Australian Citizens Party

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MEDIA RELEASE

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Major parties resort to extreme measures to protect banks

On 8 May the Senate Economics Legislation Committee released the report of its inquiry into the Banking System Reform (Separation of Banks) Bill 2019, opposing the policy. On 12 May Prime Minister Scott Morrison announced a scheme for first home buyers to purchase a house with only a five per cent deposit. The Labor Party supported the government on both issues. By these actions, as opposed to their rhetoric, the major parties have confirmed that 1) the economy is heading for disaster; and 2) they remain captive to the banks and will therefore sacrifice the livelihoods of the Australian people and economy to protect the banks and prop them up.

Affordability fraud

The 5 per cent deposit scheme is truly desperate. Prices have been sinking for more than 18 months, with no obvious floor. This spells disaster for the Big Four banks, which have 65 per cent of their loans, i.e. assets, backed by collateral that is plunging in value. To try to rescue the banks, the government has resorted to fraud. Morrison announced the policy was to make buying a home more affordable, when in fact it is intended—if it works—to push up house prices, i.e. *make them less affordable*. This is precisely the same desperate trick that Kevin Rudd resorted to in the 2008 financial crisis when he tripled the First Home Owner Grant explicitly to push up prices but announced it as a housing affordability measure. It is no surprise then that Labor has matched Morrison's policy. The only possible beneficiaries, in the short term at least, are the banks, which can increase lending to first home buyers and retain a 20 per cent buffer against price falls. The losers will be: the 10,000 first home buyers who borrow 95 per cent of the value of their home and, if the scheme doesn't work and prices continue to fall, will see their equity wiped out in a heartbeat and quickly find themselves drowning in negative equity; and taxpayers, who will be liable for the defaults.

Protection racket

The Senate committee report on the Separation of Banks bill is also a fraud, but it does reveal that the government and Labor are on the defensive. They were full of anti-bank rhetoric following the banking royal commission, but when forced to respond to a serious policy put up by the Citizens Electoral Council (CEC), they are exposed as all talk, embarrassingly unwilling to stand up to the banking cartel.

The Separation of Banks bill would enact a Glass-Steagall separation of Australia's deposit-taking commercial banks from high-risk investment banking and all other financial services. The CEC wrote the legislation, worked with Senator Pauline Hanson to introduce the bill and initiate the inquiry, and made sure the public knew it was happening, which resulted in a flood of public submissions supporting separation.

It was those submissions, "over 900" as the committee admitted, that defined the inquiry, and not the efforts of the Liberals to kill it off. Of the over 900, just three opposed the bill, and one was qualified in its support—the rest were overwhelmingly supportive. A number of these were from eminently qualified international experts in the UK and USA.

So how did the government respond to this amazing display of popular support for bank separation? It suppressed the submissions. Committee chair, ex-banker Senator Jane Hume, had already tried to kill the inquiry by pretending to conduct it in the middle of the election. To suppress the quantity of submissions, she called them "pieces of correspondence" and accepted only 54 out of the 900+ as submissions. All but one of the overseas submissions were also rejected.

Nevertheless, the inquiry was forced to acknowledge the efforts of the CEC and the grass-roots support for banking separation. This itself is a major achievement—the CEC has been fighting for Glass-Steagall in Australia since 2009, against a seemingly all-powerful banking establishment, but in the last 18 months, thanks to the extraordinary efforts of thousands of Glass-Steagall supporters around Australia who have repeatedly made calls and sent emails and letters to MPs and various inquiries, the banks and the government have been forced again and again to come up with increasingly feeble explanations as to why they should not be broken up.

Senator Hume's report did not address the provisions of the Separation of Banks bill, to justify why the banks should be allowed to continue their high-risk and predatory practices. Instead, she used this

report to double down on the government's fraudulent denials that the APRA *Crisis Resolution Powers and Other Measures Act* snuck through Parliament in 2018 would allow the bail-in of deposits—her emphasis on denying bail-in, rather than the bill's provisions, reveals the government's extreme sensitivity to the public knowing the bail-in agenda.

The senator for bankers concluded: "The committee recommends that the Senate not pass the bill."

For their part, the ALP committee members' contribution was pathetic, revealing their complicity in the suppression of the inquiry. They refused to support the bill on the basis that the Hayne Royal Commission didn't recommend separation. Given that the banks also rigged the Hayne inquiry's terms of reference, as senior Labor MPs have admitted to the CEC, and that the banks actually celebrated the findings of the royal commission (which sent their share prices soaring), the ALP is actually saying that they will only push banking reforms that the banks approve of!

Greens' dissenting report excellent!

The significant achievement of this inquiry is the contribution of the Greens member of the committee, Senator Peter Whish-Wilson. In an excellent dissenting report, Senator Whish-Wilson has placed on the Parliamentary record a clear analysis of the deep-seated problems afflicting Australia's banking system, and an authoritative endorsement of the principle of bank separation. While not expressing blanket agreement with all of the provisions of the bill, the Greens call for what the inquiry should have been all along, were it not sabotaged by Senator Hume, namely "a rigorous and thorough examination before being put to the parliament".

Australians must accept nothing less. The banks' political stooges will always try to rig the system against change, but this campaign is forcing parliament to do its job and is building support for a policy which, as the economic disaster unfolds, more and more politicians will embrace.

What you can do

- Read the report, especially the Greens' excellent dissenting report, and forward it to your local MP and election candidates.
  Click here for the AEC's website where you can type in your postcode and get the contact details of all of your local candidates.

- Use the last few days of the election campaign to ask your local candidates to support banking separation.

- Vote for the CEC in the Senate, and for other parties and candidates that support banking separation, including One Nation, the Greens, Centre Alliance in SA (including Rebekha Sharkie), and Katter's Australian Party.

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