



Australian Citizens Party

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MEDIA RELEASE

17 July 2019

APRA, government should be liable for ALL bank crimes and misconduct

If there were any doubt that Australia's banking system is corrupt, Graeme Samuel's Capability Review of the bank regulator, the Australian Prudential Regulation Authority (APRA), removes it completely.

Don't be fooled by the media reports of Graeme Samuel criticising APRA's "culture". On the fundamental issue of APRA doing its job to regulate against risks, the review is a whitewash. In a press release today on the capability review, Treasurer Josh Frydenberg highlights its high praise for APRA: "The Review found that APRA is an 'impressive and forceful' regulator in matters of traditional financial risk."

This statement is completely contradicted by the information of former APRA Principal Researcher Dr Wilson Sy, whose recent paper ["The Farce of Fake Regulation"](#) exposes APRA as a fake regulator, completely under the control of the banks whose oligopoly it protects, and ignorant of the actual risks in the system.

Graeme Samuel, a former Macquarie Bank investment banker, one-time advocate of legalising insider trading, and avowed neoliberal devotee of all forms of deregulation, deliberately avoided Dr Sy as he conducted his review. It was clearly deliberate because after Samuel was appointed to head the capability review, he met Dr Sy in Parliament House in Canberra in February, took Dr Sy's business card, and promised to call him. Samuel never did, nor did he respond to Dr Sy's submissions to his review. Graeme Samuel epitomises Dr Sy's main point: that Australia's neoliberal regulators do not believe in regulation, and so they perpetuate fake regulation.

Banks, regulators conspire to crush people to save system

Samuel's praise for APRA whitewashes the truth that it has in fact colluded with banks to dramatically increase the risks in the financial system. All Australians are now at risk of massive financial ruin from a housing crash, banking crash, and economic depression as a result.

If Graeme Samuel wants to credit APRA's "forceful" regulation, and the government want to play along, then APRA must be held accountable for all of the mortgage control fraud and other crimes of the banks that have built up the enormous risks threatening Australians. They can't have it both ways. There must be another royal commission-type inquiry—this time one that doesn't protect APRA and shield it from scrutiny, as the government did in the terms of reference for the Hayne Commission, but which puts APRA in the dock and digs deeply into all of its practices, especially in the area of mortgage control fraud that the royal commission barely touched. Because right now, the royal commission may as well not have happened. In their blind panic over the falling housing market and economy, the corrupt banks and regulators, and their government lackeys, have dropped all pretence at "sound" banking and are conspiring to lure Australians into unpayable debt to prop up the financial system.

Economist and bank control fraud expert Philip Soos scorned the corrupt measures to which banking authorities have resorted to prop up the system in a special 12 July episode of *The CEC Report* called "The banks have a green light for fraud, but will it work?"

[Click here to watch "The banks have a green light for fraud, but will it work?"](#)

Soos likened the push to lure borrowers into unpayable debt to trench warfare in World War I, when soldiers were ordered to futilely charge into machine gun fire to their deaths, but this time the charging soldiers are households.

The crucial point is that the banks, regulators and government are not even pretending to help people, whether to afford a home or to afford their existing debts. They are solely concerned with propping up the banks by reversing the falling house prices and making housing more expensive, through enabling borrowers to take out even bigger unaffordable loans, regardless of whether they are crushed by mortgage stress and the resulting family conflict, mental illness, and financial ruin.

Their actions include:

- APRA bringing forward its decision to scrap its 7 per cent mortgage affordability buffer and allow each bank to assess mortgage affordability based on adding 2.5 per cent to its mortgage rate;
- Assistant Treasurer and Housing Minister Michael Sukkar ordering ASIC to allow the banks to loosen their lending standards by returning to not verifying expenses, which means banks will be able to return to knowingly lending money to people who cannot afford to repay;
- The Reserve Bank of Australia cutting rates to 1 per cent, which will help banks make bigger loans than they should, and sending the signal that it is prepared to cut even more;
- banks like ANZ rushing to loosen their lending standards, including their restrictions on interest-only (IO) lending to investors, which is the type of lending that has built some of the biggest risks in the system.

Philip Soos told the *CEC Report* that in the 2013-16 IO lending frenzy in Australia, in which IO loans rose to almost 50 per cent of all mortgages, the most reckless lending occurred in 2015 and 2016, and these mortgages are yet to reach the five-year mark at which they reset to interest plus principal and repayments skyrocket. You ain't seen nothing yet, was his stark warning, but now ANZ wants to increase IO lending risks again.

Meanwhile the media propagandists and spruikers are helping these efforts by pumping out claims like "housing is now as affordable as 1999", and "Brisbane is set to rise 20 per cent", all designed to lure unsuspecting borrowers into assuming now is the time to rush into the market.

The insanity must stop. Housing is way too expensive, banking practices are fraudulent, construction standards are criminal, and the consequences are mounting. We are heading for a financial disaster, and even more pain for the public through measures like ["bail-in"—seizing deposits to save banks](#). Australia needs a thorough overhaul of its financial system and economy, starting with a Glass-Steagall separation of banks so they cannot speculate, and a national bank that can start investing in productive infrastructure and industries in order to restructure the economy away from being concentrated on financial services, housing construction and raw materials exports, into a high-tech manufacturing and agricultural production powerhouse.

[Click here to watch "The banks have a green light for fraud, but will it work?"](#)

[Click here to sign the new petition to the Australian Parliament: Hands off our bank deposits—stop 'bail-in'!](#)