



Australian Citizens Party

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MEDIA RELEASE

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APRA's wet lettuce response to CBA's crimes betrays its complicity

Talk is cheap, all “sound and fury, signifying nothing”. APRA’s report on CBA’s “culture” has many stern words, the media has reported it as “scathing” and “damning”, and Treasurer Scott Morrison said he expects more CBA board and management resignations. But compared with CBA’s actual crimes and misconduct, the action APRA is taking against CBA is limper than a wet lettuce.

Remember what CBA has done: on top of its systematic gouging, fleecing and defrauding of customers, it was caught knowingly laundering money, including for both drug cartels and terrorists. The APRA report sympathetically concluded that CBA’s “financial success *dulled* its senses”. (Emphasis added.) It sheets the blame home to psychobabble diagnoses of “complacency, overconfidence, excessive complexity and insularity”, summarised the 1 May *Australian Financial Review*.

APRA’s punishment for CBA is to have it hold an extra \$1 billion in capital—not a \$1 billion fine, but an extra \$1 billion kept aside as capital, as it should be doing anyway. And an “enforceable undertaking” to implement the report’s recommendations. The 1 May *Sydney Morning Herald* characterised this enforceable undertaking as “CBA has agreed to be supervised by the banking regulator”. What?! Isn’t that what APRA is supposed to have been doing all along? And why should CBA get to “agree”? It has committed serious crimes, and should have the book thrown at it.

APRA itself is the elephant in the room in this scandal. Government MPs, such as Sussan Ley, are telling their constituents in letters probably written by the Treasurer’s office that “ADIs are also intensively supervised by the Australian Prudential Regulation Authority (APRA).” (ADIs are authorised deposit-taking institutions—banks, building societies, credit unions et cetera). Yet APRA feigns ignorance of CBA’s crimes and the rest of the scandals being exposed in the royal commission. Either APRA is lying, or government MPs are. Either APRA has not done its job in supervising the banks, in which case banking regulation must be completely overhauled, or APRA should be regarded as responsible for, or even complicit in, the crimes of the banks, and it must be hauled up before the royal commission to be held to account.

The three-person panel appointed by APRA to produce this reports indicates that the latter is the case. It was led by former APRA chairman John Laker, who was chief bank supervisor for most of the period of CBA’s crimes. As these practices occurred on his watch, Laker was effectively investigating himself. The other two members are former bankers, who had leading roles in the deregulation-driven shift in banking culture, from banks being careful lenders to households and productive businesses, to banks being aggressive financial speculators. Graeme Samuel is the former ACCC chairman who in the 1980s was a Macquarie Bank executive notorious for advocating that insider trading should be legal. Jillian Broadbent was the chief of Bankers Trust, a pioneer of the reckless derivatives speculation that has caused multiple financial crises, including the 2008 crash. In other words, APRA’s report is a case of bankers covering for bankers.

The good news is that this cover-up is completely transparent, and therefore they ultimately won’t get away with it. Also, while the government’s tough language is only words, it betrays its fear of the public on the banking issue. The government has flipped from its previous position of not wanting to undermine international confidence in Australia’s banks, to suddenly acting like their toughest critic. The government is hoping it can get away with this act, but it means the public has the upper hand, and is in a position to force the government to take serious action to address the cause of the banking crisis, not just the effects.

This action must start with a Glass-Steagall separation of traditional banking functions of taking deposits and making loans, from all other financial activities, which is the purpose of the CEC’s Banking System Reform (Separation of Banks) Bill 2018 that Bob Katter MP will introduce into Parliament. It will:

- fully protect deposits;
- end the vertical integration that has allowed banks to lure customers into risky investments;
- stop bank credit from being siphoned off into risky speculation and thus leave more credit available for productive businesses that create wealth and jobs; and

- guarantee financial stability by protecting the financial system that serves the real economy.

Now is the time to intensify the fight to force Parliament to pass Glass-Steagall. Join the CEC's campaign today!

What you can do:

1. [Sign the CEC's new change.org petition](#): *To the Commonwealth Parliament: Pass Australian Glass-Steagall Bill to break up the banks!* Every signature generates an email to leading MPs informing them of the public's support for Glass-Steagall.
2. Get a copy of this bill to your Federal Member of Parliament plus any Senator/s you can. Urge them to not only read it themselves, but press them to second Bob Katter's call for Glass-Steagall. The very best way is to make an appointment and go and see the MP in person—MPs really want to know what their constituents think and this will make a big impression on them. If that's not possible, email or mail the document with a personal cover note asking them to support the bill in Parliament, and to let you know whether they will.
3. [Share copies with others](#): State MPs, any media you can contact, councils, unions, church leaders, community groups, etc. and get any concerned people you know to visit their MP as well; and on Facebook etc., or with your email address book, urging everyone you know to get involved.