



# Australian Citizens Party

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## MEDIA RELEASE

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### What have the major parties got to hide about ‘bail-in’?

For the next two months all Australians concerned about the security of their bank deposits should flood Senators from the major parties with calls and emails to demand to know why they oppose clarifying the law to ensure deposits cannot be “bailed in”.

Click here to watch and share a short video explanation of bail-in: [Your deposits in the bank are not safe.](#)

Parliament faces a straightforward choice on 30 November:

- vote for Senator Malcolm Roberts’ [Banking Amendment \(Deposits\) Bill 2020](#) to insert a specific provision in the [Banking Act 1959](#) that bank deposits cannot be written off or converted into shares—a.k.a. bailed in—in a financial crisis; or
- vote against the bill and leave the law uncertain as to whether Australian bank deposits can be bailed in.

Senators from the two major parties are telling their constituents they oppose Senator Roberts’ bill. Why?

Why would they want to keep the existing legal uncertainty over the bail-in of deposits, when they could easily pass a bill that does nothing else except insert in the *Banking Act 1959* an explicit provision that bank deposits cannot be bailed in?

What have they got to hide?

Bail-in is the global policy Australia and the rest of the G20 nations endorsed in 2011 that resolves banking crises by writing off, or converting into shares, bank deposits and other claims of so-called “unsecured creditors”. The bail-in policy is mandated by the Financial Stability Board based at the Bank for International Settlements in Switzerland.

Despite endorsing the policy, however, the Australian government claims it will not and cannot bail in deposits. Yet in 2018 they snuck a law through Parliament to clarify bank regulator APRA’s powers to bail in special bonds called hybrid securities, which added a loophole that APRA’s bail-in powers also applied to “any other instrument”.

The government claims this law does not apply to deposits and that the law is certain that deposits cannot be bailed in. But its arguments, made in the report of the recent Senate inquiry into Senator Roberts’ bill, are complex and convoluted, demonstrating the law is anything but certain. By contrast, Senator Roberts’ bill is crystal clear: it will insert an explicit provision in the *Banking Act* that “any other instrument” cannot apply to any bank deposits. Moreover, although it said Roberts’ bill is unnecessary, the Senate inquiry report did not find any adverse consequences from passing it—it simply clarifies the law.

So what’s the problem? If the government is genuine about not bailing in deposits, and Roberts’ bill won’t have any adverse consequences, why not put the matter beyond all doubt and reassure millions they can be confident in the security of their savings in the bank?

#### **Not genuine**

There is only one logical answer to that question: the government is not genuine in its reassurance that deposits can’t be bailed in. The International Monetary Fund hinted as much in its [February 2019 assessment](#) of Australia’s financial system stability when it said: “Australia has adopted a cautious public stance on creditor bail-in”. That is, the Australian government is cautious about revealing its intentions to the Australian public.

In truth, the government is the hatchet man in this picture, doing the dirty work for the bank regulator APRA. It is APRA that coordinates its activities with the BIS and FSB in Switzerland, and it is APRA that will order any bail-in of deposits. The BIS and APRA insist on total independence in making these decisions; independent, that is, from democratic accountability. In a crisis, politicians would be highly unlikely to support a policy to bail in the savings of their constituents, as they know it would be political suicide, so APRA wants them to have nothing to do with it. Most politicians have been kept in

the dark about bail-in, and just accept what Treasury and APRA tell them. Even the prime minister doesn't question APRA.

Of the political parties in the Senate, only One Nation and the Greens are committed to clarifying the law to protect deposits. Greens leader Adam Bandt's office informed a constituent on 6 October: "The Greens support parliament passing legislation to erase any doubt that deposits covered under the Financial Claims Scheme are protected and are not able to be converted to equity." Jacqui Lambie's office wrote on 30 September: "Senator Lambie agrees that banks should not have the ability to bail-in depositor accounts."

The major parties are a different matter. Deputy Prime Minister Michael McCormack informed a constituent in writing on 9 September: "I can advise the Government has indicated it will oppose the Bill and I support this decision." And Labor Senators have indicated to constituents they will go along with the government. In essence, both major parties are bowing to the international bail-in agenda.

That's what we must change. We have seven weeks to make the major party politicians as concerned about bail-in as many Australians are. Call and email all the Senators in your state, send them the link to the short video "[Your deposits in the banks are not safe](#)", and demand they support the Banking Amendment (Deposits) Bill 2020. Ask them what they are hiding by keeping the law uncertain.

Click here to sign the petition: [Hands off our bank deposits—stop 'bail-in'!](#).