# The Sydney Morning Herald

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## Drought may be ending in NSW: govt

By Nick Ralston, State Political Reporter

Published: January 23, 2008 - 4:44PM

The end may be in sight for the worst NSW drought in living memory, with the latest figures showing just over half the state remains drought-affected.

NSW Primary Industries Minister Ian Macdonald said 52.6 per cent of the state is suffering drought - an 18 month low, and down from 69.4 per cent last month.

Another 19.5 per cent of NSW is considered marginal, while 27.9 per cent is now considered satisfactory.

Mr Macdonald said the good news was that these latest figures were only up until December 31, and there had been heavy rain in the weeks since.

"There has been January rainfall which I believe has improved the situation even more," he told reporters.

"We're now getting a pattern of rainfall that is consistent and regular and that is a change for the better and it's a change that we've needed from the rather large rainfall that we get and then none for months.

"Let's hope this is finally a break of this one-in-100-year drought in 2008."

It is the first time in more than six years that areas such as Bourke and Walgett, in the state's northwest, have been out of drought.

However, Mr Macdonald said it would take "some time" for drought conditions to break in many of the areas still affected, mainly in the state's west and southwest.

He said it would also be a while before the improved outlook had any significant impact on the price of groceries, particularly meat.

"There is no doubt that this drought has had a significant impact on food prices generally, particularly of fresh meat, poultry and eggs,"

"But I think it will take some time before we see that drought impact on food prices come down, there is always that gap between rainfall and production.

"But if these rains continue it will have a positive impact on prices."

*This story was found at: <http://news.smh.com.au/national/drought-may-be-ending-in-nsw-govt-20080123-1nlj.html>*

# The Sydney Morning Herald

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## Over 70% of NSW now in drought

Published: September 20, 2008 - 12:44PM

Drought conditions have worsened in NSW, with more than 70 per cent of the state now officially drought-declared.

Figures released by the NSW Department of Primary Industries on Saturday show just 10.8 per cent of the state, mostly on the eastern coastline, has enjoyed normal rainfall, and was rated as "satisfactory" in September.

Another isolated region in the west around Bourke has also escaped the drought.

A further 17.6 per cent of the state is rated as marginal - in the Hunter and around Tamworth plus regions including Wilcannia and Walgett - while the remaining 71.6 per cent of the state is now officially in drought.

Primary Industries Minister Ian Macdonald said the drought figure had increased from 66.2 per cent of the state in the previous month.

"All in all, the situation has worsened, this is not a good scenario facing our rural economy going into the spring period," Mr Macdonald told reporters in Sydney on Saturday.

"Of course it will have the natural consequences of putting pressure on food prices across our supermarkets, green grocers and other outlets in NSW."

Mr Macdonald said conditions were their most dire in the state's south, where some farmers would face total crop failure without significant rainfall within a week.

Despite the worsening conditions, he also said NSW agriculture was in a better shape now than a year ago.

"Certainly conditions in NSW are better than they were in the latter part of last year, we had significant summer rain meaning farm dams have been replenished," he said.

"However, in the south of the state we've had a consistent pattern of no rainfall, or little rainfall over the last year, and that's where the conditions are at their worst."

*This story was found at: <http://news.smh.com.au/national/over-70-of-nsw-now-in-drought-20080920-4khh.html>*

# The Sydney Morning Herald

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## Best drought figures in four years: Whan

Published: March 17, 2010 - 1:19PM

The recent deluge of rain has brought relief to struggling regional communities in NSW, with figures showing the area ravaged by drought has halved since the start of the year.

Forty per cent of the state is now in drought, compared to 81 per cent in January, Minister for Primary Industries Steve Whan said.

"The February drought figures show we are in the best situation we've been in for four years," he told reporters in Sydney on Wednesday.

"It's very good news for farmers ... for the rural economy overall."

Fodder growth was already underway and crops were showing positive signs for next season, he said.

The production of cotton and rice is also likely.

But consumers may still have a long wait ahead before they start feeling the effects.

"I would expect that we will see, particularly beef prices for a while, staying fairly high because you will see farmers trying to restock now," he said.

"One of the things people need to remember is it does take farmers a while to recover from a drought situation - they need to have time for the crops to grow, to restock their properties, before they can start to return an income."

The improved figures were due to the steady rain that fell across the state in recent months.

Areas that moved out of drought this month include Cobar, Dubbo, Goulburn and Wilcannia.

Farmers in those communities will lose some subsidies under the government's drought assistance program, but federal government exceptional circumstances grants will continue until next March, Mr Whan said.

"That continues to provide support while people get back on their feet."

Eight areas were lifted from a marginal to satisfactory drought rating, including Armidale, Coonabarabran, Coonamble, Mudgee, Narrabri, Nyngan, Tamworth and Walgett.

While challenges remain for parts of southeast NSW and the Riverina, which are still lacking water, the outlook appears to be good, Mr Whan said.

"I'd expect over the next month or so ... that we will see some more (figures) drop, particularly in the south where the rains in the last few weeks will have resulted in some pasture growth," he said.

*This story was found at: <http://news.smh.com.au/breaking-news-national/best-drought-figures-in-four-years-whan-20100317-qcx.html>*