Media Release

Senator Alan Eggleston

Liberal Senator for Western Australia

RuddBank threatens Australia's property market - Eggleston

Thursday 7th May 2009

Coalition Senators have today raised serious concerns over the Government's true intentions of RuddBank, recommending the irresponsible legislation be scrapped.

Deputy Chair of the Economics Committee and WA Liberal Senator Alan Eggleston said the policy was a panicked response to the current economic down turn, and would do more harm than good to Australia's property market.

"The government claims that RuddBank is needed to deal with widespread withdrawal by foreign banks from the Australian commercial property market," Senator Eggleston said.

"There is no evidence of foreign banks withdrawing from Australia, which makes this policy completely unwarranted," he said.

"This Committee has heard evidence that suggests the Rudd bank would actually encourage Foreign Banks to withdraw from Australia by guaranteeing their investment,"

Senator Eggleston said there were also concerns over the scope for conflict of interest with the 4 Banks on the board holding the power of veto when they themselves control 63% of Australia's commercial property market.

Economist Professor Henry Ergas, in his submission from Concept Economics, stated that the majority of commercial property exposures in Australia are held by domestic banks.

"In particular, most exposures are held by the proposed shareholders of the new entity – the four major banks," Professor Ergas said.

Senator Eggleston said the exemption from the Trade Practices Act and the exclusion of the ACCC raised serious concerns about the potential for an abuse of market power and cartel like behaviour.

"The real purpose of the Rudd Bank is unclear, and I'm calling on the Prime Minister to come clean about his REAL objectives."

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