



# Australian Citizens Party

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## MEDIA RELEASE

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### Cash ban campaign shows we can win fight to stop ‘bail-in’

One Nation Senator Malcolm Roberts said in a 27 October appearance on a special live webcast of Martin North’s Digital Finance Analytics program, [“The Fight Against Deposit Bail-in”](#), that the success of the campaign against the government’s \$10,000 cash ban shows how voters can shape policy. The same approach, of large numbers of citizens flooding their MPs and Senators with calls and emails, can succeed in getting the Senate to pass his bill to protect bank deposits from “bail-in”—being confiscated to prop up a failing bank.

“The cash ban was phenomenal, wasn’t it?”, Senator Roberts said to Martin North and Citizens Party Research Director Robert Barwick. “What you did was phenomenal. You organised so many people to put in submissions, because you spread the word. ... What you did there is you ignited a grass roots movement. But you also had us in the Senate doing that work and galvanising the cross bench and potentially the Labor Party, and it looks like the institutions are still backing it, but the government may be wavering.”

The campaign against the cash ban shifted the Labor Party and sparked a backbench revolt in the Liberal Party; consequently, the government has gone very quiet on its cash ban bill. If enough Australian citizens contact their MPs and Senators in the next month, before the 30 November Senate debate on Senator Roberts’ [Banking Amendment \(Deposits\) Bill 2020](#), we can similarly succeed in forcing a shift, especially in the Labor Party, and win enough support to pass the bill that explicitly protects deposits from bail-in.

#### ‘Adequate’ for whom?

Earlier in the day on 27 October, Senator Roberts in Senate Estimates questioned both the Reserve Bank and the bank regulator, the Australian Prudential Regulation Authority (APRA), on his bail-in bill. Both the RBA and APRA repeated their position that Australian deposits are already protected, and won’t be bailed in. As usual, however, they cited supposed protections that have nothing to do with bail-in.

RBA Deputy Governor Guy Debelle repeatedly said deposits are protected by the principle of “depositor preference” and the \$250,000 Financial Claims Scheme (FCS). This is a lame answer that proves he is not used to having to answer tough questions in Parliament. Under current Australian law, depositor preference and the FCS only apply after a bank fails and is wound up, whereas bail-in is a special policy that is imposed at the point a bank is in danger of failing, in order to avert a collapse that may trigger a chain-reaction banking crisis. The international authorities who cooked up the bail-in policy use this broader concern for the stability of the whole financial system to justify seizing deposits in the failing bank—the deposits in one bank are sacrificed to protect the rest of the banking system.

Senator Roberts then grilled APRA, opening with a sharp question about its claim that any directive to bail in deposits would be found to be “invalid”. He asked: “Who would find it invalid?” APRA Chairman Wayne Byres replied: “It could be challenged by anyone who wished to take it before the courts.” To underscore the point that this is no real protection for depositors, Senator Roberts said: “So that’s my understanding too, that only a court can find an APRA direction invalid. Can I confirm that it is your position that if a bail-in occurs, those depositors who have lost some or all of their money must take their bank to court, at their own expense, millions of dollars in legal expenses, to seek an order declaring the bail-in invalid?”

All Wayne Byres could say in reply is that the question was premised on a bail-in happening, and “our whole purpose is to protect depositors, not to bail them in”. However, as the Citizens Party and others have repeatedly demonstrated, APRA’s “whole purpose” is not protecting depositors; rather, it has a twin mandate of protecting depositors and financial system stability. Sometimes the second conflicts with the first, in which case financial stability trumps depositor protection.

Finally, Senator Roberts asked: “Our bill simply clarifies you do not have bail-in powers, which is what you are telling me here today. Why are you opposing our bill when it does nothing more than clear up what the law is saying you say it is?” After specifying that APRA does have bail-in powers, but

claiming they are only for certain capital instruments, and not deposits, Byres explained: “Well the view we put in our submissions was that it was not necessary because we thought the current law was adequate.”

The question is: adequate for whom? It may be adequate for the regulator and the banks, but it isn't adequate for the depositors, who want the explicit protection provided by Senator Roberts' bill. So Senator Roberts pressed again: “It doesn't change anything for you”, he said to Byres. “It complies with what you just stated—so I can't understand why you would oppose it. It makes two minor changes that are in line with what you're saying.” Byres said again, “As we said in our submissions, we didn't think it was necessary.”

The most significant thing about Byres answer is that he didn't, and couldn't, say Senator Roberts' bill has a downside that could cause other problems. The worst he could say was that it is unnecessary. In that view, he can speak for himself. To millions of depositors across Australia, a bill that would have no other effect than to insert an explicit protection for deposits from any bail-in is absolutely necessary.

Call your MP and Senators straight away and demand they vote for the Banking Amendment (Deposits) Bill 2020. [Click here](#) to find contact details for your MP and Senators.