



Australian Citizens Party

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MEDIA RELEASE

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Tangled web? Senate Committee delays ‘bail-in’ report—demand hearings!

What should have been a simple task of producing an inquiry report asserting the government’s position that Senator Malcolm Roberts’ bail-in amendment bill is unnecessary is suddenly far more complicated. The Senate Economics Legislation Committee has delayed the reporting date of its inquiry into the [Banking Amendment \(Deposits\) Bill 2020](#) from 10 August to 24 August. This most likely means the government-controlled Committee is having difficulty finding a way to convince Australians that bank deposits won’t be bailed in, while opposing a very simple bill that would ensure they definitely can’t. The delay is a good thing because it gives the Committee more time to hold public hearings. Call the members of the committee today to demand they invite the experts on this law to a public hearing so all the issues can be aired in public.

The government is in a bind. As Sir Walter Scott wrote, “Oh what a tangled web we weave, when first we practise to deceive!” The government intended to conduct a token inquiry, produce a simple report reiterating its position that amending the bill is unnecessary, and ensure the Labor Party votes with it to block the Malcolm Roberts bill (as Labor usually does on banking matters). The inquiry hasn’t gone to plan, however.

In trying to claim Australian deposits can’t be bailed in, but then opposing a bill that would ensure beyond doubt that they can’t, the government has twisted itself in knots. On the government’s behalf, Treasury and the Australian Prudential Regulation Authority (APRA) have made increasingly spurious claims about the law that are not only easily countered, they undermine the government’s claim that the law is clear and doesn’t need to be clarified further. By definition, the written argument over the *Banking Act 1959* that the committee has received, from Treasury and APRA on the one hand, and legal expert Robert Butler, economist John Adams, former Australian Banking Association Policy Director Nick Hossack, former APRA Principal Researcher Dr Wilson Sy, and the Citizens Party on the other, proves the law is absolutely not clear.

Prominent experts who have commented on the inquiry have also confirmed the law needs to be clarified. Besides Nick Hossack, who is also a former advisor to John Howard, former Liberal Party Opposition Leader and banker John Hewson has called for Parliament to pass Senator Roberts’ bill to clarify the law, and the economics editor of *The Australian*, Adam Creighton, agreed with Alan Jones on Sky News on 28 June that Australian bank deposits can be bailed in. (Adam Creighton expressed a mistaken belief that bail-in would only apply to deposits over \$250,000, which isn’t true in Australia; nevertheless his view is significant because the government insist no deposits can be bailed in.)

What the government cannot explain is why it would oppose a bill that does only one thing: clarify the law. The Banking Amendment (Deposits) Bill 2020 does not change the law in any other way. There is no possible harm in passing the bill to clarify the law and reassure bank customers who are concerned about the security of their deposits—if *the government is genuine about not bailing in deposits*. If the government is not genuine, however, there is immense harm to its agenda in passing the bill because it would stop any bail-in. The government’s *words* say bank deposits can’t be bailed in, but its *actions* say they will.

Exposed!

The government is in this bind because of the tireless, seven-year campaign the Citizens Party has waged to expose and stop plans for Australia to adopt the bail-in policy. [This campaign started in 2013](#) when bank customers in Cyprus suffered the first deposit bail-in under the Financial Stability Board’s (FSB) international policy. Because of this campaign, Australia is the only country besides India where the public have been warned about bail-in before it was enacted. In India in 2017, the public backlash was so furious the government was forced to withdraw its bail-in law (but like Australia it is still trying to honour its commitments to the FSB by attempting to legislate bail-in again this year, in disguise). By contrast, bail-in was enacted in the USA in the 2010 *Dodd-Frank Act* without any public discussion, and in New Zealand in 2011 completely unbeknownst to the NZ public, most of whom are still in the dark to this day. Likewise in the UK in 2015, EU in 2016 and Canada in 2016, there was little to no public discussion of bail-in before it was enacted.

In Australia, however, the Citizens Party has made sure that like in India there has been a huge debate

on bail-in, albeit one largely unassisted by the mainstream media. Since 2018 this debate has grown even bigger thanks to the efforts of banking expert Martin North and outspoken independent economist John Adams, who have reached very large audiences on their [Digital Finance Analytics](#) and [In the Interests of The People](#) YouTube channels. In response the government, which signed on to the FSB's bail-in policy, has tried to fly it in under the radar, hoping to honour its international commitments without admitting its intentions to the public. The International Monetary Fund remarked on this underhanded approach in its [February 2019 Financial Sector Assessment Program](#) for Australia, saying: "Australia has adopted a cautious public stance on creditor bail-in".

But it hasn't worked. Senator Roberts has put up a bill that has forced the government to show by its actions whether it is truly for or against bail-in, and it has shown it is for. We can win this fight. Australians who oppose bail-in should flood the Committee members with calls and emails demanding hearings, and flood all MPs and Senators with demands they pass the Banking Amendment (Deposits) Bill 2020.

Call and email the Committee and Senators!

The bottom line is the [Banking Amendment \(Deposits\) Bill 2020](#) will put the issue beyond all doubt. If it is passed, *there can be no bail-in of deposits!* Concerned Australians should flood politicians with phone calls and emails demanding they pass Senator Malcolm Roberts' bill. Make these points to the politicians:

1. There is confusion over bail-in, which the bill will clarify;
2. APRA is saying it won't bail in deposits because its "paramount objective is to protect depositors", but it is deliberately not saying that under the law that objective is balanced against "financial system stability", which is the reason used worldwide to bail in deposits;
3. Treasury's submission didn't mention that Australia is part of the FSB, which says bail-in should include deposits, and lied that the *Banking Act* already contains "explicit" provisions that "expressly" protect deposits from bail-in, when it doesn't;
4. The entire purpose of Senator Roberts' bill is to insert into the *Banking Act* an "explicit" provision that "expressly" protects deposits from bail-in—why is the government trying to stop it?
5. Call the members of the committee to demand they take advantage of the cancellation of the next sitting of Parliament to extend the inquiry to hold public hearings at which experts on all sides can testify.

[Click here for the contact details of your local MP and state's Senators.](#)

Here are the contact details for the members of the committee:

Chair: Senator Slade Brockman (Lib)

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Deputy chair: Senator Alex Gallacher (ALP)

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