

# Citizens Electoral Council of Australia

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Independent Political Party

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## Reappointment of APRA boss an attempt to pervert the course of justice

Prime Minister Scott Morrison and Treasurer Josh Frydenberg have delivered a message to Commissioner Kenneth Hayne that bank regulator APRA and its chairman Wayne Byres are untouchable. Their rush to reappoint Byres to another five-year term as boss of the Australian Prudential Regulation Authority, eight months before his current term expires, comes just weeks before he is scheduled to be grilled by the Financial Services Royal Commission for APRA's failure to police the banks. Since 2014 Byres oversaw and ignored the banks' crimes that led to the royal commission, but this rushed reappointment tells Commissioner Hayne that the government has no intention of holding APRA to account, whatever he recommends. This is a corrupt act and an attempt to pervert the course of justice, which should make Commissioner Hayne and the Australian people very angry.

Experienced banking analyst Martin North of Digital Finance Analytics and former Liberal Party economics advisor John Adams slammed Byres' reappointment in a 6 November video post. Adams questioned whether the move was demanded by the international financial cabal centred in the Bank for International Settlements (BIS), where Byres worked before taking over APRA. The BIS is the global authority dictating "bail-in" laws by which ordinary bank deposits can be stolen to prop up failing banks, which the government rushed through Parliament in February for Wayne Byres and APRA to use in a crisis. Click here to watch "Adams/North: Shock Announcement Collapses Confidence And Trust In Australia's Financial System".

### What financial stability?

Josh Frydenberg claimed reappointing Byres early was "important for stability during this time of reform in Australia's financial system", the 5 November *Australian Financial Review* reported. *AFR* columnist John Kehoe also emphasised financial system stability is his gushing praise for Byres. "Wayne Byres is a world class bank supervisor", Kehoe wrote. "APRA's chief responsibility is to protect depositors and insur-



APRA chairman Wayne Byres. Photo: Screenshot

ance and superannuation policy holders from institution collapses, while working with the Reserve Bank of Australia to maintain financial stability. *Measured against this benchmark Byres has done a good job over the past 4½ years.*" (Emphasis added.)

Absolute rubbish! APRA has defined financial stability as the four too-big-to-fail banks that control 80 per cent of the financial system making massive profits. It is time to recognise, in light of the revelations of the royal commission, that those profits have not been real! The banks' profits have not come from legitimate activity, but have been fuelled by massive fraud in mortgage lending, and industrial-scale gouging of their customers. Bank analysts, commentators and the government have all warned that cracking down on the banks would reduce credit and hurt the economy, but the real fear is that it would prove that far from being stable, the banks are a house of cards. This has implications for their credit rating and their ability to borrow internationally, which in turn raises the prospect of higher interest rates that will have a massive knock-on effect on the housing bubble and economy.

Incredibly, therefore, we are witnessing the government's early moves to ignore the royal commission and continue with business as usual, and Wayne Byres represents business as usual. Are they afraid that if the banks can't defraud and gouge their customers, they might go under?

## APRA's record

For years APRA and Byres, and his predecessor John Laker, consciously ignored the banks' crimes and misconduct that led to the royal commission, and even incentivised some of the misconduct, because those practices made the banks more profitable, and supposedly more stable!

APRA's lower risk-weighting for mortgages made mortgage loans far more profitable than other loans, and incentivised the mortgage fraud that banks resorted to in order to lend money to people who couldn't afford it. APRA ignored an internal warning in 2007 that lower lending standards could lead to a crash, and when Byres eventually initiated an inquiry into mortgage fraud in 2017, he kept it secret and even misled the Senate to do so, to protect the banks.

APRA ignored internal warnings that bank-owned retail superannuation funds were massively overcharging for financial services provided by in-house divisions of the same bank, allowing them to extract billions of dollars a year in hidden fees and charges.

APRA ignored CBA's money laundering for drug syndicates and terrorists, which it would have known about under its 2007 Memorandum of Understanding with the Australian Transactions Reports and Analysis Centre (AUSTRAC) that provides for the "full and timely exchange of information". When the money laundering scandal prompted Wayne Byres to appoint an inquiry into CBA's culture in 2017, he stacked it with former APRA chairman John Laker, and two former investment bankers, Graeme Samuel and Jillian

Broadbent, who slapped CBA with a wet lettuce.

Bank victims have recounted to the CEC firsthand how APRA executives told them that the regulator had no interest in how the banks treated their customers as long as the banks could honour their obligations, i.e. it didn't matter who the banks ruined as long as they were profitable and strong. Likewise, former APRA Principal Researcher Dr Wilson Sy told the 24 October CEC Report that none of APRA's key performance indicators relate to consumers, hence it had no intention of protecting consumers from bank fraud and gouging.

All of these crimes and instances of misconduct, and the many more besides, have been hugely profitable for the banks. But in his first response to the royal commission, Wayne Byres put the onus on the bank victims, insisting in an 11 July speech that "It is important that the concept of *caveat emptor* remains in the system". *Caveat emptor* means "let the buyer beware"—if you're ripped off, it's your own fault.

## Demand answers

The only way there will be genuine reform of Australia's banking system is if the Australian people demand it. Contact your Member of Parliament today to demand an explanation for this corrupt decision, and their commitment that they will support the overhaul of the banking system, beginning with Bob Katter's Banking System Reform (Separation of Banks Bill) 2018 for a full Glass-Steagall separation of deposit-taking banks from all other financial activities.

# What you can do

Contact your MP and Senators! Every phone call or email to politicians is incredibly valuable. The more you contact them, the more they feel pressure to convey your concerns to their party leaders or demand to know the reasons for decisions. You can find the contact details for your MP and Senators at this link: [https://www.aph.gov.au/Senators\\_and\\_Members](https://www.aph.gov.au/Senators_and_Members)

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