



# Australian Citizens Party

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## MEDIA RELEASE

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### **Tell the Treasury: Don't 'manage' the banking crisis, avert it—pass Glass-Steagall now!**

With more and more indicators pointing to [an imminent crash of Australia's housing bubble](#), which will trigger a collapse of the banking system, the Turnbull government is pushing to legislate "crisis management" powers for the bank regulator APRA (Australian Prudential Regulation Authority).

The Citizens Electoral Council is calling on all Australians who support the Glass-Steagall separation of banks to make a short submission to the Treasury on this legislation, with the message:

*Instead of legislating powers to manage the inevitable banking crisis, the government should immediately enact a Glass-Steagall separation to avert it.*

ABC's 21 August *Four Corners*' "[Betting on the house](#)" is the latest report that exposes the parlous state of the housing bubble, and the extreme exposure of Australia's big banks to that bubble—the highest in the world.

The government has a draft bill, the [Financial Sector Legislation Amendment \(Crisis Resolution Powers and Other Measures\) Bill 2017](#), to give APRA powers to ostensibly "resolve" a banking crisis if and when one occurs. These powers include the power to enforce a capital conversion, which relates to the "bail-in" of certain creditors, to keep the banks propped up. Bail-in is not yet legislated in Australia, nor is it the subject of this legislation, so who those creditors will be is not yet defined. In other jurisdictions, such as the EU, it includes "mum and dad" investors who were encouraged to buy special bank bonds for their retirement savings. In Cyprus in 2013 it even included depositors.

Any form of bail-in is insidious, as it forces the banks' unsuspecting investors and customers to pay with their savings for the reckless and often criminally fraudulent practices of the banks that caused the crisis in the first place, while the banks carry on with those same practices!

It is insane to legislate powers to manage a banking crisis but not make the banks stop doing the things that are creating the crisis, such as gambling in toxic derivatives.

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