

The fightback against 'bail-in' begins!



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Lead Editorial

4 March 2020

Vol. 22. No. 09

Just in time for the financial crisis that is brewing in the global economy, One Nation Senator Malcolm Roberts introduced a bill on 27 February to stop the 2018 APRA crisis resolution/"bail-in" law from being used to seize Australians' deposits.

Bail-in is the policy developed after the 2008 financial crisis by the Financial Stability Board (FSB) based at the Bank for International Settlements (BIS) in Switzerland. It was devised to rescue failing banks by either writing off, or converting into worthless shares, a percentage of the deposits in the banks.

Since the policy was announced in 2011 bail-in has been legislated in the EU, the USA, the UK, Canada, Japan and New Zealand. It has been used, in various forms, to prop up banks in Cyprus in 2013, multiple times in Italy and Spain, and in Portugal, Austria, Slovenia, the Netherlands, Denmark and other countries.

A few weeks after the shocking 2013 bail-in of two banks in Cyprus, which was the first time most people heard of bail-in, the [FSB stated in a 15 April 2013 report](#) that "[bail-in] legislation is in train in ... Australia". From that time, the Citizens Party (formerly CEC) spearheaded an intense political fight to stop bail-in in Australia.

2018 Crisis Management Act

On St Valentine's Day 2018, the Coalition government rushed a bill into law, now known as the *Crisis Management Act*, to conform Australia to the FSB's agenda. It amended the *Banking Act 1959* to give Australia's bank regulator APRA sweeping powers to resolve banking crises, including specific powers to order bail-ins. The government, Treasury, APRA, and the RBA all claimed that the powers would apply only to financial instruments known as hybrid securities, nicknamed "bail-in bonds", which have bail-in triggers in their terms and conditions. However, the language of the legislation is very broad, and where it specifies that conversion and write-off applies to the hybrid securities, it adds: "or any other instrument". A legal opinion obtained by the Citizens Party confirmed the danger that this broad language could be applied to deposits. The government snuck its bill through the Senate before One Nation had time to move an amendment to exclude deposits.

Since the law passed, independent economist John Adams and banking expert Martin North have exposed how the loophole could be used to bail in deposits, through APRA's power to make the banks change the terms and conditions of their deposit accounts to include bail-in terms, without notice. Adams and North reported in a 9 February video post on their YouTube channel, *In the Interests of the People*, that this process is under way (watch [Australia's Banks Are Preparing To Bail-In Retail Bank Deposits](#)).

Banking Amendment (Deposits) Bill 2020

The Citizens Party helped One Nation draft the [Banking Amendment \(Deposits\) Bill 2020](#), which stops any bail-in of Australian bank deposits. The Explanatory Memorandum states:

"This bill will avoid doubt as to the meaning and intent of various provisions in the *Banking Act 1959* in relation to bail-in. The effect of the Banking Amendment (Deposits) Bill 2020 will be:- 1. to confirm that the conversion and write-off provisions of the *Banking Act 1959* do not apply to deposit accounts as defined in the bill; and 2. to confirm that nothing in the *Banking Act 1959* or any other Commonwealth legislation extends power to APRA to implement or authorise or direct the implementation of bail-in in respect of deposit accounts as defined in the bill."

Put simply, the government claims its 2018 law cannot bail in deposits, but its assurance is not reflected in the language of the law; therefore, Senator Roberts' bill applies an abundance of caution to make the government's assurance explicit in the law. If the government is genuine, it will support this amendment, and thus guarantee the 2018 law won't be used to bail in deposits. If the government opposes this amendment, it will expose its true agenda.

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Printed from <http://citizensparty.org.au/print/pdf/node/614>, on 24 Mar 2023 at 11:03 pm