

Citizens Electoral Council of Australia

Postal Address: PO Box 376, Coburg Vic 3058

Phone: 1800 636 432 **Fax:** 03 9354 0166

Home Page: www.cecaust.com.au **Email:** cec@cecaust.com.au

Authorised by R. Barwick, 595 Sydney Road, Coburg, Victoria 3058. Printed by Citizens Media Group Pty Ltd., 595 Sydney Road, Coburg, Victoria 3058.



Independent Political Party

31 October 2017

One month to stop APRA bank bail-in law

- APRA crisis resolution bill has been introduced into Parliament; earliest chance for the government to push it through is the last week of November.
- The bill is the long-planned “bail-in” legislation that the CEC first warned of in 2013, which aligns Australia with the Basel, Switzerland-based Financial Stability Board’s “Key Attributes of Effective Resolution Regimes”.
- Bail-in is the bankers’ scam developed after the 2008 crash, to enable banks to continue the wild speculation that caused the financial crisis, but cover their gambling losses by seizing the savings of unsuspecting “mum and dad” investors and even depositors. Everywhere it has been applied it has ruined savers and destroyed confidence in banks.
- Help to stop this bill! Contact your MP and Senators to: 1) tell them this bill has been introduced—most of them probably have little or no idea; 2) ask if they support the bail-in principle that banks should be allowed to gamble and cover their losses from the savings of their innocent customers and bondholders, or do they support the Glass-Steagall principle that savings should be protected by separating deposit-taking banks from speculation?

What is the bill?

The Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Bill 2017. It gives bank regulator APRA sweeping powers to “resolve” a banking crisis. These align APRA’s powers with the Basel, Switzerland-based Financial Stability Board’s (FSB) “Key Attributes of Effective Resolution Regimes”, which include “bail-in”.

What is bail-in?

Bail-in is a scam. After the 2008 crisis, instead of returning to the Glass-Steagall principle of keeping banks and their deposits safe by separating them from risky speculation, the FSB schemed a way to allow banks to continue their reckless gambling, while claiming that taxpayers wouldn’t have to bail them out if they went bust. The result is bail-in, which “resolves” a failing bank by writing off, i.e. cancelling, what it owes to its unsecured creditors, which includes mum and dad investors and sometimes even depositors, to make the bank solvent on paper (liabilities less than assets). In other words, the bank’s innocent customers would be made to pay its

gambling losses from their savings.

In Australia, due to an intense mobilisation by the CEC starting in 2013, APRA has so far shied away from “statutory” bail-in such as New Zealand has, known as the Open Bank Resolution system, which explicitly includes deposits. However, APRA has laid the foundation for “contractual” bail-in by allowing Australia’s banks to sell tens of billions of dollars’ worth of complex “bail-in” bonds to unsuspecting mum and dad investors. In a crisis, bail-in bonds convert into worthless shares in the failing bank, which will backfire by destroying confidence in the banks, as it has everywhere bail-in has been applied.

Why is the government in a hurry to get this bill through?

Because a new financial crisis is looming. When he introduced the bill, Morrison acknowledged the danger of a financial crisis, for which Australia’s banks are unprepared. “There are few greater threats to the economic wellbeing of the Australian people than a financial crisis”, he said. He emphasised that this bill must pass before the next crisis, saying: “The prudent time to strengthen crisis resolution powers is when the financial system is healthy”. A few minutes later Morrison hinted at the government’s fears of a collapse of the housing bubble—a truly nightmare scenario.

Since then, Robert Gottliebsen warned in the 26 October *Australian* that the Sydney apartment market has “cracked”, and on 27 October analyst David Lloyd of investment bank Citi foreshadowed house price declines of 20 per cent and an 80 per cent collapse in residential property sales. These reports coincide with rising alarm about the dangers of global debt, especially corporate and household debt, the massive bubble in the US stock market, and emerging threats in the \$1,200 trillion global derivatives bubble.

What can I do?

Don’t let the government conspire with Labor to sneak this through. Morrison in his speech downplayed the bail-in aspect of this bill as “technical amendments ... for the conversion of capital instruments”, clearly hoping to sneak it under the radar. The financial media is helping by not reporting it. Yet this is major legislation that has been years in the planning, going back to when the Treasury under the Gillard government issued a September 2012 consultation paper, “Strengthening APRA’s Crisis

Management Powers". In April 2013 the FSB noted of this legislation that "bail-in ... legislation is in train in some jurisdictions (including Australia...)"

To ensure they can't sneak it through, contact your federal MP and at least the non-Liberal Party Senators in your state to make sure they know about it. *You'll be shocked at how many won't!*

Ask them:

- Do you know about the APRA crisis management bill—the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Bill 2017?
- APRA is allowing and even encouraging the

reckless banking practices, such as speculation on mortgages and derivatives gambling, that are leading Australia into a new financial crisis—do you support giving the same APRA sweeping new powers to manage the crisis it has caused?

- Do you support the bail-in principle of forcing a bank's innocent investors and customers to pay for its gambling losses, or would you support a Glass-Steagall separation of Australia's banks, to protect the savings of innocent investors and depositors by stopping banks from engaging in risky speculation?

What you can do

If you can, try to meet your federal MP and Senators; otherwise, phone and email them—when you call their staff will ask you to put it in writing, so do both. If enough people do this, it will force MPs to pay attention and the government will not be able to sneak the bill through.

Visit https://www.aph.gov.au/Senators_and_Members/Members for your federal MP's contact details.

Visit http://cecaust.com.au/bail-in/Contact_Info_Senate_Mobilisation.pdf for the list of Senators in your state.

Visit <http://cecaust.com.au/glass-steagall/> to sign the CEC's new petition: Global crash coming—Australia needs Glass-Steagall and a national bank.

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Choose your revolution, Australia

As we face the year ahead there are two groups who will have the most to lose from the revolution on the table for Australia. One is the banking industry and the other is the ordinary people who will be the victims of the reckless banking practices that are leading Australia into a new financial crisis. The other is the ordinary people who will be the victims of the reckless banking practices that are leading Australia into a new financial crisis. The other is the ordinary people who will be the victims of the reckless banking practices that are leading Australia into a new financial crisis.

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